

The State Board of Regents met on Tuesday and Wednesday, June 16 and 17, 1998, at the State University of Iowa, Iowa City, Iowa. The following were in attendance:

	<u>June 16</u>	<u>June 17</u>
<u>Members of State Board of Regents</u>		
Mr. Newlin, President	All sessions	All sessions
Ms. Ahrens	All sessions	All sessions
Mr. Arenson	All sessions	All sessions
Mr. Fisher	All sessions	All sessions
Dr. Kelly	All sessions	All sessions
Mrs. Kennedy	All sessions	All sessions
Mr. Lande	Arrived at 1:00 p.m.	All sessions
Mrs. Pellett	All sessions	All sessions
Mrs. Smith	All sessions	All sessions
<u>Office of the State Board of Regents</u>		
Executive Director Richey	All sessions	All sessions
Deputy Executive Director Barak	All sessions	All sessions
Director Wright	All sessions	All sessions
Associate Director Elliott	All sessions	All sessions
Associate Director Kniker	All sessions	All sessions
Associate Director Racki	All sessions	All sessions
Minutes Secretary Briggie	All sessions	All sessions
<u>State University of Iowa</u>		
President Coleman	All sessions	All sessions
Vice Provost Knight	All sessions	All sessions
Associate Provost Folkins	All sessions	All sessions
Associate Vice President Small	All sessions	Excused
Vice President Rhodes	All sessions	All sessions
Vice President True	All sessions	All sessions
Interim Director Stork	All sessions	All sessions
<u>Iowa State University</u>		
President Jischke	All sessions	All sessions
Provost Kozak	All sessions	All sessions
Vice President Hill	Excused	All sessions
Vice President Madden	All sessions	Excused
Executive Assistant to the President Dobbs	All sessions	Excused
Assistant to the President Mukerjea	All sessions	Excused
Director Bradley	All sessions	All sessions
Director McCarroll	All sessions	Excused
<u>University of Northern Iowa</u>		
President Koob	Excused at 2:38 p.m.	Excused
Interim Provost Podolefsky	Excused at 2:38 p.m.	Excused
Vice President Conner	Excused at 2:38 p.m.	Excused
Executive Assistant to President Geadelmann	Excused at 2:38 p.m.	Excused
Director Chilcott	Excused at 2:38 p.m.	Excused
Assistant Director Saunders	Excused at 2:38 p.m.	Excused
<u>Iowa School for the Deaf</u>		
Superintendent Johnson	Excused at 2:30 p.m.	Excused
Director Heuer	Excused at 2:30 p.m.	Excused
Interpreter Reese	Excused at 2:30 p.m.	Excused
Interpreter Fowler	Excused at 2:30 p.m.	Excused
<u>Iowa Braille and Sight Saving School</u>		
Superintendent Thurman	Excused at 2:31 p.m.	Excused
Director Woodward	Excused at 2:31 p.m.	Excused

GENERAL

The following business pertaining to general or miscellaneous business was transacted on Tuesday and Wednesday, June 16 and 17, 1998.

Prior to Executive Director Richey's arrival at the Board meeting, President Newlin announced that this was a very special meeting – Mr. Richey's last. As Mr. Richey entered the room, he received a standing ovation.

President Newlin asked to start the meeting with some comments about Mr. Richey. He noted that there had been a nice party for him the previous evening. President Newlin congratulated Mr. Richey on his 32 years of exemplary service to the Board of Regents and the state of Iowa. Those who have worked with him know Mr. Richey's diligence and hard work. President Newlin said he particularly wanted to thank Mr. Richey for the work that he has done in the past 2 to 3 years to bring the strategic plan along. He certainly has tenacity with respect to staying with important issues of the Board and has made a tremendous contribution to preservation of academic freedom and the autonomy of the Board of Regents.

President Newlin offered for any other Regents who wished to make comments.

Regent Fisher said he echoed President Newlin's comments and added his thanks for all of the help and good work that Mr. Richey had done to help him, being on the Board for just a year. He referred to Mr. Richey's reputation with the legislature, the citizens of Iowa and the students. He said the bottom line was that the citizens are better off and the students have better institutions. Mr. Richey's guidance has been very helpful to him personally and to the Board. Thank you, Wayne.

Regent Arenson said he echoed everything that had been said the previous evening. He said that what he has admired most about Mr. Richey is that that the flame is burning very brightly and it has not diminished. He has only known Mr. Richey for several years but he knows that he is intense in his efforts to maintain this governance system and maintain the way the Board operates alive. There is absolutely no way to quantify the way that Mr. Richey cares about the institutions and the system in Iowa. He is responsible for many of the good things that have happened, for which he thanked Mr. Richey.

Regent Kennedy stated that she felt the same way that Regent Fisher did when she came on the Board of Regents. She said Mr. Richey does an excellent job of bringing the new Regents on board and being there to support them. She also has appreciated Mr. Richey through the three years that she has been on the Board and feels that he has been a support and a colleague as well as a good friend. She stated that during the last couple of months with newspaper articles being written about Mr. Richey's retirement, people have

been asking her about Mr. Richey, his job and the fact that his replacement is from the community in which she lives. She said it has been wonderful for her to explain to them just how special the role is and why it takes a very special person to fulfill that role. When she thinks of all the people that Mr. Richey has answered to, all the people that he has given information to, all the people that he has balanced in his career; as much as she appreciates the heads of the five institutions, as much as she appreciates the Governor and the legislators and all the members on the Board, she said Mr. Richey is the one who has been the glue that has kept all that together and kept all of it working, always with the students in mind and always with education and research in mind. Regent Kennedy said she has come to appreciate more fully what a job that is. Wayne Richey has set a high standard. She thanked him for that.

Regent Pellett said she appreciated all that Mr. Richey has done for her personally as she came on the Board. She stated that a former Regent said to her when she first came on the Board, noting that it was said in a very complimentary way, that Wayne Richey is a survivor. He has survived governors, legislatures, Regents. He has balanced, as Regent Kennedy said, all these different entities and has made a superior system under which we all serve, work and are a part of in this state. She said former Regent Tom Dorr says it so well, too, when he said, "There is no one to thank for the autonomy that this Board serves under more than Wayne Richey." She said that was so true. The system under which we operate is the winner.

Regent Smith thanked Mr. Richey for his support and encouragement over the past few years. She said she vividly remembered her first new Regent orientation. Mr. Richey made it very clear the awesome responsibility of serving on the Regents. She thinks that everyone left the meeting saying, "Oh my God, can we do this?" She stated that Wayne Richey really is a wonderful person. She thanked him for all he has done for the people of Iowa.

Regent Ahrens thanked Mr. Richey on behalf of all the students who have served in her position. She said he has always been a student advocate. He has always been very adamant in saying that as the student who is a Regent is not a "student Regent", she is a Regent. Mr. Richey has always treated all of the students before her as well as herself as an equal part in this opportunity and an equal part in our institutions. She thanked him very much for maintaining the Board's autonomy and the importance of the student in this. It was appreciated.

President Newlin asked for comments from the three presidents and two superintendents.

President Jischke said he wished to comment about the Wayne Richey that he has worked with on a more personal level. There is a great deal of interchange, conversation and discussion with the Board Office. He has come away from seven and one-half years of experience with Wayne Richey with a very deep respect for his knowledge and his incredible institutional memory about public higher education in Iowa. Mr. Richey is extraordinarily astute in his ability to understand the implications of public policy and legislation. He sees things quicker than most. He is extraordinarily hard working, tenacious and a little bullheaded at times. However, above all, President Jischke has found Wayne to be a person of incredible integrity. A person can take what he says to the "bank". He can always be trusted. He can be trusted enough to know that he will tell you what he really thinks and what the truth is. President Jischke said he has enjoyed the relationship enormously. It has been both professionally rewarding and personally rewarding. He believes that the system of governance that we operate under here in Iowa is as good as there is in the country. Wayne Richey has contributed to the integrity, to the effectiveness, to the quality of this system of governance in these institutions as much as

any single individual. It is quite a remarkable achievement. By any standard, national or otherwise, Mr. Richey is one of the leaders of public higher education. President Jischke considers it a personal pleasure to have worked with Wayne Richey over the last seven and one-half years. He wished him well in his retirement.

President Coleman said it was her pleasure to add her good thoughts to Wayne Richey for everything that he has done for the University of Iowa. She stated that one of the comments that Mr. Richey made to her when she first became President of the University of Iowa, in his interactions with Regents, and the way that he tried to bring new Regents into the system was to tell them they do not govern by adoration.

Mr. Richey has never taken the philosophy that the Regents govern by adoration. The Regents take a close look at what goes on in the universities. She thinks that often the Regents have been spurred by Mr. Richey asking the right questions, getting the Regents on target for things that they should be interested in. President Coleman referred to a newspaper article a few days ago about challenging Regents and trustees to be more accountable and not to be just public relations machines for their universities. When she read that article she thought that it certainly did not characterize the Board of Regents in the state of Iowa. The Board of Regents has never functioned as a public relations machine. The Board of Regents has always taken its responsibility seriously. It does not meddle in the institutions but asks the right questions in order to hold the institutional heads accountable. Largely, she thinks that is due to excellent preparation that Mr. Richey has given each new Regent coming on the Board, alerting Regents to their responsibilities. She said Mr. Richey has worked as a wonderful broker not only in his service to the Regents that she has observed over the last 2-1/2 years but also his service to the institutions. She could not count the number of times that Wayne Richey has alerted her and probably also her colleagues to make sure they were working together, that they were not working at odds. Possibly every once in a while university officials wanted to go off into a tangent and only look out for their university's own interests. Mr. Richey has always, sometimes more gently than others, brought university officials back to the notion that this is, in fact, an enterprise and that they needed to support each other. She said that what she most admires about Wayne Richey is his ability not to take sides, to always think about what is best for the entire enterprise, what is best for the Regents and, in the best sense, what is best for the state of Iowa. She told Mr. Wayne that he was going to be missed terribly. She has valued the 2-1/2 years that she has had working with him. Thank you very much.

President Koob stated that as one comes in and tries to get an idea of why the system in Iowa is doing so well, they should take a look at all the possible factors. One of the things that has struck him over the three years that he has had the opportunity to watch Wayne Richey work is that he has always kept the institutions ahead of the curve.

Mr. Richey has an incredible ability, something President Koob has never seen in any other person, to understand how what seems to be a trivial detail at this point in time is going to have a consequence in policy five years from now. He did not know how Mr. Richey has done it or how he has developed that ability. However, by exercising that God-given talent and the hard work that he has put in on it, Mr. Richey has kept the institutions ahead of the curve. Because of that he has earned the respect of all the people of Iowa. Iowa's Regent enterprise has the least interference of the state legislature and administration in its business. He said that was because we have always been prepared to answer the difficult questions. He admired that in Mr. Richey. He appreciated what Mr. Richey has done for the institutions. He was happy to be here to inherit the results of it. Thank you very much.

Superintendent Johnson stated that one of the things that he has appreciated is Mr. Richey's intense interest in the students, particularly special students. He said he could not add any adjectives more than what had been said. He has appreciated Mr. Richey's interest and focus on Iowa School for the Deaf, noting that he had really made a difference for the school. The past 12 years have been wonderful. He has seen a different system of governance "across the river to the east". Mr. Richey's interest in special education was very much appreciated.

Superintendent Thurman stated that the previous day was the start of his 12th year as Superintendent of Iowa Braille and Sight Saving School. When he came to Iowa Braille it was at the end of a controversy. It had been a tough time for the school and a tough time for the Regents. People had told him that he would be facing an almost unbelievably tough political system, a system that had stopped believing in the mission of the school. He was told that the toughest individual he was likely to ever meet was the Executive Director of the Board of Regents. With great fear and apprehension on our part, Wayne Richey came to the campus about ten days after Superintendent Thurman arrived, in June of 1987. A summer school was in progress. At the time of the summer school, there was a young man on campus who was not only blind but also had physical disabilities and a host of other problems associated with two major disabilities. Mr. Richey and Superintendent Thurman met and talked about the school and talked about the kinds of things that needed to get done. They talked about the budget, about the politics, about the history of the school, and about a new beginning. He said he was heartened by everything that was said. On their way out, Wayne Richey stopped and talked to the young man in a wheelchair and then Superintendent Thurman walked Mr. Richey out to his car. Mr. Richey's last comments to Superintendent Thurman were, "We're going to make sure he gets a good education, aren't we?" Superintendent Thurman said he knew from that moment that the school was "home free". Thank you, Wayne, for everything you have done for us.

Mr. Richey stated that he did not think anyone could be deserving of these tributes, particularly from people that he respects so much. He said it has been a wonderful opportunity and privilege to work with all of them and to work for the outstanding system of education in Iowa, a state which treasures education. He looked forward to following the Regents and institutions in their good fortune in the future. Thank you.

APPROVAL OF MINUTES OF BOARD MEETING OF MAY 20-21, 1998. The Board Office recommended the Board approve the minutes.

President Newlin asked for additions or corrections to the minutes.

ACTION: President Newlin stated the minutes of the meeting of May 20-21, 1998, were approved, as written, by general consent.

CONSENT ITEMS. The Board Office recommended the Board approve the consent docket, as follows:

Ratify personnel transactions;

Receive report on the Committee for Agricultural Development at Iowa State University;

Approve contracts for occupational therapy services, physical therapy services and medical services at Iowa Braille and Sight Saving School;

Approve contract with the Grant Wood Area Education Agency for speech/ language pathology and school psychological services at Iowa Braille and Sight Saving School;

Refer the proposed new center at Iowa State University to be called the Airworthiness Assurance Center of Excellence (AAACE) to the Interinstitutional Committee on Educational Coordination and the Board Office for review and recommendation;

Refer the request to establish a minor in Entrepreneurial Studies at Iowa State University to the Interinstitutional Committee on Educational Coordination and the Board Office for review and recommendation;

Refer the request for a secondary major in International Business in the College of Business at Iowa State University to the Interinstitutional Committee on Educational Coordination and the Board Office for review and recommendation;

Refer the proposed new major Production/Operations Management at Iowa State University to the Interinstitutional Committee on Educational Coordination and the Board Office for review and recommendation;

Refer the name change for the Department of Biophysics and Biochemistry to the Department of Biochemistry, Biophysics and Molecular Biology at Iowa State University to the Interinstitutional Committee on Educational Coordination and the Board Office for review and recommendation;

Refer the two post-audit reports from the University of Northern Iowa to the Interinstitutional Committee on Educational Coordination and the Board Office for review and recommendation;

Refer the proposed course changes at the University of Iowa to the Interinstitutional Committee on Educational Coordination and the Board Office for review and recommendation;

Refer the proposal to change the name of the Master's Degree in Hospital and Health Administration from the Master of Arts (MA) to the Master of Health Administration (MHA) at the University of Iowa to the Interinstitutional Committee on Educational Coordination and the Board Office for review and recommendation;

Refer the proposal to establish an Information Minor at the University of Iowa to the Interinstitutional Committee on Educational Coordination and the Board Office for review and recommendation; and

Refer the request to establish a Master of Computer Science (M.C.S.) Degree in the Department of Computer Science in the College of Liberal Arts at the University of Iowa to the Interinstitutional Committee on Educational Coordination and the Board Office for review and recommendation.

MOTION:

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

INTERINSTITUTIONAL COMMITTEE ON EDUCATIONAL COORDINATION. (a)

Proposed Name Change – Department of Philosophy, ISU. The Board Office recommended the Board approve the request for a name change of the Department of Philosophy to the Department of Philosophy and Religious Studies at Iowa State University.

Iowa State University officials requested a change in the name of the Department of Philosophy to the Department of Philosophy and Religious Studies. A recent external review of the department recommended the requested change. The change would give greater visibility to the Religious Studies program and recognize it as a distinct discipline. The university has had a program in Religious Studies for many years.

MOTION: Regent Fisher moved to approve the request for a name change of the Department of Philosophy to the Department of Philosophy and Religious Studies at Iowa State University. Regent Smith seconded the motion. **MOTION CARRIED UNANIMOUSLY.**

ANNUAL GOVERNANCE REPORT ON INTERNATIONAL AGREEMENTS. The Board Office recommended the Board (1) receive the report; (2) reiterate the Board's previous request that each institution develop and implement policy guidelines to establish basic standards of quality assurance, financial management, risk management, and student safety for all programs involving travel and residence abroad; (3) reiterate the Board's previous request that the institutions determine a common format for reporting additional information about study abroad programs and student participant characteristics for inclusion in future reports; and (4) ISU was the only institution to present study abroad fees for Board review and approval of student fees and miscellaneous charges in December 1997 (cf. G.D. 10 of that docket). The other two universities should similarly report their fees for appropriate Board review each year, as required by the Board's Procedural Guide and the Iowa Administrative Code.

Section 6.26 of the Regents' Procedural Guide requires the universities to submit annual reports on international agreements, including faculty and student exchange programs, study abroad programs, and research and development projects. Each university maintains many active agreements with partner institutions and agencies abroad. In 1996-97 the three universities together held 176 active agreements in more than fifty-five countries. International agreements may be specific to the needs and interests of particular departments and colleges, or they may be more comprehensive and permit participation by students and faculty across the institution.

Many study abroad programs and international faculty collaborations operate without formal contractual documents. The absence of an official agreement does not preclude cooperative relationships between institutions and programs. In 1996-97 a total of 1,771 students studied abroad on Regent university programs in over fifty countries. This represents an increase of 15 percent from the previous year. One-third of the total were participants on the University of Northern Iowa Camp Adventure program, which provides summer work experiences in youth recreation activities for children on U.S. military bases and government installations.

The three universities jointly sponsor four programs in Europe. These Regent Cooperative Programs are in Vienna, Austria; Lyon, France; Valladolid, Spain; and Swansea, Wales, U.K. All but the Swansea program are summer study opportunities. Participation in these programs for 1996-97 swelled by nearly 50 percent from the previous year, accommodating 116 students.

Every Regent student abroad is expected to have timely on-site access to a Regent university faculty/staff member or officially designated in-country professional to assist with any problems that might arise during participation in a Regent-sponsored program.

In June 1997 the Board requested that each institution develop and implement policy guidelines to establish basic standards of quality assurance, financial management, risk management, and student safety for all programs involving travel and residence abroad. These guidelines will be included in next year's report to the Board.

Vice Provost Knight stated that he was in attendance as a representative of Provost Whitmore. He then presented the University of Iowa's report.

Regent Fisher stated that he was glad to see an increase in the number of students participating in this program. In his business the world is more and more global. He said it was great that students were being given an opportunity to participate in studies abroad. Such opportunities will prepare them better for the world of work. He congratulated university officials and encouraged them to continue to make opportunities available for students to participate in international programs.

Regent Arenson referred to recommended action #4 which requested that the University of Iowa and the University of Northern Iowa report fees for appropriate Board review each year, similar to Iowa State University, as required by the Board's Procedural Guide and the Iowa Administrative Code. He asked if that was information the Board would receive.

Vice Provost Knight stated that at the University of Iowa a committee looked at the issue of fees. A decision was made to not recommend any increases.

Provost Kozak presented the report for Iowa State University.

Interim Provost Podolefsky presented the report for the University of Northern Iowa.

President Newlin asked for a response from the University of Northern Iowa to the question posed by Regent Arenson. Interim Provost Podolefsky said there were no fees in process to the best of his knowledge. President Koob stated that the university has no fees at the present time.

Regent Kennedy asked that University of Northern Iowa officials comment on Camp Adventure. Interim Provost Podolefsky stated that Camp Adventure is a strong program. The program provides a wonderful opportunity for students to go abroad. Camp Adventure opportunities generally take place over the summer months.

Regent Fisher referred to students studying abroad and asked if the students pay their home institution's tuition or do they pay tuition of the foreign university? Interim Provost Podolefsky responded that there are a myriad of possibilities. President Koob stated that in a traditional exchange program the student pays tuition at the home institution. Traditionally in the U.S. the exchange rate has not always been one-to-one.

President Newlin thanked university officials for the report. He agreed with Regent Fisher's comments about the importance of international programs. He encouraged university officials to continue the program and to continue to increase student participation.

ACTION: President Newlin stated the Board, by general consent, (1) received the report; (2) reiterated the Board's previous request that each institution develop and implement policy guidelines to establish basic standards of quality assurance, financial management, risk management, and student safety for all programs involving travel and residence abroad; (3) reiterated the Board's previous request that the institutions determine a common format for reporting additional information about study abroad programs and student participant characteristics for inclusion in future reports; and (4) requested that the University of Iowa and the University of Northern Iowa present study abroad fees for appropriate Board review each year, as required by the Board's Procedural Guide and the Iowa Administrative Code.

FINAL REPORT ON LEGISLATIVE SESSION. The Board Office recommended the Board accept the final report on the 1998 legislative session.

Governor Branstad has taken action on all the bills from the 1998 legislative session.

The Governor's line item vetoes on appropriations bills included three areas which had been of concern to the Regents:

- Section 15 of the Infrastructure Appropriations Bill (SF 2381) which would have required the Department of General Services to establish a system for comparative evaluation and rating of all state vertical infrastructure needs, including the Board of Regents institutions.
- Language in the ICN and Technology Appropriations Bill (SF 2418) which would have placed a moratorium on any new connections to the ICN after June 30, 1999.
- Language in the Human Services Appropriations Bill (SF 2410) which would have altered the admission requirements to the University of Iowa Hospital School for children with disabilities in accordance with the Conner consent decree.

The Governor vetoed a significant portion of the Educational Excellence Bill (SF 2366) which relates to numerous teacher education programs dealing with education reform. The bill did not contain appropriations for improving teacher education at Regent universities as recommended by Governor Branstad.

The Governor is considering a special legislative session to try and incorporate his recommendations into legislation.

Mr. Richey reviewed the report with the Regents. With regard to whether or not a special session will take place before July 1, he said he was not sure; however, he thinks there is near enthusiastic consensus on what should be done and the beneficial aspect such action will have on K-12 education in Iowa. He said the Regents are an essential part of that. Teacher education professionals have a strong commitment to make this work and to improve the preparation of teachers in this state.

ACTION: President Newlin stated the Board accepted the final report on the 1998 legislative session, by general consent.

REPORT OF THE BANKING COMMITTEE. (a) General Report. The Board Office recommended the Board (1) accept the report of the Banking Committee and (2) establish a schedule for the issuance of bonds for the period July 1998 through July 1999.

Regent Kennedy stated that at its meeting that morning, the Banking Committee received the proposed bond issuance schedule for July 1998-July 1999; approved a reimbursement resolution for Mayflower Residence Hall – upgrade fire protection project at the University of Iowa; reviewed institutional quarterly investment and cash management reports; received internal audit reports for the University of Iowa Hospitals and Clinics; received a report on the status of institutional internal audit follow-up; received accrual basis financial statements for UIHC; and received independent revenue bond fund audit reports for the University of Iowa.

ACTION: President Newlin stated the Board (1) accepted the report of the Banking Committee and (2) established a schedule for the issuance of bonds for the period July 1998 through July 1999, by general consent.

(b) Reimbursement Resolution for Mayflower Residence Hall – Upgrade Fire Protection Project, SUI. The Board Office recommended that the Board adopt a revenue bond reimbursement resolution for the Mayflower Residence Hall--Upgrade Fire Protection Project at the University of Iowa.

It was recommended that the Board adopt a resolution which will permit the University of Iowa to be reimbursed from a future revenue bond issue for the Mayflower Residence Hall--Upgrade Fire Protection project. The Board approved a project description and budget in the amount of \$3,802,000 for the project at its April 1998 meeting. The source of funds for the project is the dormitory surplus fund with reimbursement from a future sale of revenue bonds. Reimbursement is anticipated from a bond issue to be sold in the spring of 1999.

The reimbursement resolution was submitted at this time to ensure maximum reimbursement capability under regulations of the Internal Revenue Code. Project payments made not more than 60 days prior to adoption of the resolution are eligible for reimbursement.

MOTION: Regent Kennedy moved to adopt a revenue bond reimbursement resolution for the Mayflower Residence Hall--Upgrade Fire Protection Project at the University of Iowa. Regent Fisher seconded the motion, and upon the roll being called, the following voted:
AYE: Ahrens, Arenson, Fisher, Kelly, Kennedy, Newlin, Pellett, Smith.

NAY: None.
ABSENT: Lande.

MOTION CARRIED.

REVISED PRELIMINARY GENERAL FUND OPERATING AND ATHLETICS BUDGETS FOR FY 1999. The Board Office recommended the Board (1) approve allocation of the Regents \$450,000 technology appropriation and request each institution to detail its share in the final operating budget submissions for July as follows: SUI - \$175,000, ISU - \$175,000, UNI - \$90,000, ISD - \$5,000, and IBSSS - \$5,000; (2) refer to the individual preliminary budgets for FY 1999; and (3) establish the salaries for the institutional heads for FY 1999.

In accordance with the Board's budget review process, the preliminary budgets for FY 1999 were presented for the Board's approval. The final FY 1999 operating budgets will be presented to the Board in July along with detailed salary information and restricted fund budgets.

Three of the institutional budgets have changed from the presentation at the May Board meeting. The changes include increases in Iowa State University's tuition revenues and the University of Northern Iowa's interest and reimbursed indirect costs revenues, modification of Iowa State University's salary allocation among its budget units, and presentation of Iowa School for the Deaf's restricted fund budget representing the provision of services to Nebraska students.

The FY 1999 detailed operating budgets for the Regent institutions total \$1.3 billion. The institutional budgets reflect the strategic plans of the Board and each respective institution. The institutions have identified reallocations in accordance with the Board's five-year program of reallocations averaging two percent per year which are designed to increase effectiveness and efficiency in line with Board strategic planning goals.

Direct state appropriations for the Regent institutions represent 49.3 percent of the institutional operating budgets. Additional appropriations provide full funding for state salary policy averaging 4 percent, certain inflationary adjustments, and program initiatives.

The \$450,000 appropriation for FY 1999 Regent technology improvements is not included in the institutional docket materials. The Board Office recommended the following allocations of the Regent technology appropriation: SUI - \$175,000, ISU - \$175,000, UNI - \$90,000, ISD - \$5,000, and IBSSS - \$5,000.

Iowa School for the Deaf officials presented its restricted fund budget of \$1.7 million which includes significant increases related to the provision of services to Nebraska students; the agreement with Nebraska was approved by the Board in April 1998.

Regent Fisher referred to the appropriation for technology improvements and asked if the amount of the appropriation was comparable to the appropriation in prior years. Mr. Richey responded that the Board had requested \$10 million in its legislative program for this last session. The \$10 million request translated into a \$450,000 appropriation.

Regent Fisher asked if the amount of appropriation was increasing each year. Mr. Richey responded that it was a non-recurring appropriation. Hopefully the Board will achieve greater success in the next legislative session. He noted that the appropriated funds were supplemental to funds already being reallocated on the campuses.

Regent Fisher asked if at the end of the budget year funds that have been budgeted that are not used by each institution are rolled over into the next year. Mr. Richey responded that moneys in the general fund of the institution would revert to the state treasury if not expended. He stated that the Board has long had a policy that the institutions use those funds for building repairs and equipment. Institutional officials work diligently to utilize those funds. If they were to revert funds, it would be because they had made a mistake. Those funds should be utilized for the things the institutions need. Mr. Richey noted that the Board had not really had that problem in 20 years. There was one institutional head who rated his performance on how much money he could revert to the state treasury. The Board did not perceive that action the same way.

Regent Fisher noted that the rest of state government can utilize end-of-year funds for technology. Mr. Richey said that policy is okay for the rest of state government. However, the state has terribly bad infrastructure in terms of maintenance. If the state had the same policy as that of the Board of Regents it would have far less of a problem with infrastructure than the state currently has.

Regent Fisher asked if it was a policy of the Board that end-of-year funds primarily go toward maintenance and fire safety. Mr. Richey responded that it was not an expressed policy of the Board with respect to use of funds at the end of the fiscal year. He said it was certainly implicit in the Board's annual review of deferred maintenance and fire safety and in terms of basic budget policy to use funds for the good of the university up to the full amount approved by the Board. There have been times when the institutions have been forced to revert funds. The Board of Regents voluntarily reverted funds during the latter part of Governor Ray's administration. He said the Board took a lot of heat for that, particularly from the legislature. The feeling of the legislature was that if the Board voluntarily reverted funds then it had more money than was needed. By voluntarily reverting funds the Board avoided some potentially harmful actions in terms of mandatory reversion of funds and state control. With the voluntary reversion the Board bought the continued autonomy of the Board of Regents.

Regent Fisher asked if the end-of-year general fund balances are articulated to the Board by the institutions. Mr. Richey said it would be difficult to do so because of the significant amount of expenditures that would be made later in the last quarter of the fiscal year. He said it was good budget management to wait until that time of the year to make expenditures or investments. In effect, the end-of-year balances are the institutions' reserve funds.

Regent Fisher stated that what Mr. Richey had described was good business management.

MOTION:

Regent Arenson moved to approve allocation of the Regents \$450,000 technology appropriation and request each institution to detail its share in the final operating budget submissions for July as follows: SUI - \$175,000, ISU - \$175,000, UNI - \$90,000, ISD - \$5,000, and IBSSS - \$5,000. Regent Ahrens seconded the motion. MOTION CARRIED UNANIMOUSLY.

MOTION:

Regent Arenson moved to establish salaries for institutional heads for FY 1999, as follows:
Mary Sue Coleman, University of Iowa, \$218,275
Martin C. Jischke, Iowa State University, \$218,275
Robert D. Koob, University of Northern Iowa,
\$171,975

William P. Johnson, Iowa School for the Deaf,
\$86,052
Dennis Thurman, Iowa Braille and Sight Saving
School, \$86,052
Regent Fisher seconded the motion. MOTION
CARRIED UNANIMOUSLY.

(a) University of Iowa. The Board Office recommended the Board approve the preliminary FY 1999 general fund operating budget for the University of Iowa in the amount of \$813,954,490.

The preliminary FY 1999 budget for the general operating fund at the University of Iowa is \$814.0 million. This budget is unchanged from the one submitted in May. In July, the university will present the final FY 1999 operating budget to the Board along with detailed salary information and the restricted fund budget.

The University of Iowa budget, including reallocations, reflects the university's commitment to the strategic plans of the Board and the institution. The budget focuses on the strategic planning priorities of strengthening undergraduate and graduate programs, funding research enhancement, promoting faculty excellence, and providing a diverse university community and a high-quality environment.

The university's FY 1999 state operating appropriations represent 36.4 percent of the general operating budget or 64.2 percent of the general operating budget excluding the hospital units. The net increase in state appropriations provides funding for salary adjustments, inflationary costs, and program initiatives. Program initiatives include biosciences, technology-based teaching, arts and humanities, creative employment options, as well as building renewal.

The UIHC is projecting an increase in sales and services revenues of 5.1 percent for FY 1999. This increase primarily results from the 4 percent rate increase approved by the Board in May. The continuing evolution of services paid by managed care entities negatively impacts the revenues of UIHC, the Psychiatric Hospital, and the University Hospital School. The long-term trend of increases in patient admissions, surgical operations, ambulatory clinic visits, and clinical complexity of acute inpatients is expected to continue.

President Coleman reiterated her appreciation expressed last month to the Board, legislature and Governor for the University of Iowa's budget. She said it was aligned closely with the university's strategic plan. There were no changes in the proposed budget from May.

Regent Arenson congratulated university officials on reallocating 3.9 percent, noting that it was excellent. He noted that most of the reallocated funds were channeled into strategic planning goals. He then referred to the line item for utility inflation, and asked if the amount was historically in line with what it had been or whether deregulation had any impact.

Vice President True responded that the amount represented a 2-1/2 percent increase as well as increasing sewer charges in the Iowa City community. He stated that deregulation of natural gas a number of years ago had a massive effect on the university budget in the form of price decreases, likewise with coal prices. As electricity is deregulated, there could be similar opportunities for cost savings. He said the university will buy electricity at the lowest possible price. There may be some net reductions although it was hard to predict. The next two years will demonstrate whether price reductions will occur in electricity as were experienced with natural gas.

Regent Arenson asked for an explanation of collegiate reallocations initiative and provost reallocations initiative. President Coleman responded that collegiate reallocations relate to areas where student demand has increased or student interest has changed. Retirement of faculty provides opportunities to hire faculty in another area where there may be greater demand. Deans redirect resources into new areas.

Vice President True stated that a somewhat similar process occurs in the provost's office. For example, the provost's office funds one-third of the salary of a new faculty position to help a department hire faculty. When the money comes back to the provost's office from the department, there is an opportunity to reapply the funds in another way.

Vice Provost Knight offered to illustrate two specific examples of provost's office reallocations. The College of Education has received an unexpected huge influx of students in elementary education. Funds were reallocated to meet that student demand. The College of Nursing proposed an entire new curriculum revamping. Reallocated funds provide that kind of quality support.

Regent Arenson referred to average salary increases for faculty of 4 percent. He asked for the relative weight of the merit component. President Coleman responded that specific collegiate units have been allowed to go beyond 4 percent, up to 8 percent, for exceptional cases of merit. The unit average has to fall within the 4 percent increase.

MOTION: Regent Fisher moved to approve the preliminary FY 1999 general fund operating budget for the University of Iowa in the amount of \$813,954,490. Regent Pellett seconded the motion. MOTION CARRIED UNANIMOUSLY.

(b) Iowa State University. The Board Office recommended the Board approve the preliminary FY 1999 general operating budget for Iowa State University in the amount of \$361,787,532.

The preliminary FY 1999 budget for the general operating fund at Iowa State University is \$361.8 million. The budget increased by \$2.7 million over the budget presented in May

after the university adjusted the revenue estimates for tuition. The university has now included revenue estimates relating to the tuition from Asian students. The university has shifted its state appropriated salary improvement funding between appropriation units, with the total amount remaining the same. The final Iowa State University FY 1999 budget will be presented to the Board in July along with detailed salary information and the restricted fund budget.

The Iowa State University budget includes reallocations and reflects the university's commitment to the strategic plans of the Board and the institution. The university has identified \$12.1 million of the new and reallocated revenue in accordance with the six goals of Iowa State University's strategic plan to strengthen undergraduate education, strengthen graduate education and research, strengthen outreach and extension, sustain a stimulating and supportive environment, establish leadership in information technology, and strengthen economic development.

The university's preliminary budget for FY 1999 includes state operating appropriations representing 69.3 percent of total budget. New state appropriations will be used to fund salary adjustment, Extension 21, Bioinformatics, and opening new building costs.

President Jischke stated that the budget discussed last month was unchanged, with one exception. Last month he discussed with the Board the potential impact on enrollment of students from the Asian base because of the currency devaluations. He said two things have happened subsequent to last month's meeting: (1) The results of last semester's tuition and fee income indicates that the university did not lose any income. 2) Mr. Richey suggested that it would be far wiser for university officials to budget the normal tuition and fee income and hold in abeyance the \$2.7 million tuition attributable to Asian students so there would be no change in the budget ceiling. He said university officials have budgeted a total of \$4.2 million as increased tuition and fee income. University officials have tentatively allocated 2/3 of that income toward undergraduate education and 1/3 toward graduate education and research.

Regent Arenson referred to the notations for "pending commitments" under the allocations category of the university's budget, and asked what those references meant. President Jischke stated that those additional investments would be made if the tuition revenue were to materialize. He provided the following examples: Strategic initiatives for undergraduate education programs was allocated \$1.8 million, pending commitments. He said the university has had tremendous success in learning communities on campus. Learning communities are groupings of students with similar academic interests during their freshman year. Those students are brought together in residence halls to form learning communities. He said the results of these experiments is that retention rates are significantly higher. Were the additional income to materialize, university officials would invest more resources into learning communities. With regard to strategic initiatives for graduate education and research, President Jischke stated that this past year the university had a task force look at information science and technology and how to position in those areas. One example of an area was bioinformatics, the marrying of computer science and modern biology.

Regent Arenson asked that President Jischke address the question about merit pay for faculty which he asked of President Coleman. President Jischke responded that Iowa State University's policy regarding faculty salary increases is that for those meeting acceptable standards they would receive a 1.33 percent salary increase. The remaining 2/3 of the 4 percent would be allocated for merit, market and equity.

President Newlin asked that President Jischke expand on the university's reallocations. President Jischke stated that funds for reallocation come from a variety of sources. For example, the low rate of inflation in utility costs and improving efficiency has provided funds for reallocation. Reallocated funds provide opportunities to respond to changes in enrollment and investments in areas where opportunities for research are expanding.

MOTION: Regent Arenson moved to approve the preliminary FY 1999 general operating budget for Iowa State University in the amount of \$361,787,532. Regent Smith seconded the motion. MOTION CARRIED UNANIMOUSLY.

(c) University of Northern Iowa. The Board Office recommended the Board approve the preliminary FY 1999 General Fund operating budget for the University of Northern Iowa in the amount of \$117,446,031.

The preliminary FY 1999 budget for the general operating fund at the University of Northern Iowa is \$117.4 million. The budget increased \$100,000 over the budget presented in May after the university adjusted the revenue estimates for interest income and reimbursed indirect cost. The final University of Northern Iowa FY 1999 budget will be

presented to the Board in July along with detailed salary information and the restricted budget.

The University of Northern Iowa budget, including reallocations, reflects the university's commitment to the strategic plans of the Board and the institution. The budget emphasizes the strategic goals of creating an intellectually demanding and stimulating environment, promoting a diverse and nurturing community, optimizing acquisition and utilization of resources, and strengthening external relations.

The FY 1999 university budget includes increased state operating appropriations that will be utilized for salary adjustments, inflationary costs, opening the Wellness Center, and program initiatives. The University of Northern Iowa program initiatives include improving undergraduate education, supporting international opportunities for students, and meeting special education needs.

President Koob stated that the budget presentation was the same as last month with some minor refinements. New to this month's budget presentation was "unavoidable cost increases". He said the Board's goal of 10 percent reallocation over a 5-year period had now been met at the University of Northern Iowa. University officials will continue to reallocate over the next 2 years.

Regent Arenson asked President Koob to discuss the issue of merit pay for faculty. President Koob responded that the University of Northern Iowa is restricted regarding merit pay because of the bargaining unit. A very specific merit procedure has been written into the contract. Therefore, University of Northern Iowa officials have significantly less freedom in that category. University officials honor the contract.

MOTION: Regent Smith moved to approve the preliminary FY 1999 General Fund operating budget for the University of Northern Iowa in the amount of \$117,446,031. Regent Fisher seconded the motion.
MOTION CARRIED UNANIMOUSLY.

(d) Iowa School for the Deaf. The Board Office recommended the Board (1) approve the preliminary FY 1999 General Fund operating budget for the Iowa School for the Deaf in the amount of \$7,848,415 and (2) receive the report on the preliminary restricted fund budget for ISD in the amount of \$1,678,233.

The preliminary FY 1999 budget for the general operating fund at the Iowa School for the Deaf is \$7.8 million. This budget is unchanged from the one submitted in May. In July, Iowa School for the Deaf officials will present the final FY 1999 operating budget to the Board along with detailed salary information and the final restricted fund budget.

The Iowa School for the Deaf budget reflects the strategic plans of the Board and the school and emphasizes the educational programming envisioned in the mission statement of Iowa School for the Deaf to provide comprehensive and appropriate educational programs to enable deaf and hard of hearing children to attain personal excellence. The school's budget includes comprehensive on-campus academic, vocational, and residential programming, off-campus educational opportunities in a variety of public school settings, parent/infant (early childhood) services, and summer learning components.

Iowa School for the Deaf has made reallocations of \$157,000 (2.1 percent of the FY 1998 budget), consistent with Board directives, that support the specific school strategic planning goals of providing quality teaching services, expanding creative programming, expanding the use of technology, and maintaining facilities and equipment.

The FY 1999 preliminary restricted fund budget represents a significant increase over FY 1998 primarily due to the anticipated revenue from approximately 23 Nebraska students attending Iowa School for the Deaf for the upcoming school year. The funds from Nebraska will be segregated from Iowa School for the Deaf's general fund budget, as will the associated costs of providing the academic and residential services to the Nebraska students.

Superintendent Johnson discussed the restricted fund budget for the school.

Mr. Richey informed the Board that he had instructed Iowa School for the Deaf officials to place the receipts from the Nebraska contract in a restricted special fund. Those funds are to be utilized to pay the costs of educating and providing residential services to the Nebraska students. Part of those funds will be segregated for capital expenditures, as well. Mr. Richey asked Iowa School for the Deaf officials to be very careful that the funds be used for the overall welfare of the institution perhaps in the first year or so. It is unknown how the school will need to staff for the workload. In no way should those funds become commingled with the base funds of the institution for Iowa students. The monies can be utilized for the major backlog of capital needs, if necessary. Those capital projects would be brought to the Board on individual project bases. He said there are some deferred maintenance projects that are badly needed. He assumed those would be handled in the upcoming fiscal year. The amount budgeted is probably below what will actually be received in terms of estimated receipts.

Superintendent Johnson stated that the funding budgeted to be received from Nebraska was based on 23 Nebraska students. In the most recent meetings with Nebraska officials Iowa School for the Deaf officials were advised that 25 students have been approved and seven more are going to mediation. School officials may return to the Board with revisions to the final budget.

Mr. Richey urged school officials to provide the Board with quarterly reports related to activity under the Nebraska contract this coming fiscal year. Doing so would allow close monitoring by the institution and provide the Board with information. He stressed that it was very important that the money for this contract not be utilized by the state as a reason to cut support of the basic program for Iowa students at Iowa School for the Deaf.

MOTION: Regent Pellett moved to (1) approve the preliminary FY 1999 General Fund operating budget for the Iowa School for the Deaf in the amount of \$7,848,415 and (2) receive the report on the preliminary restricted fund budget for ISD in the amount of \$1,678,233. Regent Fisher seconded the motion. MOTION CARRIED UNANIMOUSLY.

(e) Iowa Braille and Sight Saving School. The Board Office recommended the Board approve the preliminary FY 1999 general fund operating budget for the Iowa Braille and Sight Saving School in the amount of \$4,452,885.

The preliminary FY 1999 budget for the general operating fund at the Iowa Braille and Sight Saving School is \$4.5 million. This budget is unchanged from the one submitted in May. In July, Iowa Braille and Sight Saving School officials will present the final FY 1999 operating budget to the Board along with detailed salary information and the restricted fund budget.

The Iowa Braille and Sight Saving School budget reflects the strategic plan of the Board as well as the newly-developed strategic plan of the school that was approved at the May Board meeting. Iowa Braille and Sight Saving School officials have made substantial reallocations of \$551,666 (12.8 percent of the FY 1998 budget) that represent a significant effort toward implementing the school's reorganization per the new strategic plan. The school continues to make extensive efforts to maximize the use of their limited resources to accomplish their mission.

The budget emphasizes the strategic goals of the Iowa Braille and Sight Saving School, which include focusing services to better meet the needs of visually-impaired students, continuing an outcomes accreditation process, incorporating technology into the educational programs, and encouraging continuous improvement.

The preliminary operating budget for FY 1999 primarily includes direct state operating appropriations, which are 93.3 percent of the school's total operating budget. Increases in state appropriations are designated for salary funding, inflationary increases in library acquisitions, utilities, and building repairs.

Superintendent Thurman stated that the majority of reallocation was based closely on the school's strategic plan.

MOTION: Regent Fisher moved to approve the preliminary FY 1999 general fund operating budget for the Iowa Braille and Sight Saving School in the amount of \$4,452,885. Regent Arenson seconded the motion. MOTION CARRIED UNANIMOUSLY.

(f) Regional Study Centers. The Board Office recommended the Board (1) approve the distribution of the Quad-Cities Graduate Study Center's FY 1999 appropriation of \$167,086 including salary increase funds, (2) approve the distribution of the Tri-State Graduate Study Center's FY 1999 appropriation of \$81,716 including salary increase funds, (3) approve the distribution of the Southwest Iowa Regents Resource Center's FY 1999 appropriation of \$111,113 including salary increase funds, and (4) approve the FY 1999 preliminary budgets for the Quad-Cities Graduate Study Center (\$362,776), the Tri-State Graduate Study Center (\$130,834) and the Southwest Iowa Regents Resource Center (\$135,375).

Each year funds are appropriated to the Board of Regents for distribution to the Quad-Cities Graduate Study Center, the Tri-State Graduate Study Center and the Southwest Iowa Regents Resource Center. The annual reports and budgets of the Regional Study Centers provide one method for addressing Action Step 2.1.1.1 of the Board of Regents Strategic Plan - Annually Assess Access to Regent Institutions. The annual reports were presented to the Board in May 1998. This item provides follow-up information to the May reports and includes information on FY 1997 expenditures, FY 1998 revised budgets and FY 1999 proposed budgets.

Gubernatorial action on the FY 1999 Iowa educational appropriations for the study centers totals \$350,330; in addition, salary appropriations of \$9,585 for the Regional Study Centers will fund an average 4 percent salary increase.

The Board was asked to approve the following distribution of funds to the study centers:

	FY 1998 <u>Approp.</u>	FY 1999 <u>Ed. App.</u>	FY 1999 <u>Salary</u>	Total <u>FY 1999</u>
Quad-Cities Graduate Study Center	\$162,570	\$162,570	\$4,516	\$167,086
Tri-State Graduate Study Center	79,198	79,198	2,518	81,716
Southwest Iowa Regents Resource Center	<u>108,562</u>	<u>108,562</u>	<u>2,551</u>	<u>111,113</u>
TOTAL	<u>\$350,330</u>	<u>\$350,330</u>	<u>\$9,585</u>	<u>\$359,915</u>

The FY 1999 preliminary budgets for the Quad-Cities Graduate Study Center and the Southwest Iowa Regents Resource Center are the same as the budgets presented to the Board at its May 1998 meeting. The preliminary budget for the Tri-State Graduate Study Center is \$1,200 less than the preliminary budget. This revision reflects a reduction in the amount of increased funding from the State of Nebraska; the salaries and benefits line of the proposed budget was adjusted for this change.

Questions were raised at the May Board meeting regarding appropriations from the states of Illinois and Iowa for the Quad-Studies Graduate Center and enrollments and course offerings by state. In FY 1982 the appropriation from the State of Iowa was \$92,942 with an appropriation of \$115,600 from the State of Illinois. For FY 1999 funds from the State of Iowa total \$167,086 with funds from the State of Illinois at \$193,500. In FY 1998, 49 percent of the enrolled students were residents of Iowa and 51 percent residents of

Illinois. Iowa enrollment, as a percent of total enrollment, has increased 5 percent since FY 1996.

MOTION:

Regent Fisher moved to (1) approve the distribution of the Quad-Cities Graduate Study Center's FY 1999 appropriation of \$167,086 including salary increase funds, (2) approve the distribution of the Tri-State Graduate Study Center's FY 1999 appropriation of \$81,716 including salary increase funds, (3) approve the distribution of the Southwest Iowa Regents Resource Center's FY 1999 appropriation of \$111,113 including salary increase funds, and (4) approve the FY 1999 preliminary budgets for the Quad-Cities Graduate Study Center (\$362,776), the Tri-State Graduate Study Center (\$130,834) and the Southwest Iowa Regents Resource Center (\$135,375). Regent Smith seconded the motion. MOTION CARRIED UNANIMOUSLY.

(g) Lakeside Laboratory. The Board Office recommended (1) the Board approve the FY 1999 preliminary operating budget of \$411,100 for the Iowa Lakeside Laboratory, including \$334,340 in general funds to be provided as follows:

University of Iowa	\$165,797
Iowa State University	101,657
University of Northern Iowa	<u>66,886</u>
Total	\$334,340

(2) that Iowa State University put into effect pre-audit controls to ensure that the expenditures for this program are within the approved budget of the Board of Regents.

The recommended general fund budget of \$334,340 for the FY 1999 operation of the laboratory is the same amount as recommended by the Iowa Lakeside Laboratory Committee and included in the budget presented in May. These funds would be provided by the universities in the amounts recommended. The distribution of funding among the institutions is consistent with the distribution in prior and current years.

For each fiscal year FY 1995 – FY 1997, expenditures of the laboratory exceeded the Board-approved budget. In total, expenditures were \$50,335 greater than the approved budgets. To improve the accounting of revenues and expenditures the Board approved establishment, beginning with FY 1998, of a budgeted account at Iowa State University. After almost a year of experience with the budgeted account, additional funds are needed to sustain the operations and educational programs of the laboratory and ensure that the budget is balanced.

It was recommended that Iowa State University put into effect pre-audit controls to ensure that the expenditures for this program are within the approved budget of the Board of Regents.

Mr. Richey discussed the recommended action regarding pre-audit controls prior to proposed expenditures to make sure that expenditures are not made beyond the budget. He noted that the laboratory enjoyed very generous support of the community.

President Newlin said it was a good idea to have the pre-audits.

Regent Fisher said the Board should compliment the community for the efforts in private fund raising to improve the Lakeside Laboratory facility.

MOTION:

Regent Pellett moved that (1) the Board approve the FY 1999 preliminary operating budget of \$411,100 for the Iowa Lakeside Laboratory, including \$334,340 in general funds to be provided as presented and (2) Iowa State University put into effect pre-audit controls to ensure that the expenditures for this program are within the approved budget of the Board of Regents. Regent Arenson seconded the motion. MOTION CARRIED UNANIMOUSLY.

Regent Fisher asked for the amount of private funds that had been raised for operation of the facility. Associate Director Racki responded that the budget does not include fund-raising money. The funds raised by Friends of Lakeside Laboratory, in excess of \$800,000, were for the Water Quality Laboratory and an endowment for operation of the facility. Those funds are not included in the budget.

Mr. Richey said the operating funds from donations would be used to support the Water Quality Laboratory building.

(h) University Athletic Budgets. The Board Office recommended the Board receive the report on the FY 1999 preliminary athletic budgets for the University of Iowa, Iowa State University and the University of Northern Iowa.

The preliminary FY 1999 athletic budgets were unchanged from the budgets presented by the universities at the May Board meeting. The budgets for the three universities total \$44,676,101 plus \$2,140,000 in scholarships at the University of Iowa not included in the athletic budget. Revenue by source is summarized below:

	SUI	ISU	UNI	Total
General Fund Support	\$ 1,324,470	\$ 2,115,690	\$2,470,805	\$ 5,910,965
Earmarked Student Fee for Operations	0	976,000	541,400	1,517,400
Earmarked Student Fee for Debt Service	695,000	0	0	695,000
Sports Income	10,429,500	7,265,862	995,910	18,691,272
Athletic Conference/ NCAA Support	5,728,000	3,647,291	155,215	9,530,506
Other Income	3,950,000	3,249,458	1,131,500	8,330,958
Total	\$22,126,970	\$17,254,301	\$5,294,830	\$44,676,101

The FY 1999 preliminary budgets are higher than the FY 1998 approved budgets (University of Iowa: +6.8 percent, Iowa State University: +8.1 percent, University of Northern Iowa: +3.6 percent), but the FY 1999 total budgeted revenues for the University of Iowa and Iowa State University are slightly lower than the FY 1998 estimates. The University of Northern Iowa's budget is 5.25 percent higher than the FY 1998 estimate.

Budgeted sports income for FY 1999 includes no general public, single-ticket price increases for football or men's basketball at any of the universities. There has been no increase in ticket prices at the University of Iowa since FY 1997. In FY 1998 Iowa State University increased men's basketball ticket prices and the University of Northern Iowa increased football ticket prices.

The budgets include increased expenditures for women's sports. The increases from the FY 1998 estimates to the FY 1999 preliminary budgets are 11.6 percent at the University of Iowa, 4.0 percent at Iowa State University and 7.7 percent at the University of Northern Iowa.

Last year the Board requested specific information on athletic scholarships; athletic scholarships for FY 1999 are estimated to total \$8,505,222 as follows:

University of Iowa	\$3,746,860
Iowa State University	3,270,150
University of Northern Iowa	1,488,212
Total	<u>\$8,505,222</u>

All scholarships for athletes at Iowa State University and the University of Northern Iowa are included in the athletic budgets presented for approval by the Board. Women's scholarships at the University of Iowa are included in the university's athletic budget presented to the Board and men's scholarships are funded by gifts for that purpose.

ACTION: President Newlin stated the Board received the report on the FY 1999 preliminary athletic budgets for the University of Iowa, Iowa State University and the University of Northern Iowa, by general consent.

(i) Board Office. The Board Office recommended the Board approve the budget of the Board Office in the total amount of \$1,836,807 of which \$1,517,940 is the general office account.

The final budget was revised by \$17,362 to reflect the increased budget for the Director of Business and Finance. This proposed level of budget would be utilized only if needed. The additional cost of moving expenses should be offset by salary savings in the position.

This revised budget was reviewed by the incoming Executive Director.

Mr. Richey stated that the Board was requested to take final action on the Board Office budget. He reminded the Board that it had raised the salary range for directors. The full amount of that salary range was budgeted. Obviously the full amount will not be expended unless it is necessary in order to get the desired individual in the Business and Finance Unit.

MOTION: Regent Fisher moved to approve the budget of the Board Office in the total amount of \$1,836,807 of which \$1,517,940 is the general office account. Regent Smith seconded the motion. MOTION CARRIED UNANIMOUSLY.

ALLOCATIONS OF FY 1999 CAPITAL APPROPRIATIONS. The Board Office recommended the Board (1) allocate the \$6,800,000 appropriated to the Board of Regents for FY 1999 for capital projects authorized by the Second Session of the Seventy-Sixth General Assembly (1996 session) for the University of Iowa Engineering Modernization/Addition project; (2) allocate the \$19,500,000 appropriated to the Board of Regents for FY 1999 for capital projects authorized by the First Session of the Seventy-Seventh General Assembly (1997 session) as set forth; and (3) allocate the \$355,000 appropriated to the Board of Regents by the Second Session of the Seventy-Seventh General Assembly (1998 session) for FY 1999 for capital projects at the Iowa School for the Deaf and Iowa Braille and Sight Saving School as set forth.

The 1996, 1997 and 1998 sessions of the General Assembly appropriated \$136,890,000 for Board of Regents capital projects for the period FY 1997 - FY 2001. The appropriations were as follows:

<u>General Assembly Session</u>	<u>Amount Appropriated</u>	<u>Fiscal Year Period</u>
1996	\$ 66,140,000	FY 1997 – FY 1999
1997	70,415,000	FY 1998 – FY 2001
1998	335,000	FY 1999
Total	\$136,890,000	

The Board was authorized to enter into construction contracts beginning July 1 of the first fiscal year for which the appropriations were made. The Board is to determine the amounts to be allocated to each project for each fiscal year based upon project needs.

The Board was asked to approve the allocation of the FY 1999 appropriation of \$6,800,000 for projects authorized by the 1996 legislation session and the FY 1999 appropriation of \$19,500,000 for projects authorized by the 1997 legislative session. The Board was also asked to approve the specific projects to be funded by the \$335,000 FY 1999 appropriation for the special schools. The Board Office has worked with the institutions in making the allocations.

Mr. Richey provided an overview of the report.

Regent Fisher referred to the commitment made two years ago on capital funds with the legislature and asked Mr. Richey to review the status of where we are and how to go forward. Mr. Richey stated that the Board had an agreement not to request funds for capital projects for the universities until fiscal year 2001 in return for the legislature funding the \$70+ million recommended by the Governor. He said the capital budget that will be before the Board in July is a biennial request for funds for two fiscal years. The Board's request to the next General Assembly and Governor will be for 2 years in the future and includes fiscal year 2001 which is the year the Board can again resume capital appropriation requests. It cannot request capital funds for fiscal year 2000 except for the special schools.

Mr. Richey referred to the process for capital appropriation requests and said it was unknown whether the new administration would recommend continuation of requests for two fiscal years. He said it was very important that the Board monitor the direct relationship of the Board of Regents with the Governor and General Assembly on funding

for capitals. The Board of Regents was successful in having the Governor veto language that would have filtered Regents' capital requests through the Department of General Services.

Regent Pellett referred to the 5-year capital plans that the Board would be discussing next month. She said those projects seem to flip flop priorities.

Mr. Richey stated that the priorities within the institutions change. There has to be flexibility to change the 5-year plan each year when it is considered by the Board. The 5-year plan the Board approves is important. It allows the institutions to see where their priorities are.

MOTION: Regent Pellett moved to (1) allocate the \$6,800,000 appropriated to the Board of Regents for FY 1999 for capital projects authorized by the Second Session of the Seventy-Sixth General Assembly (1996 session) for the University of Iowa Engineering Modernization/Addition project; (2) allocate the \$19,500,000 appropriated to the Board of Regents for FY 1999 for capital projects authorized by the First Session of the Seventy-Seventh General Assembly (1997 session) as set forth; and (3) allocate the \$355,000 appropriated to the Board of Regents by the Second Session of the Seventy-Seventh General Assembly (1998 session) for FY 1999 for capital projects at the Iowa School for the Deaf and Iowa Braille and Sight Saving School as set forth. Regent Arenson seconded the motion.
MOTION CARRIED UNANIMOUSLY.

FY 1999 CAPITAL IMPROVEMENT PLANS. The Board Office recommended the Board (1) receive the report on institutional FY 1999 anticipated capital improvement projects with the understanding that the proposed projects are subject to further review, availability of funding and specific project approval by the Board and (2) receive the status report on previously-approved projects with budgets exceeding \$1 million.

Institutional officials submit to the Board in June of each year, as required by Section 9.02 D of the Board of Regents Procedural Guide, their capital plans for the upcoming fiscal year. The FY 1999 capital plans present an overview of anticipated capital improvement projects for all campus facilities and a status report on previously-approved projects with budgets exceeding \$1 million.

Anticipated Capital Projects

The institutions anticipate bringing to the Board for approval in FY 1999 projects with estimated costs of \$158.9 million. All projects are subject to further review, availability of funding and specific approval by the Board. The distribution by institution of the projects is as follows:

	<u># of Projects</u>	<u>Estimated Cost</u>
University of Iowa		
General University	22	\$ 24,356,000
University Hospitals	38	50,288,000

Iowa State University	12	62,652,055
University of Northern Iowa	16	21,119,000
Iowa School for the Deaf	6	310,000
Iowa Braille & Sight Saving School	<u>4</u>	<u>134,000</u>
Total	98	\$158,859,055

Only \$22.3 million of the projects would be funded by state appropriations (capital and operating). Other projects would be funded by UIHC Building Usage Funds (\$50.3 million), Residence System bonds and improvement funds (\$43.9 million), and gifts and Treasurer's Temporary Investments (\$17.8 million).

The plans focus on fire and environmental safety, building deferred maintenance and remodel/renovation projects. Budgets for projects in these categories total more than \$92.9 million.

The plans include more than \$43.3 million in anticipated projects for the universities' residence systems. Included is \$26.3 million for Phase I of Iowa State University's residence system master plan. The University of Northern Iowa's plan includes \$13.9 million in projects for the residence system to be financed by proposed bond issue(s). In March 1998 the Board approved the University of Northern Iowa residence system ten-year plan for FY 1999 through FY 2008 with the understanding that a comprehensive long-term plan would be developed by March 1999. This plan and the detailed financing of it should be presented to the Board prior to a request for approval of the project descriptions and budgets for residence system projects included in the FY 1999 capital plan.

Status Report

Approximately \$290 million in previously-approved projects with budgets exceeding \$1,000,000 are in progress. Of the \$290 million, projects totaling \$109.6 million are scheduled to be completed in FY 1999. Included are two projects for which appropriations were made by the 1996 General Assembly: University of Iowa - National Advanced Driving Simulator, and Iowa State University - Intensive Livestock Research & Instruction Facilities, Phase 1. The remaining projects will be completed within the next 24 months.

Construction is scheduled to begin in FY 1999 on \$120.2 million in projects including the University of Iowa - Medical Education and Biomedical Research Facility and University of Northern Iowa Lang Hall Renovation. Both projects were authorized by the 1997 General Assembly.

Mr. Richey reviewed the report with the Regents.

Regent Fisher asked if the capital improvement plan projects were funded from general funds other than operating funds.

Mr. Richey responded that there could be operating funds for building repair.

Regent Fisher asked if the sources of funds for capital improvements were from building repair funds and capital funds combined. Mr. Richey responded affirmatively.

Regent Pellett asked if the Board would receive a separate report on deferred maintenance. Mr. Richey responded that the annual report on deferred maintenance is provided to the Board in November. Although it should be presented at the time of the capital improvement plans, it would be difficult to develop all of those reports at one time during the year.

Regent Pellett stated that when she first came on the Board it seemed like the institutions were in a constant game of catch up concerning deferred maintenance. She asked if Mr. Richey felt that the institutions were making some progress. Is the deferred maintenance situation better than it was?

Mr. Richey responded affirmatively. He stated that institutional officials are allocating as much general funds as they possibly can. He believes the institutions are making real progress but there is a significant way to go.

President Newlin asked, on a scale of 1 to 10, were the institutions “half way home” with regard to deferred maintenance? Mr. Richey said he thought the institutions were a little more than half way home.

ACTION: President Newlin stated the Board, by general consent, (1) received the report on institutional FY 1999 anticipated capital improvement projects with the understanding that the proposed projects are subject to further review, availability of funding and specific project approval by the Board and (2) received the status report on previously-approved projects with budgets exceeding \$1 million.

UNIT COST STUDY FOR FY 1997. The Board Office recommended the Board receive the unit cost study for FY 1997.

On a biennial basis, the Regent universities compile information regarding the cost of instruction per student (“unit cost”). Unit cost represents the general fund-supported cost of instruction of a full-time equivalent (FTE) student at a given level. Unit costs are considered in establishing tuition rates, reviewing the program emphasis of the universities, and measuring instructional productivity and cost benefits. The average undergraduate unit cost is used as a basis to determine the funding goal for the Iowa Tuition Grant Program.

Unit cost is calculated making certain assumptions relative to attribution of instruction costs to the various student levels. Costs such as building repairs, public service, scholarships and fellowships, auxiliary enterprises, health care units, and indirect cost recovery have been excluded from the unit cost calculations.

The following table denotes the FY 1997 unit cost of instruction for each of the Regent universities by student level, the FY 1997 composite unit cost for the Regents as well as the percentage increases of the unit cost over the two-year period FY 1995 to FY 1997. The Regent composite unit cost increased 8.6 percent over the two years while the Higher Education Price Index increased 6.0 percent during the same two-year period.

FY 1997 UNIT COST OF INSTRUCTION

	<u>SUI</u>		<u>ISU</u>		<u>UNI</u>		<u>REGENT COMPOSITE</u>	
	2 Yr. <u>Incr.</u>		2 Yr. <u>Incr.</u>		2 Yr. <u>Incr.</u>		2 Yr. <u>Incr.</u>	
Lower Division	\$ 5,327	6.1%	\$6,164	7.0%	\$5,173	8.9%	\$ 5,628	6.9%
Upper Division	8,990	5.1%	8,752	8.9%	8,414	8.1%	8,750	7.4%
Overall	7,199	5.1%	7,626	8.2%	7,045	7.9%	7,340	7.0%
Undergraduate								
Master's	16,987	28.1%	9,795	10.3%	10,631	6.3%	13,287	15.7%

Advanced Graduate	25,922	14.3%	12,700	11.3%	14,899	12.0%	18,802	13.1%
Professional	20,747	-13.4%	43,279	8.6%	N/A	N/A	23,226	-12.4%
Overall	\$11,764	8.6%	\$ 8,936	8.8%	\$ 7,566	7.9%	\$ 9,824	8.6%

Variable costs of instruction are those costs which change in proportion to the number of students. Of the \$578.6 million expenditures included in the determination of the unit cost of instruction, 78.6 percent represent variable costs and 21.4 percent are fixed costs. The Regent variable unit cost composite increased 7.9 percent from FY 1995 to FY 1997.

Mr. Richey stated that the report on unit costs has been coming to the Board for nearly 35 years. The report has changed little in methodology since the beginning. Every Board that he has worked with has never been completely satisfied with it; however, no one has been able to come up with a better methodology. He said the report serves the purpose of showing trend lines.

President Newlin stated that the numbers do have meaning relative from one year to the next.

ACTION: President Newlin stated the Board received the unit cost study for FY 1997, by general consent.

REVISED CALENDAR FOR GOVERNANCE REPORTS. The Board Office recommended the Board approve the revised Board of Regents Calendar of Governance Reports.

Changes in the governance calendar reflect the directive of the Board in consideration of the strategic plan and the recommendations of MGT.

Last year MGT recommended that the Board of Regents maintain its current reporting of governance reports as essential to retaining the Board's autonomy and oversight of critical institutional activities. It was further suggested by MGT that the Board consider ways to combine and consolidate the reports. This past year the Interinstitutional Committee on Educational Coordination, under the leadership of Provost Whitmore, reviewed the academic and student-related governance reports and made recommendations for consolidation of like reports. A similar effort was undertaken for Human Resources and the Business and Finance areas. The results of these efforts were presented to the Board for approval.

Mr. Richey noted that some of the items listed on the calendar are governance reports and some items are functions of decision making by the Board in carrying out its responsibilities.

President Newlin said it would be helpful to see how the Board is doing relative to the implementation of the strategic plan. Mr. Richey noted that strategic plan review was listed on the calendar of governance reports.

ACTION: President Newlin stated the Board approved the revised Board of Regents Calendar of Governance Reports, by general consent.

BOARD OFFICE PERSONNEL TRANSACTIONS. The Board Office recommended the Board ratify personnel transactions, as follows:

Resignation: Richard Tiegs, Assistant Director, Academic Affairs and Research, effective May 15, 1998.

Appointment: Charles Kniker, Associate Director, Academic Affairs and Research, effective June 15, 1998, at an annual salary of \$78,000 plus the usual fringe benefits.

ACTION: The personnel transactions were approved, as presented, on the consent docket.

RESOLUTION AUTHORIZING EXECUTIVE DIRECTOR OR DESIGNEE TO EXECUTE DOCUMENTS. The Board Office recommended the Board approve the resolution authorizing the Executive Director or the Executive Director's designee to execute documents on behalf of the Board of Regents.

The resolution authorizes the Executive Director or the Executive Director's designee to execute documents necessary and proper for the operation and administration of the Board Office and the institutions governed by the Board of Regents and for implementing the decisions of the Board of Regents.

The Office of the Attorney General was consulted in determining the need for this resolution and the wording of it. Special Assistant Attorney General Diane Stahle

reviewed the resolution and joined the Board Office in recommending it for the Board's approval.

MOTION: Regent Lande moved to approve the resolution authorizing the Executive Director or the Executive Director's designee to execute documents on behalf of the Board of Regents. Regent Smith seconded the motion. **MOTION CARRIED UNANIMOUSLY.**

CONTRACT FOR COLLECTIVE BARGAINING NEGOTIATOR. The Board Office recommended the Board approve the biennial agreement between the Iowa State Board of Regents and Joseph E. Flynn including a revision to the contract period so that it coincides with the end of the fiscal year 2000.

The contract with Mr. Flynn provides for his services as chief negotiator for the Board in bargaining with the Regent Institutions and for such other labor relations services as may be required by the Board.

The two-year contract provides for a fee for Mr. Flynn for his services at the rate of \$116 per hour for all time expended in reference to his duties for the Board of Regents during the first year and \$120 per hour during the second year of the contract, an increase of 2.6 percent and 2.6 percent respectively. The amount per hour under the current contract is \$113.

The proposed contract would run from October 1, 1998, through June 30, 2000 (or until obligations are fulfilled).

Mr. Richey stated that the contract normally comes to the Board in September. The Board Office recommended putting the contract on a fiscal year basis.

Regent Lande asked that staff encourage involvement by someone else in Mr. Flynn's firm at least on a peripheral level. If at some time Mr. Flynn is not able to serve the Board, there should be someone else in his office who has some history and background on the issues.

Mr. Richey said that was a good suggestion. A report to the Board on that issue would be appropriate.

Mr. Flynn stated that he would submit the requested information to the Board in writing.

MOTION: Regent Fisher moved to approve the biennial agreement between the Iowa State Board of Regents and Joseph E. Flynn including a revision to the contract period so that it coincides with the end of the fiscal year 2000. Regent Smith seconded the motion. **MOTION CARRIED UNANIMOUSLY.**

REGENT AFFILIATED ORGANIZATION REPORT ON COMMITTEE FOR AGRICULTURAL DEVELOPMENT, IOWA STATE UNIVERSITY. The Board Office recommended the Board receive the report on the Committee for Agricultural Development (Iowa State University).

The Committee for Agricultural Development, an organization affiliated with Iowa State University, exists for scientific and educational purposes that promote the general welfare

of agriculture. The annual report, financial data, and audit for the organization are summarized in this report. Copies of the detailed information are retained at the Board Office.

The independent auditor reported that the financial statements of the Committee for Agricultural Development for the fiscal year ended December 31, 1997, were presented fairly in all material respects. No findings were reported.

ACTION: The report was received, on the consent docket.

BOARD MEETINGS SCHEDULE. The Board Office recommended the Board approve the Board meetings schedule.

July 14-15, 1998	Iowa State University	Ames
September 23-24, 1998	University of Iowa	Iowa City
October 21-22, 1998	University of Northern Iowa	Cedar Falls
November 18-19, 1998	Iowa State University	Ames
December 3, 1998	West Des Moines Marriott Hotel	West Des Moines
January 20, 1999	Telephonic Conference Call	
February 17-18, 1999	University of Iowa	Iowa City
March 17-18, 1999	Iowa State University	Ames
April 21, 1999	Iowa Braille and Sight Saving School	Vinton
April 22, 1999	University of Northern Iowa	Cedar Falls
May 19-20, 1999	Iowa School for the Deaf	Council Bluffs
June 16-17, 1999	University of Iowa	Iowa City
July 14-15, 1999	Iowa State University	Ames
September 15-16, 1999	University of Northern Iowa	Cedar Falls
October 20-21, 1999	University of Iowa	Iowa City
November 17-18, 1999	Iowa State University	Ames
December 15-16, 1999	(To be determined)	Des Moines

Mr. Richey stated that the office has a very heavy workload during the next 3 to 4 months. Staff would have a difficult time getting docket materials prepared for the July Board meeting for receipt by the Regents two weeks ahead of the Board meeting. He recommended that from now through the October Board meeting the Board resume its schedule of receiving docket materials one week ahead of the Board meeting. The Board could review the docket schedule in November and determine what schedule it would like after that.

Regent Fisher stated that he was comfortable with the recommended action. He said he appreciated receiving the docket materials two weeks in advance.

Regent Pellett stated that, on the other hand, the Board was hardly through with last month's meeting when the institutional materials were due in the Board Office for this month's meeting. Under the two-week schedule the information is not very current.

Mr. Richey said there has been flexibility within the current two-week system.

President Newlin stated that if the Regents were comfortable with the recommended action it could be adopted with the understanding that when possible the Board would like to return to the 2-week schedule.

Regent Lande said that in his opinion the materials did not have to be received two weeks in advance of Board meetings. He would be satisfied if the Board Office would ensure that the materials are in the Regents' hands a full week ahead of the Board meeting.

ACTION: President Newlin stated the Board meetings schedule was approved, by general consent.

PRESENTATION BY GROUP OF STUDENTS.

A group of students requested time to make a presentation to the Board. The Board Office forwarded to the Regents written material of the issue to be presented.

President Newlin recognized Simon Huss, an Iowa State University student.

Mr. Huss stated that he represented a group called the September 29 Movement. The group was organized to change the name of a building on the Iowa State University campus, namely Carrie Chapman Catt Hall, and to promote issues of diversity at the university. Mr. Huss discussed the group's belief that Ms. Catt's views were racist and that her actions were regarded as exclusive.

Milton McGriff, an Iowa State University student, presented the request of the September 29 Movement that the Board of Regents reopen the naming process.

President Newlin then asked Board members and institutional officials if there were additional general or miscellaneous items for discussion. There were none.

STATE UNIVERSITY OF IOWA

The following business pertaining to the State University of Iowa was transacted on Tuesday and Wednesday, June 16 and 17, 1998.

President Coleman presented the following supplemental docket item:

NAMING OF FACILITY. University of Iowa officials requested naming the Board of Regents meeting room at the University of Iowa the Richey Ballroom.

R. Wayne Richey has served the Board of Regents for 32 years, but he also has served the University of Iowa. He has focused on quality in every aspect of academic life and in the maintenance of a simple and effective governance model for Iowa. The university administration would like to dedicate this room for Mr. Richey as a reminder of the legacy he has left all of us.

President Coleman presented the university's request. She announced that a color photograph of Mr. Richey would be permanently displayed in a prominent place in the ballroom. The room will no longer be called the Triangle Ballroom.

MOTION: Regent Fisher moved to approve the University of Iowa's request to name the Board of Regents meeting room at the University of Iowa the Richey Ballroom. Regent Kennedy seconded the motion.
MOTION CARRIED UNANIMOUSLY.

President Newlin expressed the Board's appreciation to President Coleman for this special recognition of Executive Director Richey.

TOUR OF IOWA ADVANCED TECHNOLOGY LABS.

On Wednesday, June 17, 1998, beginning at 8:30 a.m. the Regents toured the Iowa Advanced Technology Labs.

Vice President Skorton stated that 170 individuals work in the building in the areas of physical sciences and engineering. Last year (FY 1997) \$5 million in grants and contracts were brought in. He said he believes the amount of external funding will continue and will increase. Four centers are housed in the building. The Optical Science and Technology Center's material synthesis lab involves faculty from the Colleges of Liberal Arts and Engineering in interdisciplinary research teams. The research highlight photonic materials and laser science.

Regent Lande asked how the research of this facility related to the materials stress testing unit at Iowa State University. Vice President Skorton responded that Iowa State University has a famous Center for Non-Destructive Evaluation. The research at the University of Iowa tests some of those materials but it is not related. There is a different emphasis.

Work done at the University of Iowa's center involves the whole process -- theory, growth, and fabrication into a product.

The Regents visited an air bag research lab where combustion-related research is conducted. The research is funded by General Motors and the National Highway Traffic Safety Commission, with substantial contribution by the University of Iowa. The research being conducted at the University of Iowa involves precision diagnostic techniques utilizing lasers to understand the deployment of air bags. Researchers fire off one or two air bags each day. They have constructed a small scale device, a 1/6 model of the air bag, which also is utilized in the research. Five years from now new vehicles must be equipped with "smart" air bags that will recognize all sizes of people and in all positions.

Regent Fisher asked if auto manufacturers conduct any of this type of research jointly. Associate Dean Butler responded that they do not. This research is funded through General Motors with oversight through the National Highway Traffic Safety Commission. The researchers are developing laser-based diagnostic techniques.

Regent Lande asked how long the testing had been conducted. Associate Dean Butler responded that it had been in progress for 1-1/2 to 2 years.

Regent Pellett asked if the University of Iowa was the only university conducting this type of research. Associate Dean Butler responded that the University of Iowa is the only university doing the diagnostics. The University of Michigan is funded for subcomponent-type work. The University of Iowa is the only university conducting full-scale firing.

At the Center for Computer Aided Design, both basic and applied research are conducted. Several of the research products have been applied in real life. The Regents were informed about one such research project. Auto manufacturers are concerned about metal oil can noises in cars. Ford Motor Company built six cars in 1994 with frames designed at the University of Iowa's Center for Computer Aided Design to eliminate much of the noise and vibration. 1999 model cars will have the new frames incorporated into their designs. Companies are interested in commercializing the software that was designed. It took only 5 years to go from basic research to commercialization.

The Regents were provided with a videotape demonstration of a study conducted at the National Advanced Driving Simulator. A grant proposal has been submitted to the National Science Foundation by the University of Iowa and Iowa State University which will provide for "live" driving between the two universities.

Vice President Skorton addressed a question concerning the Iowa Advanced Technology Laboratory building and what about the building facilitates the types of research that are conducted within its walls. He said the building combines three attributes: 1) open space for collaboration among groups, 2) laboratory space and 3) environmentally perfect laboratories.

President Newlin thanked everyone who had facilitated the tour.

INTRODUCTION OF STUDENT GOVERNMENT LEADERS.

President Coleman introduced the new student governmental leaders, as follows: Brian White, President; Scott Shuman, Vice President; Sarah Pettinger, Activities Senate Executive Officer; Jessica Villanueva, Executive Officer of the Collegiate Senate; and Byron Racki, Financial Officer. She noted that Byron Racki's mother is Joan Racki of the Board Office.

President Newlin congratulated the students on their elections and thanked them for their attendance at the Regents meeting.

RATIFICATION OF PERSONNEL TRANSACTIONS. The Board Office recommended the Board ratify personnel transactions, as follows:

Register of Personnel Changes for April 1998.

Approve the reappointments of Douglas True as Treasurer and Douglas Young as Secretary in accordance with Chapter 262.9 of the Code of Iowa for the fiscal year beginning July 1, 1998.

ACTION: The personnel transactions were approved, as presented, on the consent docket.

PROPOSAL TO AMEND THE POLICY DEFINING THE RELATIONSHIP OF PROFESSIONAL AND SCIENTIFIC STAFF MEMBERS TO THE UNIVERSITY OF IOWA.

The Board Office recommended the Board approve the proposed amendments to the University Operations Manual affecting Professional and Scientific staff.

University of Iowa officials requested approval for changes in the University Operations Manual affecting some aspects of the relationship between the university and its Professional and Scientific (P&S) staff.

A new category of P&S staff, *at-will status*, would be created. Temporary P&S positions and those in pay grade 12 and above that have administrative, policy-making, and other such responsibilities would be designated at-will status. Positions in lower pay grades may be designated at-will status when their responsibilities include creating/ implementing university policy or significantly affect the efficiency of a department, program, or the institution.

The changes would clarify the career status date for P&S staff who change positions, who are reclassified, or who are furloughed.

The details of probationary status would be clarified and the treatment of this status when a P&S staff member changes positions within the university would be clarified.

Exceptions to the usual probationary period and career status date for an individual in a position designated in the career status category would be subject to approval by the Associate Vice President/Director of Human Resources upon the recommendation of line administrators.

MOTION: Regent Lande moved to approve the proposed amendments to the University Operations Manual affecting Professional and Scientific staff. Regent Arenson seconded the motion. **MOTION CARRIED UNANIMOUSLY.**

COURSE CHANGES. The Board Office recommended the Board refer the proposed course changes at the University of Iowa to the Board Office and the Interinstitutional Committee on Educational Coordination for review and recommendation.

University of Iowa officials submitted its list of proposed course changes for the approval by the Board of Regents. The proposed course offerings represent the continuing response of the university to the changing educational needs of students, changing disciplinary emphasis, and the vitality of the university's faculty. The course changes do not include any new programs of study.

ACTION: This matter was referred, on the consent docket.

PROPOSAL TO CHANGE THE NAME OF THE MASTER'S DEGREE IN HOSPITAL AND HEALTH ADMINISTRATION. The Board Office recommended the Board refer the proposal to change the name of the Master's Degree in Hospital and Health Administration from the Master of Arts (MA) to the Master of Health Administration (MHA) at the University of Iowa to the Interinstitutional Committee on Educational Coordination and the Board Office for review and recommendation.

University of Iowa officials requested changing the name of the Master's Degree in Hospital and Health Administration from the Master of Arts (MA) to the Master of Health Administration (MHA). The proposal is for a change in name only and does not involve any programmatic changes.

The University of Iowa is one of only 67 accredited programs in health management that still awards the MA degree.

The name change would significantly improve employment opportunities for graduates of the program and will assist in recruiting high-quality students.

There are no substantial financial or academic changes involved in this title change.

ACTION: This matter was referred, on the consent docket.

PROPOSAL TO ESTABLISH A MINOR IN INFORMATION MANAGEMENT. The Board Office recommended the Board refer the request to establish an Information Minor at the University of Iowa to the Board Office and the Interinstitutional Committee on Educational Coordination for review and recommendation.

University of Iowa officials requested approval to offer a new minor in Information Management within the School of Library and Information Science. The proposed program would allow students to complete a curriculum that would enhance a variety of undergraduate degrees.

Minor programs are meant to complement students' major fields of study by offering a sequence of critical knowledge and skills for the effective organization and utilization of information. The proposed program will meet an existing need for students and will make graduates more attractive in the job market. There are no new costs associated with this program as it will build off existing offerings at the university.

ACTION: This matter was referred, on the consent docket.

PROPOSAL TO ESTABLISH A MASTER OF COMPUTER SCIENCE DEGREE. The Board Office recommended the Board refer the request to establish a Master of Computer Science (M.C.S.) Degree in the Department of Computer Science in the College of Liberal Arts at the University of Iowa to the Board Office and the Interinstitutional Committee on Educational Coordination for review and recommendation.

University of Iowa officials requested approval for a Master of Computer Science Degree in the Department of Computer Science. The university currently offers the Master of Science (M.S.) degree. The proposed Master of Science degree has been developed in response to demand for a terminal degree designed for persons entering business or industry.

No new resources would be required for implementation of the new degree program.

ACTION: This matter was referred, on the consent docket.

REPORT ON SURVEY OF MAY 1997 UNIVERSITY OF IOWA GRADUATE DEGREE RECIPIENTS. The Board Office recommended the Board receive the oral report on a survey of graduate degree recipients.

Leslie Sims, Dean of the Graduate College at the University of Iowa, gave a report on a recent survey of the May 1997 graduate degree recipients. He stated that this was the institution's first ever survey of graduate degree recipients. The survey instrument was sent with the diplomas. He described the survey instrument and survey characteristics. Two-thirds of the questions on the survey evaluated students' experience at the University of Iowa. With regard to the survey response rate, he said 36 percent of the surveys were returned. With regard to demographics, he said 13.5 percent of the Ph.D.s awarded were to minority students. In the category of reasons for choosing the University of Iowa the survey determined that low tuition was not a significant factor in students choosing the University of Iowa for graduate work. International students rated their experience at the university about the same as did domestic Ph.D. recipients. Master's degree students ranked their experience a little lower than did Ph.D. students. Based on survey responses, career planning and placement is an area that university officials want to improve. Employment following receipt of degree was another area included in the survey.

Regent Pellett said she applauded Dean Sims for the work that had been done. She believes the information will be very valuable to the university. She encouraged university officials to seek this type of information from undergraduates in order to determine the types of services the university needs to offer.

Dean Sims stated that the results from this study compared with some national data were quite different from what one reads in the press regarding there not being jobs for graduates.

Regent Pellett stressed the need for counseling throughout the university system.

President Newlin thanked Dean Sims for the presentation.

ACTION: President Newlin stated the Board received the oral report on a survey of graduate degree recipients, by general consent.

PRESENTATION ON CHANGES IN NURSING EDUCATION. The Board Office recommended the Board receive the oral report on changes in nursing education.

Dean Melanie Dreher, College of Nursing, gave a report on the current changes in nursing education. She said it was an enormous privilege to tell the Regents about their College of Nursing. She brought them up to date on accomplishments of the last 1-1/2 years since she came to the University of Iowa. She said nursing colleges are linked to what is going on in the external environment. Health care has changed dramatically. In Iowa care of

the elderly is a significant area of practice. Prevention and health promotion is another important area. Traditionally, nurses have been primarily employed in hospitals; now, they are often employed in community-based health agencies. She said these changes in nursing practice have mandated changes in nursing education. Nurses have to be sensitive to the bottom line and help manage costs. She stated that the University of Iowa College of Nursing ranking has risen from #14 to #11 out of 650 nursing programs nationwide. It is clearly one of the best nursing programs in the country. Sophisticated and extensive research is conducted by the faculty.

The College of Nursing has to be able to meet the health needs of the citizens of Iowa. Dean Dreher stated that faculty have undertaken a massive curriculum revision this last year. They are creating a new learning environment for nursing students. Basically there are three nursing programs. Changes have occurred in each of the programs. First is the basic undergraduate program curriculum. The curriculum can now be completed in eight semesters/4 years versus 9 semesters. The college is teaching principles versus facts. Students will enter as freshmen and begin taking nursing courses right away. There are opportunities for students to specialize at the undergraduate level. The second nursing program is the BSN completion program for students with associate degrees or hospital diplomas. She said the BSN completion program meets the needs of working students. There is a lot of enthusiasm and support from employers for this program. It is currently offered in Iowa City, Ft. Dodge and Emmetsburg. Interest has also been expressed from Orange City and Marshalltown. She said there are over 130 students in the program this year. The BSN completion program does more to improve nursing practice and meet health care needs of Iowans than any other program the college offers. Students in this program are firmly planted in Iowa.

The third nursing program offered by the University of Iowa College of Nursing is the graduate program which focuses on the master's degree. Dean Dreher said the program has undergone massive revision. It includes the family nurse practitioner program, the psychiatric nurse practitioner program, and the nurse anesthetist program. Courses are scheduled at times convenient for working nurses. College officials believe they can move even the part-time master's students through the program quickly. She believes that expanding offerings will expand the applicant pool.

Dean Dreher discussed plans for the future including an agreement called The Nursing Collaborative. The Nursing Collaborative establishes relationships between the Department of Nursing at UIHC and the College of Nursing for the advancement of education practice and nursing. This year was the first experience with nursing students being taught by practicing nurses. She said it was extraordinarily successful. The students and the nurses were very pleased with the program.

Dean Dreher stated that all of the changes that have taken place in the college have been bolstered by a supportive administration and a forward-thinking university environment. She said the Office of the Provost has given great support to the college's attempts to internationalize its programs. Students have gone to Russia and Jamaica to provide patient care for a month. She intends to expand such programs in the future. The graduate school supports the efforts to increase the number of international graduate students. The Provost's Office has helped with diversification of the student body. The College of Nursing has recruited two African Americans and four men (one of whom is African American) to the faculty and staff.

In addition to the regular degree in nursing, Dean Dreher said students now have the option of certification in global health and in aging, and soon will have a similar option in public health and language studies. She said the special opportunities at the University of

Iowa are not replicated on any other campus. The College of Nursing is offering a course in pain management over the Iowa Communications Network this summer.

Dean Dreher stated that these changes are not without a price tag. She is exploring several possibilities of ways to support the costs of the nursing program, one of which is differential tuition. She said nursing programs throughout the country are struggling to prepare nurses for roles that do not exist but will be there in the future. Managed care has created enormous opportunities for nursing.

President Newlin thanked Dean Dreher for the presentation and expressed the Board's pleasure in her choosing to come to Iowa.

Regent Kennedy congratulated Dean Dreher on the 100 year celebration for the College of Nursing. She then referred to the BSN completion program and Dean Dreher's statement that those students are dedicated to staying in Iowa. She expressed appreciation for that program and pointed out that the program is offered in partnership with community colleges. The Board has emphasized such cooperation in its strategic plan. She said this was a great example of how those partnerships can be successful. She encouraged Dean Dreher to deliver the Master's program.

Dean Dreher stated that college officials were in the process now of developing the Master's program for delivery in other sites. She anticipates they will begin in September 1999 with a rich array of Master's courses. She then thanked Regent Kennedy for representing the Regents at the College of Nursing's centennial celebration.

Regent Kennedy said there is a lot of energy and excitement in the College of Nursing. She thinks Dean Dreher has "taken them by storm"!

Regent Arenson expressed congratulations to Dean Dreher and said he was happy she was at the University of Iowa. He acknowledged that the restructuring in the College of Nursing was part of the overall picture in the health sciences. He was excited about the changes Dean Dreher is making. With regard to the BSN completion program, he asked if distance learning was being utilized for the delivery of the majority of those program offerings. Dean Dreher said the majority of offerings were through distance learning. There are three sites in addition to Iowa City.

Regent Arenson asked if there is a fund-raising effort in the College of Nursing. Dean Dreher responded affirmatively. The centennial campaign was a \$1 million campaign. By the time the campaign opened, the college had already raised over \$900,000. Therefore, they are amplifying the campaign.

Regent Arenson asked if Dean Dreher would return to the Board with ideas about fees and other ideas to fund the college's efforts. Dean Dreher responded affirmatively.

ACTION: President Newlin stated the Board received the oral report on changes in Nursing Education, by general consent.

REPORT ON NCAA ACREDITATION OF ATHLETICS. The Board Office recommended the Board receive the report on the certification of the University of Iowa athletics programs by the National Collegiate Athletic Association (NCAA).

The University of Iowa was notified May 7, 1998, that its athletics programs were fully certified by the National Collegiate Athletic Association Committee on Athletics Certification.

The designation of certified means that the University of Iowa has shown that it complies with NCAA standards for academic and fiscal integrity, governance and commitment to rules compliance, and commitment to gender equity. The NCAA certification is a year-long process that all 308 Division I institutions will undergo within five years. The program's purpose is to ensure integrity in the schools' athletics operations and to assist athletic departments in improving their programs.

At the University of Iowa, the certification process centered on a self-study that directly involved 60 people including administrators, faculty, staff, students, and alumni. The self-study was supervised by a 22-member steering committee headed by Doug True, Vice President for University Relations.

President Coleman presented the report for the University of Iowa.

ACTION: President Newlin stated the Board received the report on the certification of the University of Iowa athletics programs by the National Collegiate Athletic Association (NCAA), by general consent.

REGISTER OF CAPITAL IMPROVEMENT BUSINESS TRANSACTIONS. The Board Office recommended that the Register of Capital Improvement Business Transactions for the University of Iowa be approved.

PROJECT DESCRIPTIONS AND BUDGETS

University Hospitals and Clinics—Linear Accelerator Replacement \$292,500
Source of Funds: University Hospitals Building Usage Funds

Preliminary Budget

Construction	\$ 234,000
Architectural/Engineering Support	23,400
Planning and Supervision	11,700
Contingency	<u>23,400</u>
 TOTAL	 <u>\$ 292,500</u>

University officials requested approval of a project description and budget in the amount of \$292,500 for site preparation work for the installation of a replacement linear accelerator in the Radiation Oncology Center at University Hospitals. The project will provide the 1,167 square foot area required for installation of the replacement accelerator. The university plans to install the linear accelerator near the end of the calendar year.

The linear accelerator is an electron and/or proton beam generator used for the treatment of cancer patients. The existing linear accelerator is in need of replacement due to decreasing reliability resulting from its 12 years of use and advancements in technology which have occurred during this time. Installation of a replacement linear accelerator will support University Hospitals designation as a Level I Trauma Center.

Work will include installation of underfloor shoring, bridging to remove the current unit and to install the new unit, and removal and installation of the system base plate. In addition, the project will include the replacement of audio/video monitoring systems, installation of code-conforming fire detection/suppression systems, installation of a new power conditioner and compressed air system, and modifications to electrical and heating, ventilating and air conditioning systems.

Lindquist Center—Replace North Roof

\$318,000

Source of Funds: Building Renewal or Income from Treasurer's
Temporary Investments

Preliminary Budget

Construction	\$ 264,050
Design, Inspection and Administration	
Design/Construction Services	24,670
Consultants	2,400
Contingencies	<u>26,880</u>
 TOTAL	 <u>\$ 318,000</u>

University officials requested approval of a project description and budget in the amount of \$318,000 to replace the roof over the north wing of the Lindquist Center. The project will install a new roof over the 26,400 square feet area to replace the existing roof which is 21 years old.

Work will include removal of the existing roof, flashing, and insulation to the structural deck, abatement of asbestos flashing material, and installation of a new roof system and associated flashing.

Mayflower Residence Hall—Upgrade Fire Protection

April 1998 Budget \$3,802,000

June 1998 Budget \$3,802,000

Project Budget

	Initial Budget <u>April 1998</u>	Amended Budget <u>June 1998</u>
Construction	\$ 3,065,000	\$ 3,065,000
Design, Inspection and Administration Consultants	229,900	229,900
Design/Construction Services	200,600	200,600
Contingencies	<u>306,500</u>	<u>306,500</u>
TOTAL	<u>\$ 3,802,000</u>	<u>\$ 3,802,000</u>

Source of Funds:

Dormitory Improvement Reserves

(with Reimbursement from Future Sale
of Revenue Bonds)

\$ 3,802,000

Dormitory Surplus Funds (with
Reimbursement from Future Sale of
Revenue Bonds)

\$ 3,802,000

University officials requested approval of an amended project budget which reflects a change in the source of funds for the project. The initial project budget provided interim funding from Dormitory Improvement Reserves with reimbursement from the future sale of Dormitory Revenue Bonds. The amended project budget includes interim funding from Dormitory Surplus Funds.

Bowen Science Building Projects

University officials requested approval to amend the eight project budgets to reflect a change in the source of funds. The amended project budgets will include a combination of four fund sources. The fund sources are College of Medicine gifts and earnings, Revenue Bonds, Income from Treasurer's Temporary Investments, and/or State appropriations.

Westlawn Renovation and Expansion—Student Health Service Relocation and College of Medicine Programs

University officials requested approval to amend the project budget to include State appropriations as an additional fund source.

Halsey Hall—Convert Pool to Fitness Center

Source of Funds: Recreational Services Income
and/or Income from Treasurer's
Temporary Investments

Feb. 1998 Budget \$395,000

June 1998 Budget \$472,000

Project Budget

Initial

Revised

	<u>Budget Feb. 1998</u>	<u>Budget June 1998</u>
Construction	\$ 310,900	\$ 389,857
Design, Inspection and Administration		
Consultants	44,800	44,400
Design/Construction Services	8,200	15,500
Contingencies	<u>31,100</u>	<u>22,243</u>
 TOTAL	 <u>\$ 395,000</u>	 <u>\$ 472,000</u>

In May 1998 the university received Executive Director approval of a revised project budget in the amount of \$472,000, an increase of \$77,000, to allow award of the construction contract. Three bids were received for the construction contract on May 5, 1998. The low bid as submitted by Apex Construction Company in the amount of \$305,600 exceeded the engineering estimate by approximately 29.4 percent. University officials attributed the high bids to a restrictive bidding climate and therefore re-bidding the project was not likely to result in the receipt of more favorable bids. In addition, the project scope had been increased to include construction of an accessible restroom and additional unanticipated work for the removal of the swimming pool tanks.

* * * * *

University officials presented ten projects with budgets of less than \$250,000. The titles, source of funds and estimated budgets for the projects were listed in the register prepared by the university.

* * * * *

ARCHITECT/ENGINEER AGREEMENTS

University Hospitals and Clinics--Linear Accelerator Replacement \$25,260
Design Professionals Collaborative, Cedar Rapids, Iowa

University officials requested approval to enter into an agreement with Design Professionals Collaborative to provide design services for the project. The agreement provides for a fixed fee of \$23,260 with reimbursable expenses not to exceed \$2,000.

University Hospitals and Clinics--Diagnostic Radiology Support \$89,550
Emergency Trauma Center
Design Professionals Collaborative, Cedar Rapids, Iowa

University officials requested approval to enter into an agreement with Design Professionals Collaborative to provide design services for the project. The agreement provides for a fixed fee of \$77,800 with reimbursable expenses not to exceed \$11,750.

University Hospitals and Clinics—3-West General Hospital \$28,650
Life Safety Remodeling
A and J Associates, Iowa City, Iowa

University officials requested approval to enter into an agreement with A and J Associates to provide design services for the project. The agreement provides for a fixed fee of \$25,150 with reimbursable expenses not to exceed \$3,500.

Amendments:

Macbride Hall—Renovate Auditorium \$21,620
Rohrbach Carlson, Iowa City, Iowa

Consolidated Business Services Building—Remodel for
Materials Management—Phase 2 \$1,330
Scholtz-Gowey-Gere-Marolf, Davenport, Iowa

CONSTRUCTION CONTRACTS

Newton Road Relocation—Package #1 \$1,013,352.41
Award to: Metro Pavers, Iowa City, Iowa
(3 bids received)

University Hospitals and Clinics—Pharmacy Storage, Processing
and Office Support Facility \$643,370.00
Award to: McComas-Lacina Construction Company, Iowa City, Iowa
(2 bids received)

1999 Parking Ramp Preventive Maintenance \$352,276.60
Award to: Paragon Constructors, Minneapolis, MN
(3 bids received)

Halsey Hall—Convert Pool to Fitness Center \$305,600.00
Award to: Apex Construction Company, Iowa City, Iowa
(3 bids received)

Iowa Memorial Union—Construct River Terrace
Reject Bids

Four bids were received for this project on March 5, 1998. All of the bids exceeded the engineering estimate by at least 36.8 percent. The four bids, which had a range of 19.6 percent, also exceeded the project budget of \$300,000. On April 23, 1998, the Executive Director authorized the university to reject the bids and re-evaluate the project.

This is the second bid opening for the project. The first bid opening in September 1997 resulted in the receipt of two bids which exceeded the engineering estimate and were rejected. The university will consider scaling back or canceling the project based upon a review of its external campus needs.

Regent Lande asked if university officials had a sense as to why the bid came in so much higher than was anticipated each time. Vice President True said it was not a matter of absence of competition of bidders. This is an unusual project. The architect and engineering group did not know precisely what the number would be. He said he had to make a judgment not to spend more money than was appropriate.

ACCEPTANCE OF COMPLETED CONSTRUCTION CONTRACTS

Hillcrest Residence Hall—Replace Primary Electrical Service
McComas-Lacina Construction Company, Iowa City, Iowa

Pharmacy Building—Replace Galvanized Piping
Modern Piping, Cedar Rapids, Iowa

University Hospitals and Clinics—Development of a Volunteer Program Adult Patient Self-Care and Family Housing Unit—Phase I
McComas-Lacina Construction Company, Iowa City, Iowa

Medical Education and Biomedical Research Facility—Utility Relocation—Contract #1, Preliminary Electrical Relocations
McComas-Lacina Construction Company, Iowa City, Iowa

MOTION: Regent Kennedy moved that the Register of Capital Improvement Business Transactions for the University of Iowa be approved, as presented. Regent Fisher seconded the motion. MOTION CARRIED UNANIMOUSLY.

APPROVAL OF LEASES. The Board Office recommended the Board approve the leases, as presented.

University officials requested approval to renew lease agreements as lessor with the following tenants for their use of business incubator space in the Technology Innovation Center at the Oakdale Campus:

With EnzyMed, Inc., for its use of 3,418 square feet of space (2,250 square feet of laboratory space and 1,168 square feet of office space) at the rate of \$3,077.33 per month (\$12 per square foot for the laboratory space, \$8.50 per square foot for the office space, \$36,927.96 per year) for a one-year period;

With Breakthrough Acquisition Corporation for its use of 4,827 square feet of space (4,010 square feet of office space and 817 square feet of shipping, receiving and storage space) at the rate of \$8,105.20 per month (\$23.44 per square foot for the office space, \$4 per square foot for the shipping, receiving and storage space, \$97,262.40 per year) for a six-month period; and

With American Matrix Technologies for its use of 631 square feet of space at the rate of \$446.96 per month (\$8.50 per square foot, \$5,363.52 per year) for a one-year period.

MOTION: Regent Smith moved to approve leases, as presented. Regent Kennedy seconded the motion, and upon the roll being called, the following voted:
AYE: Ahrens, Arenson, Fisher, Kelly, Kennedy, Lande, Newlin, Pellett, Smith.
NAY: None.
ABSENT: None.

MOTION CARRIED.

YEAR 2000 REPORT. The Board Office recommended the Board receive the oral status report on Year 2000 compliance.

The Banking Committee, at its April 1998 meeting, requested that each institution provide a status report on Year 2000 compliance.

The University of Iowa will provide the Board with an oral report on its progress in achieving compliance with the century date change.

Vice President True introduced David Dobbins, Director of Information Technology. He noted that Mr. Dobbins joined the university a couple of months ago.

Director Dobbins discussed the issue related to the "millenium bug", a designed-in bug having to do with shortened date fields. He explained what university officials are doing to manage, anticipate and control the university's response to a predictable and understandable issue. Director Dobbins explained the work and milestones of Team 2000 whose members include key colleges, departments and University of Iowa Hospitals and Clinics. He described its strategies, software processes, hardware processes, project status and anticipated costs. He noted that UIHC officials would provide the Regents with an update on aspects of the hospital at its next quarterly report.

Regent Kennedy asked if the dollar amounts identified as costs included salaries. Director Dobbins responded affirmatively, noting that the amounts identified were for the direct cost of the professionals doing the actual code changes.

Director Dobbins stated that 15 of the 94 administrative systems have actually been completed. Team 2000 has had very good support from university administration. He concluded by stating that the university-wide effort is now fully engaged. The central resources and schedule are subject to a high level of institutional monitoring on a regular basis. He anticipates completing all essential changes in a timely manner -- by Summer 1999. The estimated university cost was \$3 million to \$4 million, although those were not precise estimates. He reminded the Regents that the university has not received a dime of state money for this effort. Any financial support that could be obtained from the state would be appreciated.

President Newlin asked if February 1999 would be an appropriate time for another status report to the Board. Vice President True stated that university officials would be pleased to do so. He offered to provide the Regents with a brief update on the status in September when the Regents are back on the University of Iowa campus. He said he would work with Executive Director Stork to schedule such a presentation.

President Newlin asked about the university's reliance on drinking water, water for sewage, heat and power. Does the university have its own power plant and water plant? Is it self reliant? Vice President True stated that the University of Iowa has its own water facility. University officials are working with Bailey Control Systems to make sure the university's control systems, water distribution and water purification plant work adequately. The university supplies water to the residence system and the hospital. He said there are some minor exceptions on the extreme part of the campus where the university relies on city water but the vast part of the campus is served by the university's own water system. In terms of sewage treatment, the university is almost entirely dependent on the cities of Iowa City and Coralville. Vice President True stated that he is reasonably confident that the cities will solve whatever problems there may be with pumping equipment and controls. Iowa City has a new sewage treatment plant that is up to date and adequate to meet the university's needs.

President Newlin asked if the university was monitoring whether or not the utilities are going to be compliant. Vice President True responded that Dick Gibson is working with all those organizations to make sure that if there is a problem, university officials are aware of it.

Vice President True stated that the university supplies steam to the campus. The university also supplies electricity both through purchased electricity as well as through a small amount of its own production. The university supplies chilled water for cooling. He said the university is virtually entirely self reliant with the exception of purchased electricity. He said the control systems are critical. The university is partnering with Bailey Control Systems to ensure adequate control of all of the systems. In addition to the systems within buildings that control the heating, ventilation and air conditioning, university officials need to make sure that the power plant controls are adequately functioning as well as the distribution system for chilled water, electricity and steam.

President Newlin asked if the university could supply its own power for one or two days. Vice President True said it could not supply an adequate amount of electricity for the entire campus. There are emergency generators at University of Iowa Hospitals and Clinics. UIHC has the capacity to function if there is a complete outage. Vice President True stressed that the University of Iowa is increasingly dependent on outside suppliers for electricity. University officials have consciously made those decisions versus the university building more power plants and turbines. The university has privatized much of that function. He said the university has some cogeneration capacity but not much.

Regent Lande said he was pleased when Regent Fisher raised the issue of year 2000 compliance status reports for the Board. He was pleased with the University of Iowa's report and was fully confident that everything was under control. He said he questioned whether the Regents were being good directors if they require university officials to report in detail to the Board much further. He preferred that university officials spend the time doing what needs to be done rather than preparing reports. The Board's job is make sure that university officials have addressed the issue.

Regent Arenson thanked Doug True for everything that he has done for the University of Iowa. He said it struck him when Vice President True stands up and gives comprehensive reports on various issues for the University of Iowa that he is the "Wayne Richey" of the University of Iowa.

President Newlin expressed appreciation to university officials for the report.

ACTION: President Newlin stated the Board received the oral status report on Year 2000 compliance, by general consent.

President Newlin then asked Board members and institutional officials if there were additional items for discussion pertaining to the University of Iowa. There were none.

IOWA STATE UNIVERSITY

The following business pertaining to Iowa State University was transacted on Tuesday and Wednesday, June 16 and 17, 1998.

RATIFICATION OF PERSONNEL TRANSACTIONS. The Board Office recommended the Board approve personnel transactions, as follows:

Register of Personnel Changes for May 1998 that included four requests for early retirement and four requests for phased retirement.

Approve the reappointments of Margaret Pickett as Secretary and Joan Thompson as Treasurer in accordance with Chapter 262.9 of the Code of Iowa for the fiscal year beginning July 1, 1998.

Receive the appointment of Olivia Madison as Dean of Library Services effective July 1, 1998, at an annual salary of \$120,000.

ACTION: The personnel transactions were approved, as presented, on the consent docket.

APPROVE A NEW CENTER TO BE CALLED THE AIRWORTHINESS ASSURANCE CENTER OF EXCELLENCE. The Board Office recommended the Board refer the proposed new center to be called the Airworthiness Assurance Center of Excellence (AACE) to the Interinstitutional Committee on Educational Coordination and the Board Office for review and recommendation.

Iowa State University officials proposed a new center to be called the Airworthiness Assurance Center of Excellence (AACE). The purpose of the center will be to develop advanced technologies that may be an element in maintaining the U.S. leadership role in aviation safety and accident reduction.

This center will be developed in response to a solicitation from the Federal Aviation Administration (FAA) and will be a partnership among nine core institutions. Iowa State will hold the contract with the FAA and will provide technical management for the program.

The total amount of funds to be managed by the AACE is currently undetermined, with estimates ranging from \$4 million to \$10 million per year. The total FY 1998 FAA funds managed by the center will be over \$8 million. FAA guidelines require the center to be self-supporting within ten years. If at that time there is insufficient funding to support the center, it will be dissolved.

ACTION: This matter was referred, on the consent docket.

APPROVE THE RESTRUCTURING OF THE DEPARTMENT OF MICROBIOLOGY, IMMUNOLOGY, AND PREVENTIVE MEDICINE. The Board Office recommended the

Board approve the restructuring of the Department of Microbiology, Immunology, and Preventive Medicine at Iowa State University effective immediately.

The Department of Microbiology, Immunology, and Preventive Medicine is currently administered jointly by the Colleges of Veterinary Medicine and the College of Agriculture. The two colleges are seeking approval to separate the Department into two departments: Department of Microbiology in the College of Agriculture, and a Department of Veterinary Microbiology and Preventive Medicine in the College of Veterinary Medicine.

This action will restore the arrangement before 1991 when the two departments were merged. The merger did not work out as anticipated.

Provost Kozak presented the university's report. He noted that approximately 10 years ago Iowa State University officials began to see how certain components of departments could be linked to components of other departments. He said the intent of this merger originally was to bring together a strong emphasis in microbiology in the College of Veterinary Medicine, where 30 faculty were involved, with the similar emphasis in the College of Agriculture where that particular presence was represented by eight or nine faculty. The deans suggested there possibly could be an enhancement of programmatic activity if the separate strengths of these two groups of faculty were brought together. The College of Veterinary Medicine is about 2 miles away from the College of Agriculture. The faculties of these two areas basically remained in their geographical locations. The only way on a systematic basis that the faculty could come together, beyond the usual faculty meetings, was if individuals made the effort.

Regent Lande asked if the restructuring of departments was being done in order to fit personalities of individuals. Provost Kozak responded that it was not. He referred to a statement in the docket memorandum that he felt had most likely triggered Regent Lande's question regarding irreconcilable philosophical differences. He said that statement could be interpreted as fights between faculty that cannot be resolved. He said that was not the case. The microbiologists in the College of Agriculture had always functioned within the framework of a graduate department in which there would be Ph.D. students working with faculty on research problems and then eventually going through the process of writing for the Ph.D. That particular tradition is not the same in the College of Veterinary Medicine. The College of Veterinary Medicine has as its center of focus the professional development of veterinarians. He said what really was at issue was the different ways these two groups of students were dealt with. Therefore, rather than to continue to make endless modifications and changes as individual students were coming through the system, it was decided that it would be much more sensible to recognize that there was one group of students who were professional students and another group of students who were doctoral students in a Ph.D. program.

President Newlin stated that the docket memorandum indicated that three departments were involved. Provost Kozak clarified that there were two, not three, departments.

MOTION: Regent Kennedy moved to approve the restructuring of the Department of Microbiology, Immunology, and Preventive Medicine at Iowa State University effective immediately. Regent Ahrens seconded the motion.
MOTION CARRIED UNANIMOUSLY.

APPROVE A MINOR IN ENTREPRENEURIAL STUDIES IN THE COLLEGE OF BUSINESS. The Board Office recommended the Board refer the request to establish a

minor in Entrepreneurial Studies at Iowa State University to the Board Office and the Interinstitutional Committee on Educational Coordination for review and recommendation.

Iowa State University officials requested approval of a new minor in Entrepreneurial Studies. The new minor is to provide non-business students at Iowa State University an opportunity to learn about entrepreneurship - the starting of new business ventures. As a minor, it serves to complement the student's major area of study by offering a means of putting theory and science into practice.

The proposed minor appears to meet the Regents criteria for new minors. There are no additional costs.

ACTION: This matter was referred, on the consent docket.

APPROVE A SECONDARY MAJOR IN INTERNATIONAL BUSINESS IN THE COLLEGE OF BUSINESS. The Board Office recommended the Board refer the request for a secondary major in International Business in the College of Business at Iowa State University to the Interinstitutional Committee on Educational Coordination and the Board Office for review and recommendation.

Iowa State University officials requested approval of a secondary major in International Business in the College of Business Administration. As a "secondary major" in business, students are expected to have a strong foundation in another business discipline.

The proposed program of study will provide students with an understanding of an array of issues that multinational corporations must be able to successfully manage a competitive global marketplace.

The proposed major appears to meet the Board of Regents criteria for new programs. There appears to be both a need and a strong demand for the program, cost implications appear to be minimal, the major is consistent with the mission of Iowa State University. While neither the University of Iowa or the University of Northern Iowa offer the major being proposed, there are several private colleges that appear to offer similar programs.

ACTION: This matter was referred, on the consent docket.

APPROVE A NEW MAJOR IN PRODUCTION/OPERATIONS MANAGEMENT IN THE COLLEGE OF BUSINESS. The Board Office recommended the Board refer the proposed new major Production/Operations Management at Iowa State University to the Board Office and the Interinstitutional Committee on Educational Coordination for review and recommendation.

Iowa State University officials requested approval of a major in Production/Operations Management in the College of Business as a replacement for the old management major with a concentration in production/operations management. This new major is designed to better meet the needs of students that wish to pursue careers in manufacturing industries.

The production/operations major is the standard degree in most colleges of business.

The proposed program appears to meet the Regents criteria for new programs. There is a demonstrated need for the program, there are no additional costs for implementation since the proposed program is a restructuring of an existing program, the program is consistent with the mission of Iowa State University and there is strong evidence that it is a quality program based on existing offerings and accreditation.

ACTION: This matter was referred, on the consent docket.

APPROVE REQUEST FROM THE DEPARTMENT OF BOTANY TO BE JOINTLY ADMINISTERED BY THE COLLEGE OF LIBERAL ARTS AND SCIENCES AND AGRICULTURE.

The Board Office recommended the Board approve the joint administration of Botany at Iowa State University effective immediately.

Iowa State University officials requested approval to become jointly administered by the Colleges of Agriculture and Liberal Arts and Sciences. The department, which is currently administered by the College of Liberal Arts and Sciences, has had extensive collaborations with the faculty in the College of Agriculture. Officials of both colleges believe that the department will benefit from such a relationship.

Provost Kozak reviewed the university's request.

MOTION: Regent Pellett moved to approve the joint administration of Botany at Iowa State University effective immediately. Regent Fisher seconded the motion. MOTION CARRIED UNANIMOUSLY.

APPROVE THE NAME CHANGE FOR THE DEPARTMENT OF BIOPHYSICS AND BIOCHEMISTRY.

The Board Office recommended the Board refer the name change for the Department of Biophysics and Biochemistry to the Department of Biochemistry, Biophysics and Molecular Biology at Iowa State University to the Board Office and the Interinstitutional Committee on Educational Coordination for review and recommendation.

Iowa State University officials requested approval of a name change for the Department of Biophysics and Biochemistry to the Department of Biochemistry, Biophysics and Molecular Biology. Each impacted department has recommended the proposed name change. The new name will be consistent with the name of comparable departments at other major universities.

There are no budgetary or programmatic implications as a result of this name change.

ACTION: This matter was referred, on the consent docket.

REGISTER OF CAPITAL IMPROVEMENT BUSINESS TRANSACTIONS. The Board Office recommended that the Register of Capital Improvement Business Transactions for Iowa State University be approved.

PROJECT DESCRIPTIONS AND BUDGETS

Institutional Roads Projects—Special Maintenance Dec. 1997 Budget \$406,000
1998 June 1998 Budget \$427,100

Project Budget

	Initial Budget Dec. 1997	Revised Budget June 1998
Construction Costs	\$ 341,000	\$ 362,100
Professional Fees	38,000	38,000
Project Reserve	27,000	27,000

TOTAL	<u>\$ 406,000</u>	<u>\$ 427,100</u>
Source of Funds:		
Institutional Roads	\$ 406,000	\$ 406,000
Residence Department		14,348
Parking System		6,752
	<u>\$ 406,000</u>	<u>\$ 427,100</u>

University officials requested approval of a revised project budget in the amount of \$427,100, an increase of \$21,100, which reflects an increase in the project scope to include parking repairs along Richardson Court. The additional project funding will be provided by the Residence Department and university Parking System revenues.

Reiman Gardens—Phase 2
Source of Funds: ISU Foundation

May 1997 Budget \$475,000
June 1998 Budget \$582,000

Project Budget

	Initial Budget <u>May 1997</u>	Revised Budget <u>June 1998</u>
Construction Costs	\$ 358,200	\$ 462,200
Professional Fees	77,750	80,750
Utility Extension	1,000	1,000
Project Reserve	38,050	38,050
TOTAL	<u>\$ 475,000</u>	<u>\$ 582,000</u>

University officials requested approval of a revised project budget in the amount of \$582,000, an increase of \$107,000, which reflects an increase in the project scope to include the installation of site perimeter fencing around the Children's Garden. The additional project funding will be provided by the ISU Foundation.

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University officials presented seven projects with budgets of less than \$250,000. The titles, source of funds and estimated budgets for the remaining projects were listed in the register prepared by the university for Board ratification.

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ARCHITECT/ENGINEER AGREEMENTS

Anaerobic Digester Demonstration Project Facility \$57,900
Fox Engineering, Ames, Iowa

University officials requested approval to enter into an agreement with Fox Engineering to provide engineering services for the project. The agreement will provide design services from the schematic through the construction phases of the project. The firm was selected because of its extensive experience in the design of municipal anaerobic digesters and related mechanical systems.

The agreement provides for a fee of \$57,900, including reimbursables.

President Newlin asked if the anaerobic digester helps to eliminate the odor of hog confinement facilities. Vice President Madden responded that was part of its purpose. He noted that the city of Nevada was interested in this project as an economic development activity.

CONSTRUCTION CONTRACTS

Jack Trice Stadium—Deferred Maintenance 1998 \$456,400
Award to: Welker Construction Company, Marshalltown, Iowa
(3 bids received)

Intensive Livestock Research and Instruction Facilities-- \$78,000

Kildee/Meats Lab Addition—Bid Package #25—Site Package

Award to: National Concrete Services, Des Moines, Iowa
(2 bids received)

Palmer Human Development and Family Studies Building

\$4,644,500

Award to: Stanley Design-Build, Inc., Muscatine, Iowa
(4 bids received)

Fire Safety Improvements—FY 1998 and 1999—Bessey Hall
Sprinkler System

\$320,000

Award to: Ebert and Hinson Fire Protection, Sioux Falls, SD
(3 bids received)

ACCEPTANCE OF COMPLETED CONSTRUCTION CONTRACTS

Bessey Hall—Richard W. Pohl Conservatory Renovation

Phase 1, Reglazing

National Greenhouse Company, Pana, IL

Phase 2, Mechanical and Electrical

HPC, L.L.C., Ames, Iowa

Veterinary Medicine—Energy Conservation Remodeling—Phase 3, Testing and Balancing
Energy Management and Control Corporation, Topeka, KS

FINAL REPORTS

<u>Bilsland Swine Breeding Farm—Renovate Facilities—Phase 1</u>	<u>\$1,018,051.37</u>
<u>Armory—Roof and Curtain Wall Replacement</u>	<u>\$1,044,041.77</u>
<u>Veterinary Medicine—Energy Conservation Remodeling</u>	<u>\$4,447,835.19</u>
<u>Institutional Roads Projects—Special Maintenance 1995</u>	<u>\$363,127.58</u>
<u>Institutional Roads Projects—Special Maintenance 1996</u>	<u>\$249,494.80</u>

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

APPROVAL OF LEASES AND EASEMENTS. The Board Office recommended the Board approve the leases and easements, as presented.

Iowa State University officials requested approval of an electric utility easement agreement with United States Cellular Operating Company for its use of a ten foot wide strip of land located adjacent to university land leased to United States Cellular for a communication tower; the easement is required for construction and maintenance of an underground electrical utility line by United States Cellular to provide direct access to the City of Ames electrical system.

MOTION: Regent Smith moved to approve the leases and easements, as presented. Regent Kennedy seconded the motion, and upon the roll being called, the following voted:
AYE: Ahrens, Arenson, Fisher, Kelly, Kennedy, Lande, Newlin, Pellett, Smith.
NAY: None.
ABSENT: None.

MOTION CARRIED.

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

MOTION: Regent Fisher moved to enter into closed session. Regent Ahrens seconded the motion, and upon the roll being called, the following voted:
AYE: Ahrens, Arenson, Fisher, Kelly, Kennedy, Lande, Newlin, Pellett, Smith.
NAY: None.
ABSENT: None.

MOTION CARRIED.

The Board having voted at least two-thirds majority resolved to meet in closed session beginning at 3:31 p.m. on June 16, 1998, and recessed at 4:50 p.m.; reconvened in closed session at 5:03 p.m. and adjourned therefrom at 6:26 p.m. on that same date.

ISU RESIDENCE SYSTEM MASTER PLAN. The Board Office recommended the Board (1) receive a report and presentation on the university's proposed residence system master plan with approval of the plan to be requested at the July Board meeting and (2) authorize proceeding with Phase I of the plan – Hawthorn Court.

In October 1996 the Board received a report from Iowa State University regarding its intentions to develop a residence system strategic plan. The university and its consultants have completed the plan, which concludes that the types of current, on-campus student housing space do not meet student demand and that the existing dining facilities are obsolete. The most critical need is for apartment space for single students. A presentation at this meeting included the conceptual site plans to illustrate proposed facility modifications including construction of new space and renovation and demolition of existing facilities.

The master plan proposes the addition of 2,960 apartment beds and 960 suite-style beds, renovation of approximately 630,000 square feet of existing traditional dormitory and suite-style space (2,131 beds), and demolition of approximately 700,000 square feet of deteriorating dormitory facilities with more than 3,000 beds. In addition, the master plan includes construction of two new dining centers and a retail food service facility, and closure of three food service facilities. The plan is divided into two components: projects to be undertaken from FY 1999 through FY 2001, and future master plan projects. The Maple Hall Renovation project previously approved by the Board is included in the plan.

The estimated total cost of the FY 1999 – FY 2001 component of the plan, including new construction and renovation, is \$105.4 million. Of this amount approximately \$95.1 million would be financed by bonded debt. University officials plan to work with the Board Office and the Board's financial advisor and bond counsel to develop more fully the financing plan and ensure that it is financially feasible.

University officials requested permission to proceed with Phase 1 of the master plan - Hawthorn Court - at the June meeting. This phase will begin to meet the most critical housing need by constructing apartment units with up to 1,000 beds and a new retail food service building on the north side of campus. The estimated Phase I project cost is \$28.6 million. University officials proposed completion of a portion of these facilities for occupancy in the fall of 1999.

University officials proposed to finance the Phase I project with the sale of Dormitory System Revenue Bonds. The proposed bond issuance schedule included on the June Banking Committee agenda included the sale of bonds in September 1998 and May 1999 for the Phase I project.

Board members will be provided with a tour of the residence system facilities as part of the July Board meeting. University officials will request Board approval of the overall master plan at the July Board meeting following the residence system tour. Iowa State University intends for the master plan to guide future residence system development; the plan may require modification. All projects in the plan will be brought forward for specific Board approval.

President Jischke provided the Regents with some history of the university's residence system program. He stated that much of the physical infrastructure is old. There are

serious and expensive deferred maintenance problems. The infrastructure does not meet requirements of a modern university's physical arrangement. Updating the residence system will be a strategic asset in student recruitment.

Vice President Hill provided an overview of the master plan in its entirety. He said the mission of the Department of Residence supports the goals of the Iowa State University strategic plan. The level of deferred maintenance in residence hall facilities exceeds \$90 million. Market research shows that current housing and dining facilities are not well matched to preferences of today's student body. There is a deficit of housing desired by students and a surplus of dormitory space. He noted that occupancy has decreased.

Vice President Hill reviewed the proposal to strengthen student neighborhoods. He said the Union Drive neighborhood will focus on needs of younger students. The Richardson Court neighborhood will also focus on needs of younger students. He said the Hawthorn Court neighborhood will be designed specifically for the needs of upper division single students. The Towers neighborhood will also be designed for upper division students. Schilletter Village and University Village will be designed for the unique needs of student families.

Vice President Hill stated that implementation of the residence system master plan will reduce deferred maintenance in the residence system by one-half. The plan makes significant progress toward achieving the optimum mix of housing options. The plan supports recruiting efforts of the university and will improve student retention. Historically, Iowa State University has housed about 40 percent of its student population. University officials expect that number will remain about the same.

Vice President Madden stated that the proposed program was an attempt to address the current needs of students and to improve construction standards of the university residence system. He reviewed the Department of Residence master plan pro forma projection of the financial costs. University officials believe the plan to be financially responsible and allows maintenance of costs. University officials intend to continue to meet those kinds of financial responsibilities. University officials have evaluated a number of alternatives including privatization and design build alternatives. He believes the current market position is favorable for dormitory revenue bonds. The first three years of the program, FY 1999-2001, will cost \$105.4 million for construction and renovation. He said new construction would primarily be for the apartment units. The master plan will be accomplished in phases which can be stopped, modified, etc. It has been the university's and Board's practice to keep room and board rates relatively low. Therefore, there were conservative projections of room and board income for the pro forma. University officials are also utilizing relatively conservative occupancy rates.

Vice President Madden stated that the first phase of the project involves the Maple Hall renovation project. The next major project will be Hawthorn Court phase 1. In the first phase of the master plan there will be no demolition.

President Jischke stated that university officials are excited about the residence system master plan. He believes it is very important to the future of Iowa State University. Next month university officials will take the Regents on a tour of the present residence facilities. Following that tour, he hoped that the Board would give its approval of the overall residence system master plan.

Regent Arenson asked if Iowa State University currently has any bonded debt for dormitory. Vice President Madden responded that there was currently \$11.7 million in

dormitory debt, which matures through 2008, not counting the recently-approved Maple Hall renovation debt financing.

Regent Arenson referred to dormitory revenue exceeding payment on bonded debt, and asked if proposed increases in room in board rates will fund all of the debt.

President Jischke responded affirmatively. He said one of the restraints on the plan is that it meets all the requirements, which it does, and it is conservative. Interest rates, occupancy rates, inflation, debt coverage were all constraints on development of the plan.

Vice President Madden noted that Moody's and Standard and Poor's actually endorsed the program. Iowa State University is on the front edge of addressing what college campuses are facing.

President Newlin stated that university officials had indicated that the dormitory system accommodates 40 percent of student enrollment. He asked what percentage were in other housing including fraternities and sororities, apartments off campus, etc.

Vice President Madden stated that fraternities and sororities house 3,500-4,000 students. All of the rest of students are living in either private apartment complexes, rooming houses or individual homes.

Regent Kelly stated that university officials had mentioned three methods of financing. He asked how they had arrived at the proposed method of financing.

Vice President Madden said there are campuses that privatize residence system projects. One of the problems in Iowa is that it is unclear, under the current legal authority regarding financing, whether the Regents could effectively privatize all housing and meet the coverage requirements of the bonds. The Board would have to enter into land leases. The Board's financial advisors and legal counsel have some concerns about whether the Board could do that given the current bond structure and covenant requirements.

Vice President Madden stated that Iowa State University officials have actively pursued the question of whether construction under a design build method could be done. He said there is some appeal to doing that. However, because of the current Iowa law relating to the universities, the Board's bond counsel believes that such a detailed document would have to be written to allow acceptance of the low bid that pragmatically the university would be back to doing a conventional design project, and it might actually take longer. Additionally, some of the construction groups, including the Master Builders of Iowa, have concerns about processes following a true design build model. Therefore, university officials' preliminary conclusion is that the university would potentially be taking on some problems in moving ahead, at least under current Code.

From an interest rate point of view, because of the double tax exemption of the Regents revenue bonds, Vice President Madden stated university officials believe that following the revenue bond model used in the past, the financing can be done from 50 to 90 basis points below any other financing alternative.

Regent Kennedy asked if there have been any studies about how the plan may impact the Greek system or private housing in Ames. President Jischke responded that there would not be a change to any significant degree in the percentage of beds the university provides for students. University officials believe the residence system master plan will have no direct impact on the Greek system or private housing in the Ames community. There was a potential that everyone could benefit. University officials anticipate that

retention rates will increase. He said the plan lends itself to things like learning communities.

Regent Lande stated that deferred maintenance has been cited as one of the motivations for this project as well as problems inherent in the old buildings. With the proposed plan there will be more square feet to be maintained. He asked how university officials will make certain that all these wonderful new buildings are in excellent condition 20 years from now.

President Jischke stated that the total net new space is relatively small. He said the budgets include ongoing maintenance of facilities. Vice President Madden referred to the pro forma. He said the financial assumptions built in a standard level of funds to maintain the facilities.

President Newlin stated that the recommended action was to receive the report and authorize proceeding with Phase I of the plan – Hawthorn Court.

Vice President Madden stated that university officials would like to proceed with the plan. Regent Arenson asked what “proceeding” means. President Jischke stated that university officials were asking for authorization to proceed with planning Phase I of the Hawthorn Court project. University officials would return to the Board after the plan is developed for approval of the plan.

MOTION:

Regent Arenson moved to (1) receive a report and presentation on the university’s proposed residence system master plan with approval of the plan to be requested at the July Board meeting and (2) authorize proceeding with Phase I of the plan – Hawthorn Court. Regent Pellett seconded the motion.

Regent Fisher asked if this plan was included in the capital plan discussed earlier in the meeting. President Jischke responded affirmatively.

Regent Kennedy asked what university officials would be presenting to the Board in July. President Jischke responded that the three-year plan would be before the Board in July for approval to allow university officials to implement the plan. University officials need to proceed with the detailed planning of Hawthorn Court phase I. Between now and the July Board meeting architects and others will work on the design phase; however, the Board will have another vote on the project when university officials return with the design of phase I.

Regent Lande said it appeared that a lot of work had already been done on the detailed planning or there will be a breakneck pace for 30 days to get it all done. President Jischke said the actual planning of the first phase of Hawthorn Court will not be done by July. It will take until late-August or early-September.

Vice President Madden stated that if the Board authorizes proceeding, he anticipated that university officials would probably be back in September with approval of a specific design firm. University officials would be developing the bid documents. Under normal construction procedures, there would be a point where the Board would approve the plans and then approve the award of contract. He said university officials are going to try to move as quickly as possible while both conforming with Board policies and the state bidding and construction requirements.

VOTE ON THE MOTION: Motion carried unanimously.

President Newlin stated that it was very good that university officials had done this strategic plan relative to the residence halls. It was long range. He said the point relative to deferred maintenance was very well taken, that the plan will eliminate over one-half of the deferred maintenance.

Regent Pellett said she appreciated the market research that had been done. She stated that the plan looked very good and was long overdue.

Regent Ahrens stated that her father informed her that the dormitory floor she lives on is probably the same as it was when he attended Iowa State University.

Regent Arenson stated that he had the opportunity to tour the residence facilities. He said the university really needs to move forward in order to have any standing in the Big 12. The master plan cannot be realized without charging a fair amount. The Regents need to be prepared as a Board to charge a fair amount.

Regent Ahrens cautioned that there will be a maximum amount that students are able to pay. There will be a point in the students' budget where the cost of university housing is too much and students will look elsewhere.

President Jischke stated that part of the attractiveness of this plan is that it will provide students with a number of options at various cost levels. There will be a menu of options for students. He stressed Iowa State University is a public land grant university.

President Newlin then asked Board members and institutional officials if there were additional items for discussion pertaining to Iowa State University. There were none.

UNIVERSITY OF NORTHERN IOWA

The following business pertaining to the University of Northern Iowa was transacted on Tuesday and Wednesday, June 16 and 17, 1998.

REGISTER OF PERSONNEL TRANSACTIONS. The Board Office recommended the Board approve the university's personnel transactions, as follows:

Register of Personnel Changes for May had not been received and will be reported next month.

Approve the reappointments of Gary Shontz as Secretary and John Conner as Treasurer in accordance with Chapter 262.9 of the Code of Iowa for the fiscal year beginning July 1, 1998.

ACTION: The university's personnel transactions were approved, as presented, on the consent docket.

POST-AUDIT REVIEW. The Board Office recommended the Board refer the two post-audit reports to the Board Office and the Interinstitutional Committee on Educational Coordination for review and recommendation.

The Master of Science Program in Environmental Science/Technology and the Master of Arts Major in Women's Studies both appear under preliminary review to meet the enrollment, cost, and need expectations established when the programs were initially approved by the Board. It was recommended that both programs be referred to the Board Office and the Interinstitutional Committee on Educational Coordination for review and recommendation.

ACTION: This matter was referred, on the consent docket.

YEAR 2000 STATUS REPORT. The Board Office recommended the Board receive the status report on Year 2000 compliance.

The Banking Committee, at its April 1998 meeting, requested that each institution provide a status report on Year 2000 compliance. The University of Northern Iowa has made significant progress in achieving compliance with the century date change and expects that its computer systems, software, and other date sensitive products will be compliant prior to the start of the new century.

The University of Northern Iowa is in the process of completing a comprehensive internal review of its systems and operations including mainframe and central information systems, servers, hubs, networks, personal computers, security and control systems, and other date sensitive products. The Department of Information Technology is handling the computer issues, Physical Plant is inventorying facilities needs, and Purchasing is monitoring

compliance for new equipment and software. Significant compliance progress already has been achieved.

For new purchases which may be time or date sensitive, the UNI Purchasing Department requires vendors to certify that the products being supplied are Year 2000 compliant. For products already on site, the university has contacted some of the main suppliers and requested Year 2000 information/certification. Purchasing sought input from all deans, directors, and department heads to identify potential equipment and/or software that could be impacted by the Year 2000 to establish a central repository for the university.

Interim Provost Podolefsky presented the university's report.

President Newlin asked how university officials will deal with utility services. Interim Provost Podolefsky stated that the investigations into different aspects of Year 2000 issues are divided among the Department of Information Technology, the Physical Plant and Purchasing Department. Studies are being done. University officials have been in touch with all of the suppliers of utility services. All suppliers have assured university officials that there are either no problems or they are on top of the changes that need to be made.

President Newlin asked for the source of the university's water supply. Interim Provost Podolefsky responded that the university gets its water from the City of Cedar Falls.

ACTION: President Newlin stated the Board received the status report on Year 2000 compliance, by general consent.

REGISTER OF CAPITAL IMPROVEMENT BUSINESS TRANSACTIONS. The Board Office recommended the Board approve the Register of Capital Improvement Business Transactions for the University of Northern Iowa.

PROJECT DESCRIPTIONS AND BUDGETS

Physical Education Center—Building Envelope

Jan. 1997 Budget \$244,000

May 1998 Budget \$316,000

Project Budget

	<u>Revised Budget Jan. 1997</u>	<u>Revised Budget May 1998</u>
<u>Contracts/Purchase Orders</u>	<u>\$ 213,000</u>	<u>\$ 291,000</u>
<u>Consultant/Design Services</u>	<u>21,000</u>	<u>17,000</u>
<u>Contingencies</u>	<u>10,000</u>	<u>8,000</u>
 <u>TOTAL</u>	 <u>\$ 244,000</u>	 <u>\$ 316,000</u>
 <u>Source of Funds:</u>		
<u>Building Repairs</u>	<u>\$ 183,200</u>	<u>\$ 252,261</u>
<u>Academic Building Revenue Bonds</u>	<u>60,800</u>	<u>63,739</u>
 <u>TOTAL</u>	 <u>\$ 244,000</u>	 <u>\$ 316,000</u>

University officials presented a revised project budget in the amount of \$316,000, an increase of \$72,000, which was approved by the Executive Director to allow award of the construction contract for Phase II of the project.

Three bids were received for the Phase II construction contract. The low bid of \$176,795 submitted by Technical Specialty Corporation of Cedar Rapids, Iowa, was approximately 1 percent above the engineer's estimate of \$175,000. Sufficient funds were not available in the project budget to award the Phase II construction contract.

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University officials presented two projects with budgets of less than \$250,000. The titles, source of funds and estimated budgets for the projects were listed in the register prepared by the university.

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ARCHITECT/ENGINEER AGREEMENTS

Steam Distribution System Feasibility Study/Master Plan \$99,950
Stanley Consultants, Muscatine, Iowa

The Board of Regents five-year capital plan approved in September 1997 includes a total of \$7,500,000 in FY 2001 through FY 2003 for Phases 1 and 2 of a three-phase Steam Distribution System Replacement project which will provide improvements to the university's steam distribution system. The project will design and install new tunnel and associated steam and condensate piping to provide a reliable steam distribution system between the power plant and the central campus and between some campus buildings and the existing steam distribution system. The project will increase the reliability of the system.

University officials requested approval to enter into an agreement with Stanley Consultants to conduct a feasibility study for the project. The study will verify and prioritize the various improvements, outline future expansion plans, and determine the appropriate sizes and routes of future steam tunnels and piping. The feasibility study will include a thorough field survey of the proposed routes for Phases 1 and 2 in order to expedite the design work for these phases.

The agreement provides for a fee of \$99,950 to be funded by Building Repair funds.

Amendments:

School of Music Classroom Building/Performing Arts Center Amendment #2 \$119,813
Hammel Green and Abrahamson, Waterloo, Iowa

University officials requested approval of Amendment #2 to the agreement in the amount of \$119,813. The amendment will provide compensation to the project architect for additional reimbursable expenses, including printing and postage costs, resulting primarily from the need to re-bid the project. The initial bid opening in January 1997 resulted in the receipt of six bids which exceeded the project budget. The construction contract was awarded for the redesigned project following the second bid opening in May 1997. In accordance with the agreement with Hammel Green and Abrahamson, no additional design fees were paid by the university for the redesigned project.

In addition, the amendment will provide compensation for additional design services for the building's concrete piles. The original piling design was based on soils information provided by the university. Several piles needed to be re-designed following testing during construction to provide an adequate structural foundation for the facility.

Amendment #2 will not result in an increase in the total project budget.

CONSTRUCTION CONTRACTS

Dancer Hall—Building Envelope \$228,811
Award to: Restoration Services, Waterloo, Iowa
(4 bids received)

Physical Education Center—Building Envelope—Phase II \$176,795
Award to: Technical Specialty Systems Corporation, Cedar Rapids, Iowa
(3 bids received)

West Gym Renovation \$223,618
Award to: Greenley Development Corporation, Independence, Iowa
(3 bids received)

FINAL REPORTS

Bartlett Halls—Fire Safety Improvements \$515,654.01

Hillside Courts—Parking Lots/E, F and G Streets \$412,881.62

Institutional Roads 1996—E, F and G Streets \$366,586.52

Outdoor Track \$837,422.35

Vice President Conner stated that over the 14 years that he has been at the University of Northern Iowa the size and detail of the docket memos has changed greatly. The docket memos have become more clear, concise and easier to understand.

MOTION: Regent Kennedy moved to approve the university's capital register, as presented. Regent Arenson seconded the motion. MOTION CARRIED UNANIMOUSLY.

RESIDENCE SYSTEM FUND TRANSFER. The Board Office recommended the Board approve the transfer of \$1.6 million from the Residence System Surplus Fund to the Residence System Improvement Fund.

The covenants of the University of Northern Iowa Residence System Revenue Bonds allow for the transfer of surplus funds from annual operating revenues to the Improvement Fund. Although the bond covenants provide for a minimum annual transfer of \$250,000, the Board of Regents may approve transfers from operating revenues to the Improvement Fund in excess of this amount.

University of Northern Iowa officials requested the transfer of \$1.6 million from the Residence System Surplus Fund to the Improvement Fund. The funds will be utilized for improvements to the dormitory facilities.

MOTION: Regent Pellett moved to approve the transfer of \$1.6 million from the Residence System Surplus Fund to the Residence System Improvement Fund. Regent Arenson seconded the motion. MOTION CARRIED UNANIMOUSLY.

President Newlin then asked Board members and institutional officials if there were additional items for discussion pertaining to the University of Northern Iowa. There were none.

IOWA SCHOOL FOR THE DEAF

The following business pertaining to the Iowa School for the Deaf was transacted on Tuesday and Wednesday, June 16 and 17, 1998.

RATIFICATION OF PERSONNEL TRANSACTIONS. The Board Office recommended the Board approve the school's personnel transactions, as follows:

Register of Personnel Changes for May 1998 that included one early retirement.

Approve the reappointment of James Heuer as Secretary and Treasurer in accordance with Chapter 262.9 of the Code of Iowa for the fiscal year beginning July 1, 1998.

Approve the appointment of John Cool as Level I child abuse investigator and Lori Green and Jeanette Watson alternates for the fiscal year beginning July 1, 1998.

ACTION: The personnel transactions were approved, as presented, on the consent docket.

REGISTER OF CAPITAL IMPROVEMENT BUSINESS TRANSACTIONS. The Board Office recommended the Board approve the capital register, as presented.

PROJECT DESCRIPTIONS AND BUDGETS

Visual Alert System—Phase VI \$100,000
Source of Funds: FY 1999 Capital Appropriation

School officials requested approval of a project description and budget in the amount of \$100,000 for the final phase of the project to install a visual alert system in the campus facilities. This phase will include the Girls Residence, support buildings, and central connections.

Fire Safety Standards

\$50,000

Source of Funds: FY 1999 Capital Appropriation

School officials requested approval of a project description and budget in the amount of \$50,000 for various fire safety improvements. The project will provide a second exit from the Infirmary Building basement, improved ventilation from the first floor shops area in the Careers Building, and other fire safety improvements.

Telecommunication System Replacement—Phase V

\$50,000

Source of Funds: FY 1999 Capital Appropriation

School officials requested approval of a project description and budget in the amount of \$50,000 for telecommunication system improvements in Long Hall and the Elementary School. The project will install a new interior cable tray, cable and wire, and voice and data switching components.

Sidewalk and Step Replacement

\$15,000

Source of Funds: FY 1999 Building Repair Funds

School officials requested approval of a project description and budget in the amount of \$15,000 to replace deteriorated steps and sidewalks at various sites on campus. The project will include development of a handicapped-accessible entrance on the north side of the superintendent's residence.

MOTION:

Regent Fisher moved to approve the capital register, as presented. Regent Ahrens seconded the motion.
MOTION CARRIED UNANIMOUSLY.

President Newlin then asked Board members and institutional officials if there were additional items for discussion pertaining to the Iowa School for the Deaf. There were none.

IOWA BRAILLE AND SIGHT SAVING SCHOOL

The following business pertaining to Iowa Braille and Sight Saving School was transacted on Tuesday and Wednesday, June 16 and 17, 1998.

RATIFICATION OF PERSONNEL TRANSACTIONS. The Board Office recommended the Board ratify personnel transactions, as follows:

Register of Personnel Changes for the period of April 19 to May 16, 1998.

Approve the reappointment of Luann Woodward as Secretary and Treasurer in accordance with Chapter 262.9 of the Code of Iowa for the fiscal year beginning July 1, 1998.

Approve the appointment of Dianne Utsinger as Level I child abuse investigator and Barbara Roberts and Nick Fisher alternates for the fiscal year beginning July 1, 1998.

ACTION: The personnel transactions were approved, as presented, on the consent docket.

APPROVAL OF NEW PROFESSIONAL AND SCIENTIFIC CLASSIFICATION. The Board Office recommended that the Board approve the creation of the professional and scientific position, Family Services Specialist, in pay grade 5 (\$34,441 - \$49,849) at the Iowa Braille and Sight Saving School.

The strategic plan of the Iowa Braille and Sight Saving School places heavy emphasis on reallocating resources in order to meet the changing demand for services by students and families of students who are blind, visually impaired, or who have a multiple disability including blindness.

The primary function of the proposed classification will be to provide leadership to families in developing plans for students' well-being and future needs through the Individual Education Plan process. This would be a 12-month position. The incumbent would chair the school's Family Services Team which is charged with assessing needs of families and with developing, implementing, and evaluating programs to meet those needs.

Funding for the new position will be through reallocation.

Superintendent Thurman noted that this item had originally been docketed last month but was delayed until this month.

MOTION: Regent Fisher moved to approve the creation of the professional and scientific position, Family Services Specialist, in pay grade 5 (\$34,441 - \$49,849) at the

Iowa Braille and Sight Saving School. Regent Ahrens seconded the motion. MOTION CARRIED UNANIMOUSLY.

RENEWAL OF TENANT LEASES. The Board Office recommended the Board approve leases, as presented.

School officials requested approval to renew leases as lessor with the following tenants for their use of space on the Iowa Braille and Sight Saving School campus for a one- year period:

Benton County Extension Office for its use of 2,246 square feet of office space located in Palmer Hall at the rate of \$1,006.96 per month (\$5.38 per square foot, \$12,083.52 per year);

Iowa Department of Public Health for its use of 222 square feet of office space located in the Old Hospital Building at the rate of \$539.46 per year (\$2.43 per square foot);

Happy Time Child Development Center for its use of 5,084 square feet of space located in the Cottage Building at the rate of \$1,029.51 per month (\$2.43 per square foot, \$12,354.12 per year); and

Vinton-Shellsburg Community School District for its use of 3,118 square feet of office space located in Palmer Hall at the rate of \$1,894.19 per quarter (\$2.43 per square foot, \$7,576.76 per year).

MOTION: Regent Smith moved to approve leases, as presented. Regent Kennedy seconded the motion, and upon the roll being called, the following voted:
AYE: Ahrens, Arenson, Fisher, Kelly, Kennedy, Lande, Newlin, Pellett, Smith.
NAY: None.
ABSENT: None.

MOTION CARRIED.

APPROVAL OF CONTRACTS FOR OCCUPATIONAL AND PHYSICAL THERAPY SERVICES AND PROFESSIONAL MEDICAL SERVICES. The Board Office recommended that the Board approve contracts for services for the 1998-1999 school year as follows:

- 1) with KAREN RANDALL, Registered Occupational Therapist, to provide Occupational Therapy Services at a rate of \$40 per hour, consisting of four days at the beginning of the year and a maximum of three hours per week during the year;
- 2) with KAREN SAMUELSON WELTZIN, Licensed Physical Therapist, to provide Physical Therapy Services at a rate of \$40 per hour, consisting of four days at the beginning of the year and a maximum of three hours per week during the year; and
- 3) with DR. BRIAN MEEKER, for medical services at a base fee of \$2,361 and an examination fee of \$35 for each student examined or administered service.

The agreements were reviewed by the Attorney General's Office and were recommended for approval.

With the renewal of the agreement with Ms. Randall, occupational therapy services will be provided for the 1998-1999 school year at an hourly rate of \$40, which is the same rate as the agreement for the previous school year.

With renewal of the agreement with Karen Samuelson Weltzin, physical therapy services will be provided to students for the 1998-1999 school year at a cost of \$40 per hour, which is the same rate as the agreement for the previous school year.

The agreement with Dr. Meeker for medical services for students provides for a base fee of \$2,361 for the 1998-1999 school year, which is an increase of 2 percent over the previous agreement. The examination fee of \$35 per student will remain unchanged. This fee is the responsibility of the student's parent or guardian.

The total estimated FY 1999 cost for occupational and physical therapy services, based on actual FY 1998 costs, is \$4,500 each.

Provision of these services is a partial fulfillment of federal and state regulations for school services for disabled students.

ACTION: This matter was approved on the consent docket.

APPROVAL OF CONTRACTS FOR SPEECH/LANGUAGE PATHOLOGY AND SCHOOL PSYCHOLOGICAL SERVICES. The Board Office recommended the Board approve the contract with the Grant Wood Area Education Agency for speech/language pathology and school psychological services.

Iowa Braille and Sight Saving School officials submitted to the Board a contract for educational services from the Grant Wood Area Education Agency (AEA) for school year 1998-1999. Since the retirement of its speech/language pathologist in spring 1996, Iowa Braille has contracted with Grant Wood AEA for speech/language pathology services.

The proposed contract is a continuation of previous contracts.

During this next year, Iowa Braille and Sight Saving School is purchasing up to 152 days, which is 0.8 FTE for a licensed speech/language pathologist. Estimated cost in FY1998 is \$40,661.

The second service Iowa Braille and Sight Saving School will contract from Grant Wood AEA is that of a school psychologist. This contract purchases up to 95 days (0.5 FTE). Time purchased from the AEA has not changed from previous contracts. The FY1998 estimated cost is \$33,000.

The contract assumes that the current Grant Wood AEA staff members will be assigned to Iowa Braille during the next school year. Costs may increase or decrease if other staff are assigned to Iowa Braille by Grant Wood AEA.

The contract was reviewed by the Attorney General's office.

ACTION: This matter was approved on the consent docket.

President Newlin then asked Board members and institutional officials if there were additional items for discussion pertaining to Iowa Braille and Sight Saving School.

ADJOURNMENT.

Mr. Richey asked to make the following closing remarks. He stated that the previous morning his wife Anita had breakfast with some individuals who have been affiliated with the universities and Regents over the past 30-some years. Everyone seemed to have a delightful time. Several of the women at that meeting said that if Mr. Richey had been a woman he would have opened every one of the gifts he was given the evening before and shown them to everyone. He said he did not open the gifts in the interest of time.

Mr. Richey thanked those who had contributed to the \$5,000 cash gift. He said Anita and he will plan to take a trip, probably to Scotland, next spring. Their advisors and itinerary planners for the trip will be Doug True, Bob Barak and Charles Wright.

Mr. Richey recalled that a few months ago Frank Stork and he were talking about Mr. Stork assuming the position of Executive Director, and he was attempting to describe this non-system enterprise we have in Iowa. It is both an enterprise and a family. At one point he concluded with some emotion that it really is a wonderful enterprise. When Mr. Richey came here he was told by some of the people in the Board Office that he would be a part of the Regents family. Mr. Richey said he came here as a kind of hard-charging young professional to do what the Board told him it wanted him to do; he learned in time it is truly like a family.

Mr. Richey wished everyone all of the very best, and very warm wishes for success for the future.

The meeting of the State Board of Regents adjourned at 11:41 a.m., on Wednesday, June 17, 1998.

Frank J. Stork
Executive Director