

The Board of Regents, State of Iowa, met on Tuesday and Wednesday, June 15 and 16, 2004, at Lakeside Laboratory, Okoboji. The following were in attendance:

	<u>June 15</u>	<u>June 16</u>
<u>Members of the Board of Regents, State of Iowa</u>		
Mr. Forsyth, President	All sessions	All sessions
Dr. Arbisser	Via telephone	Via telephone
Dr. Becker	All sessions	All sessions
Mr. Downer	All sessions	All sessions
Mr. Neil	All sessions	All sessions
Dr. Newlin	All sessions	All sessions
Ms. Nieland	All sessions	All sessions
Ms. Rokes	All sessions	All sessions
<u>Representing the Office of the Board of Regents at the Board Table</u>		
Executive Director Nichols	All sessions	All sessions
Director Barak	All session	All sessions
Director Elliott	All sessions	All sessions
Director Evans	All sessions	All sessions
Minutes Secretary Briggie	All sessions	All sessions
<u>Representing the State University of Iowa at the Board Table</u>		
President Skorton	All sessions	All sessions
Provost Hogan	All sessions	All sessions
Vice President True	All sessions	All sessions
<u>Representing Iowa State University at the Board Table</u>		
President Geoffroy	All sessions	All sessions
Provost Allen	All sessions	All sessions
Vice President Madden	All sessions	All sessions
<u>Representing the University of Northern Iowa at the Board Table</u>		
President Koob	All sessions	All sessions
Provost Podolefsky	All sessions	All sessions
Vice President Schellhardt	All sessions	All sessions
<u>Representing the Iowa School for the Deaf at the Board Table</u>		
Superintendent Prickett	All sessions	All sessions
Director Heuer	All sessions	All sessions
<u>Representing the Iowa Braille and Sight Saving School at the Board Table</u>		
Superintendent Thurman	All sessions	Excused
Director Woodward	All sessions	All sessions

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

[www.state.ia.us/educate/regents](http://www.state.ia.us/educate/regents)

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

BOARD OF REGENTS, STATE OF IOWA

The following business was transacted on Tuesday, June 15, 2004, beginning at 7:31 a.m.

**EXECUTIVE SESSION.** President Forsyth requested that the Board meet in closed session pursuant to Iowa Code §21.5(1)(i) at the request of employees whose performance was being considered.

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

MOTION CARRIED UNANIMOUSLY.

The Board having voted at least two-thirds majority resolved to meet in closed session beginning at 7:33 a.m. on June 15, 2004, and adjourned therefrom at 1:00 p.m. on that same date.

(During the intervening hours, the following Board Committees met: Investment, Education and Student Affairs, and Human Resources.)

President Forsyth reconvened the meeting at 6:13 p.m. on June 15, 2004.

**EXECUTIVE SESSION.** President Forsyth requested that the Board meet in closed session pursuant to Iowa Code §21.5(1)(i) at the request of an employee whose performance was being considered.

MOTION: Regent Downer moved to enter into closed session. Regent Nieland seconded the motion, and upon the roll being called, the following voted:

BOARD OF REGENTS MEETING  
June 15-16, 2004

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

MOTION CARRIED UNANIMOUSLY.

The Board having voted at least two-thirds majority resolved to meet in closed session beginning at 6:15 p.m. on June 15, 2004, and adjourned therefrom at 6:40 p.m. on that same date.

President Forsyth reconvened the meeting at 9:35 a.m. on June 16, 2004.

**MINUTES OF THE BOARD MEETING OF MAY 18-19, 2004.**

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

MOTION: Regent Nieland moved to approve the minutes of the May 18-19, 2004, Board of Regents meeting, as written. Regent Rokes seconded the motion.  
MOTION CARRIED UNANIMOUSLY.

**BOARD MEETINGS SCHEDULE FOR 2004-2005.**

ACTION: President Forsyth stated the Board received the Board meetings schedule, as presented, by general consent.

President Forsyth said the Board was honored that the following state legislators were in attendance at this meeting: Senator David Johnson, Senator Jack Kibbie and Representative Marcie Frevert.

Representative Frevert commended Board members for bringing the Board of Regents meetings to different areas of the state. She said it would do well for the citizens of Iowa to realize how much goes into the Board's decision making.

Senator Kibbie welcomed the Regents to northwest Iowa. He said he had attended a Regents meeting 10 years ago in the same facility (Mahan Hall), although the facility has been updated since then. He noted that Lakeside Laboratory is used by various educational groups. He then stated that the legislature should do something to turn around appropriations for the Regents budget. Although the level of appropriations will

not return to former levels overnight, the trend has to be turned around. Hopefully, there will be more resources available in the 2005 legislative session because Iowa needs to maintain the quality of education for which it has a reputation.

Senator Johnson welcomed the Board of Regents to the Lakeside Laboratory which he said is a wonderful public-private facility, and a shining example of what can be done in this state to protect our natural resources and to further the education of our young people. He noted that he is a member of the Friends of Lakeside Laboratory group. He then offered the following comments about each of the three universities:

(1) Senator Johnson expressed appreciation to Dean Cheville of Iowa State University's College of Veterinary Medicine for providing a tour of the facility for members of the Senate Agriculture Committee, of which he is chair. The Committee members saw the need at the College.

(2) Senator Johnson recently visited with University of Northern Iowa President Koob and had a very good discussion about the future of public education in Iowa.

(3) Senator Johnson is a fan of the Ralph Miller-era of the University of Iowa Hawkeyes basketball team. He said the University of Iowa remains a premier university.

Senator Johnson acknowledged the Iowa School for the Deaf and the Iowa Braille and Sight Saving School, and said he is committed to furthering what needs to be done in this state for public education. He added that the Regents' lobbyists do an excellent job.

President Forsyth expressed appreciation to the legislators for attending the meeting and for sharing their thoughts with Board members. President Forsyth thanked Lakeside Laboratory staff and Friends of Lakeside Laboratory representatives for hosting activities related to the June Board of Regents meeting. He said it had also been a good experience to interact with the students at the Laboratory.

**IOWA ADMINISTRATIVE RULE REVISIONS.** (a) Notice of Intended Action Updating Regents Chapter 681(3).

MOTION:

Regent Downer moved to (1) approve filing of Notice of Intended Action to amend Iowa Administrative Code §681, Chapter 3 and (2) authorize the Executive Director to file the notice in the appropriate format. Regent Nieland seconded the motion. MOTION CARRIED UNANIMOUSLY.

**REVISIONS TO THE BOARD OF REGENTS POLICY MANUAL.**

MOTION: Regent Rokes moved to provide final approval for revisions to the following sections of the Board of Regents Policy Manual: §6.01 Admission Requirements (application fees); §6.20 Admission Requirements (Iowa Braille and Sight Saving School); §7.05B.12 Definition of Movable Equipment; §1.05b General Committee Responsibilities; and, §1.05d Standing Committees of the Board of Regents. Regent Neil seconded the motion. MOTION CARRIED UNANIMOUSLY.

**INSTITUTIONAL AND BOARD OFFICE PERSONNEL TRANSACTIONS.**

MOTION: Regent Neil moved to approve personnel transactions, as follows: University of Iowa: Register of Personnel Changes for April and May 2004 which included the reappointments of Douglas True as Treasurer and Douglas Young as Secretary for the fiscal year beginning July 1, 2004, in accordance with Iowa Code §262.9. Iowa State University: Register of Personnel Changes for May 2004 which included the reappointments of Margaret Pickett as Secretary and Joan Thompson as Treasurer for the fiscal year beginning July 1, 2004, in accordance with Iowa Code §262.9. University of Northern Iowa: Register of Personnel Changes for May 2004 which included the reappointment of Gary Shontz as Secretary and Treasurer for the fiscal year beginning July 1, 2004, in accordance with Iowa Code §262.9. Iowa School for the Deaf: Register of Personnel Changes for May 2004 which included the reappointment of James Heuer as Secretary and Treasurer for the fiscal year beginning July 1, 2004, in accordance with Iowa Code §262.9; and the appointments of John Cool as Level I child abuse investigator and Lori Green and Jeanette Watson alternates for the fiscal year

beginning July 1, 2004. Iowa Braille and Sight Saving School: Register of Personnel Changes for April 2004 which included the reappointment of Luann Woodward as Secretary and Treasurer for the fiscal year beginning July 1, 2004, in accordance with Iowa Code §262.9; and the appointments of Dianne Utsinger as Level I child abuse investigator and Barbara Roberts and Nick Fisher alternates for the fiscal year beginning July 1, 2004. Regent Becker seconded the motion.  
MOTION CARRIED UNANIMOUSLY.

**APPROVAL OF VENDORS WITH A POTENTIAL CONFLICT OF INTEREST.**

MOTION:

Regent Becker moved to approve the following additions to the respective institution's list of approved vendors with a potential conflict of interest: UNIVERSITY OF IOWA: Michael L. Barber/ Kristina K. Barber dba Trip Personal, Greta E. Reynolds dba Teddy Bear Bakery, Mary Susan Vaughan Sarrazin dba Mary Vaughan Sarrazin Consultant; IOWA STATE UNIVERSITY: Bob Elbert Photography. Regent Neil seconded the motion, and upon the roll being called, the following voted: AYE: Arbisser, Becker, Downer, Forsyth, Neil, Newlin, Nieland, Rokes.  
NAY: None.  
ABSENT: None.

MOTION CARRIED UNANIMOUSLY.

**BOARD WORK PLAN FOR 2004-2005.**

President Forsyth presented a proposed Board work plan for 2004-2005 which he envisioned would take place over an 18-month period. In developing the plan, Regent Downer, Executive Director Nichols and he had called each of the Regents and discussed where the Board's focus should be. The five institutional heads were also consulted during this process. He then presented each item of the work plan, and offered opportunities for Board members to present comments or concerns:

- (1) Develop and implement a comprehensive Regent communications plan

Regent Becker asked if a determination had been made as to how the communications audits will be accomplished. President Forsyth responded that the audits will be done on an internal basis. The Presidents will provide the information for their respective institutions and Barb Boose of the Board Office will develop a comprehensive format for the information. He noted that the communications audit will include the major communication and outreach vehicles, a sense of the audiences of each of those, and the resources that are devoted to each.

- (2) Review public policy processes and priorities

- (3) Develop and implement long-term strategies in fiscal operations

President Forsyth stated that the intent of this recommendation was to view the fiscal operations of the Regent enterprise over three-, four- and five-year periods of time. A computer model will be developed to provide an understanding of the ramifications of changes in key elements of the revenue streams or expense streams. This model would be useful in addressing with the legislature the appropriations level over a multi-year period. The model would also facilitate the Regents' ability to plan ahead in terms of tuition.

President Forsyth said he believes that the presidents and superintendents have done an outstanding job in meeting the institutional needs, but it has been very difficult, particularly in adjusting to mid-year appropriations cuts. He hopes that implementing long-term strategies in fiscal operations will provide a long-term vision for the Regent institutions.

- (4) Develop and implement long-term strategies in facilities operations

President Forsyth asked to add to this element of the work plan a long-term plan relative to deferred maintenance and fire safety of facilities.

- (5) Refine strategic plans and performance indicators

President Forsyth suggested developing performance indicators as a type of "dashboard".

- (6) Strengthen performance evaluations for executives and for the Board

President Forsyth stated that the purpose of this item was to develop performance plans with measurable outcomes and opportunities for reasonable feedback in the



performance plans. The same would be instituted relative to the Board and Board committees.

- (7) Provide clear and consistent direction in compensation policies and collective bargaining

President Forsyth stated this item was especially important as it related to faculty salaries at the University of Iowa and Iowa State University. There is a need for a multi-year plan to increase faculty salaries to the bottom of the top third of the University's respective peer group (President Geoffroy will identify a word to describe that goal).

- (8) Provide appropriate oversight on academic program issues
- (9) Promote economic growth activities by Regent institutions and in partnerships with other entities

President Forsyth said many good efforts have been done by the Regent institutions but a good job has not been done of communicating those successes to the public. Work is being done on benchmarking and identifying best practices.

- (10) Strengthen University of Iowa Hospitals governance

President Forsyth stated that President Skorton has urged the Board to be more involved in the University of Iowa Hospitals and Clinics from a governance perspective. He said President Skorton and Director Katen-Bahensky have been actively involved in changing the culture of the institution.

- (11) Continually seek best investment returns
- (12) Follow up on key oversight and compliance issues

President Forsyth stated that the Audit and Compliance Committee will be developing a multi-year audit plan.

Regent Newlin noted that the Audit and Compliance Committee of the Board of Regents voluntarily adopted components of the federal Sarbanes-Oxley law.

- (13) Seek to continually improve effectiveness of Board Office operations

President Forsyth stated there have been continued discussions about process improvements. Dramatic changes have taken place in the last couple of months. The Board also needs to look at end-to-end processes from the schools to the Board Office.

He encouraged the Board Office to work with the institutions to determine if further “re-work” can be eliminated.

Regent Neil complimented the Board leadership for development of the work plan. He expressed his belief that a better product will result and that there is greater responsibility on the part of Board members and staff. He believes the most important element is the Board’s communications plan, and he looked forward to receiving the communications inventory.

Regent Becker said she believes that activities involved in the work plan will facilitate better understanding of the Regents activities on the part of citizens and the press. There will be more transparency, not the least of which is the openness of committee meetings. She was also pleased about the effort to reduce unnecessary reporting.

Regent Neil addressed the legislators who were in attendance. He said the Board’s work plan was a marked change in the method of doing business for the Regents. He asked for the legislature’s help in planning for the future, noting that it takes a lot of planning to effect change in higher education.

Regent Downer expressed appreciation to the legislators for the passage of the bill allowing the Regents more time in setting tuition. He believes the change will lead to more responsible governance on the part of the Board.

MOTION: Regent Becker moved to adopt an annual work plan for the Board spelling out key priorities and objectives for the next 12 months, and a rough draft schedule of activities associated with the major issues identified. Regent Neil seconded the motion. MOTION CARRIED UNANIMOUSLY.

#### **OPERATING BUDGETS FOR FY 2005 AND BUDGET ADJUSTMENTS FOR FY 2004.**

Associate Director Hendrickson stated that, in April, the Board considered key budgetary issues and provided guidance in the development of institutional budgets. This month, the Board was asked to approve the final budgets. She said the Regent institutional budgets include two basic types of funds. General fund budgets include operating appropriations, some federal funds, interest income, tuition and fee revenues, reimbursed indirect costs, and sales and services income. Restricted funds are

specifically designated for a particular purpose or enterprise and include capital appropriations, tuition replacement, gifts, sponsored funding from federal and private sources and athletics, as well as other auxiliary or independent functions such as residence, parking, and utility systems. She noted there were changes to the University of Iowa's and Iowa State University's residence system budgets from the preliminary budgets presented to the Board in March. Residence system and athletic department budgets, which were detailed in the individual university budgets, are part of the restricted fund budgets.

MOTION: Regent Neil moved to approve the distribution of the Regional Study Centers FY 2005 appropriations as follows:  
Quad-Cities Graduate Study Center \$157,144;  
Tri-State Graduate Center \$77,941; and  
Southwest Iowa Regents Resource Center \$105,956. Regent Downer seconded the motion.

Regent Newlin referred to the graph entitled, "Regent University Educational Funding" on page three of the memorandum for this agenda item. He asked if one can assume that the numbers for FY 2004 are final numbers. Associate Director Hendrickson responded that the FY 2004 figures are based on the final revised budgets.

Referring to the same graph, Regent Newlin asked what was represented by the category of "other" which increased from 6 percent to 9 percent from FY 2002 to FY 2005. Associate Director Hendrickson responded that the "other" category was indirect cost recovery and interest income.

VOTE ON THE MOTION: Motion carried unanimously.

Regent Arbisser referred to the following information contained within the memorandum for this agenda item: The total of the institutional FY 2005 budgets is \$3.135 billion and direct state appropriations total \$590.569 million. He asked if it would be a correct assumption based on those figures that 20 percent of the overall enterprise revenues are from the state. President Forsyth responded affirmatively, noting that the figures were only for the general education fund revenues while the total enterprise revenues were for all fund sources.

(a) Athletics.

Associate Director Racki presented an overview of the athletics budgets. She stated that information on the three athletics budgets had been presented as a separate agenda item for a number of years to aid in understanding of Regent athletics. She said

the athletics FY 2005 budgets of the three Regent universities total \$80.7 million. She reviewed the changes in revenues from FY 2004 projections to the FY 2005 budgets (+1.5 percent at the University of Iowa; -3.7 percent at Iowa State University; and -0.2 percent at the University of Northern Iowa). New information presented this year included the amount of revenue that the Departments of Athletics generate for other University entities (\$12.8 million at the University of Iowa; \$12.8 million at Iowa State University; and \$6.1 million at the University of Northern Iowa). The Board members would be asked to approve the athletics budgets as part of the individual University budgets.

President Forsyth stated that, in the future, it would be helpful for the Regents to be provided with budget information for three to five years in the past. He said past budget information would show trends which would be especially important in developing projections.

President Forsyth referred to the University of Iowa's alumni and Foundation support which was budgeted conservatively, and was less than in 2004. He asked how the decline in philanthropy related to the Kinnick Stadium renovation.

Vice President True responded that the Kinnick Stadium project, the sale of premium seating, and the Kinnick Stadium capital campaign were not reflected in the numbers to which President Forsyth referred. The debt service cost to be incurred in 2005 will be capitalized. Revenues from the sale of premium seats will not be earned until the year in which the stadium is available and open. He then referred specifically to the projected slight decline in revenues, and said that was due to interest earnings on the funds being held for scholarships and other purposes.

President Forsyth said it was his understanding that the total anticipated philanthropy for the Kinnick Stadium renovation project was \$10 million to \$15 million. Vice President True responded those figures were correct. Of the \$15 million in capital gifts anticipated to be received for the project, \$10 million would go toward the bricks and mortar. In the financial model, the \$10 million to \$15 million would be received over a period of 10 years.

Regent Newlin asked for a status report on reaching the \$10 million fund-raising goal for the Kinnick Stadium renovation project. Vice President True responded that there are two very exciting developments that University officials hope to be able to discuss with Board members fairly soon. University officials anticipate receipt of multi-million dollar leadership gifts toward the \$10 million goal. One gift would be provided as a bequest and the second would be provided as a gift from an individual who has long supported Hawkeye football. Those two gifts will be converted into more formal commitments for

pledges in the course of the next several months. University officials will keep the Board apprised.

Regent Downer referred to the following information included in the memorandum for this agenda item: The University [of Iowa] reports that fees associated with processing ticket orders (credit card and on-line fees) for all venues are anticipated to increase by approximately 50 percent or \$140,000. He said that seemed like a large increase in one year. Vice President True responded that the increase represented a penalty of success. He stated the increase was a volume issue, not a price issue.

Regent Arbisser referred to scholarship information contained in the materials for this agenda item and said there appeared to be a discrepancy between the amount of money budgeted for scholarships (amount of average scholarship) at each institution. Vice President True responded that the money budgeted for scholarships depends in part on the number of non-resident student athletes at each university. Regent Arbisser said it would have been helpful to have been presented with that information in the meeting materials.

Regent Arbisser asked for an explanation of the increased medical sports costs at the University of Iowa of 33 percent in FY 2005. Vice President True responded that there is a very small number of individuals which makes this the most difficult item of the budget to predict. Medical sports costs is a volatile number because of the small number of participants. University officials are considering techniques to try to better predict and control this number, including mandatory health insurance for students.

Regent Nieland asked if student-athletes have medical insurance. Vice President True responded that not all student-athletes have medical insurance. There is catastrophic insurance offered through the NCAA for all of the University's athletes. The University of Iowa also covers student-athletes for injuries incurred through participation in intercollegiate athletics, the costs of which are paid through the athletic budget. He said the student health service provides basic medical care for all students.

President Skorton stated that University officials look forward to talking with Board Office staff and the Board about the broader issue of health insurance across the campus. The University does not require students to have health insurance coverage.

Regent Nieland noted this was also an issue at Iowa State University and not just with student-athletes.

President Forsyth asked about the decrease in alumni and Foundation support at the University of Northern Iowa, and for the status of philanthropy related to the McLeod Center. Vice President Schellhardt first addressed the decrease in alumni and

Foundation support. He said the University dropped women's and men's swimming and tennis in 2003. Women's tennis and swimming was subsequently reinstated. In doing so, the University had to budget \$175,000 to support the two women's programs, which came from alumni support. Subsequently, the University provided \$175,000 of general fund support. Therefore, the decline was a reflection of the one year in which the above-referenced women's and men's sports were dropped.

With regard to the question about the McLeod Center, Vice President Schellhardt stated the philanthropic support for that and for other athletic ventures was on target and was quite successful.

President Forsyth referred to the question of what percentage of general fund support should go into an athletic program. He said it would be helpful to benchmark the amount of general fund support perhaps by conference or by peer groups.

President Koob stated the University of Northern Iowa has the benchmark data for the Gateway and for the Missouri Valley Conferences. University officials can provide that information upon request. President Forsyth responded that information would be helpful for the Board members.

Regent Becker suggested the benchmarking data on general fund support of athletic programs be presented to the Education and Student Affairs Committee as part of the study on the financing of intercollegiate athletics. President Forsyth said that would be an appropriate venue for the discussion.

Regent Newlin suggested that similar benchmarking data be presented to the Education and Student Affairs Committee for the other universities' conferences, as well.

(b) University of Iowa.

President Skorton offered to answer questions on the University of Iowa's budget.

President Forsyth asked for an explanation of the estimated decrease of \$1.1 million in budgeted indirect cost recoveries. President Skorton responded that University officials are budgeting a 5 percent increase over the latest FY 2004 projections which is a reduction from the final FY 2004 budget, based on recent experience. He proceeded to describe the way in which indirect costs flow, noting that the indirect cost recovery rates are pre-negotiated over a multi-year period. Funds are provided as reimbursement for actual costs. Federal agency grant awards indicate the original budget of the grant and what would be calculated as the amount of indirect cost. Budgets are developed in advance of receipt of indirect cost recoveries based on the awards and assumptions of how the funds will be spent. However, some of the expenditures of the principal

investigator are based on the direction taken by the research. For example, a decision may be made to buy a piece of equipment rather than hire additional personnel. The University receives no indirect cost recovery for equipment.

Regent Becker referred to the decrease of 4.2 percent in funding for the Specialized Child Health Services, and asked how the budget cut will impact the program.

President Skorton said it was his understanding that the budget decrease would be accommodated through general belt tightening, not through a reduction in the number of access points. However, he would get a definitive answer and report back later in the meeting.

Later in the meeting, Senior Associate Director Staley stated the \$210,000 reduction relates to what is known as the federal Ill and Handicapped Waiver Program. The program provides for families with a child who is ill or handicapped and who does not meet the Medicaid requirements. The Specialized Child Health Services staff work with the family to obtain coverage through the Medicaid program. Staff will do their best to meet the needs of all families in the coming year.

President Forsyth questioned why the Board is presented with information on smaller budget items, such as the Substance Abuse Consortium, considering the size of the University of Iowa budget in total. Executive Director Nichols responded that his understanding was that the smaller items to which President Forsyth referred are appropriations line items from the state. Identifying those specific budget units separately allows tracking of direct appropriations.

President Forsyth suggested that the University's budget be presented with subdivisions related, for example, to the Hospitals and the medical community, and to economic development. Doing so would provide a more meaningful view of the budget.

President Skorton stated the University's budget items are listed based on source of funds. University officials believe it is important to be responsive and accountable to the legislature with regard to the funds it provides. He suggested that the line items be moved into logical categories, even though the funds may be provided as separate line item appropriations. University officials could also subdivide the larger general university budget into logical categories and indicate by symbols which are funded by direct line item appropriation. University officials will work with the Board Office to reformat the way the budget is presented.

President Forsyth referred to the designation of strategic reallocations in the institutional budgets, and said many of those are technical reallocations, not strategic reallocations.

MOTION: Regent Neil moved to approve the University of Iowa's final FY 2005 general fund operating budget, including the operations of the University of Iowa Hospitals and Clinics of \$1,167,919,231 and the restricted fund budget of \$737,200,000 for a total of \$1,905,119,231. Regent Nieland seconded the motion. MOTION CARRIED UNANIMOUSLY.

(c) Iowa State University.

President Geoffroy offered to answer questions on Iowa State University's budget.

Regent Downer questioned whether the projected utility cost increase of \$209,000 was a sufficient increase. Vice President Madden responded that University officials were confident in the accuracy of the estimate. A number of energy conservation efforts have been undertaken on campus.

Regent Neil noted that the University's enrollment projections appear to remain low. President Geoffroy responded that the big enrollment "bubbles" are moving through the system, and those students are graduating at a faster rate than in the past. Eventually those "bubbles" will get through the system and the numbers will stabilize.

Regent Becker expressed appreciation to Iowa State University officials for directing more financial aid funds to need-based aid.

MOTION: Regent Downer moved to (1) approve the FY 2004 budget ceiling adjustment of \$300,000 for Cooperative Extension Services for a revised general fund operating budget of \$28,443,432 and (2) approve Iowa State University's final FY 2005 general fund operating budget of \$422,510,550 and the restricted fund budget of \$510,900,220 for a total of \$933,410,770. Regent Becker seconded the motion. MOTION CARRIED UNANIMOUSLY.

(d) University of Northern Iowa.

President Koob offered to answer questions on the University of Northern Iowa's budget.



Regent Becker commended President Koob for the innovative idea to eliminate tuition costs for students who have minimal resources, and noted that the effort was not mentioned in the budget. She hoped that similar efforts could be made at the other two universities.

Regent Downer referred to information in the meeting materials for this agenda item which indicated that there has been an increase in the number of Hawkeye Community College students residing in the University of Northern Iowa's residence halls. He asked that the record reflect the initiative of Regent Rokes, who is a residence hall advisor at the University, to bring to the Board's attention this activity which increased revenues for the residence system.

Regent Nieland commended Provost Podolefsky for the increase in the budget for professional development for faculty and staff.

President Forsyth asked how much of the building repair budget was being restored. President Koob responded that University officials fully intend to return to the pre-budget cut level of \$2.0 million over the next three years. For now, they are restoring \$100,000 to \$1.0 million.

President Forsyth referred to the College of Education reorganization to enhance effectiveness and efficiency. He asked how the reallocations were invested. Provost Podolefsky responded that the savings were dedicated to creating the new positions listed in the meeting materials.

President Forsyth referred to his earlier comment about strategic reallocations versus technical reallocations. He said the "acid test" would be whether a panel of business leaders would agree from a business perspective that an item is a true cut and, therefore, a reallocation. Similarly, would a cross-section of the legislature agree that an item is a true cut and, therefore, would it pass the "smell" test? He stated that he has asked the university presidents to think through these questions and then return to the Board with a recommendation.

President Koob stated that he looked forward to a common definition.

President Forsyth referred to the business operations financial accounting and reporting reorganization, and said it appeared to be a new administrative unit. President Koob responded that it was not a new administrative unit but, rather, was a reallocation within the division of administration and finance.

Regent Rokes referred to the personnel-payroll-budget system anticipated to be on line January 2005. She asked if the date for having the system on line was firm. As a

University employee who is paid once a month, she wished to be assured that the new system will be on line by January 2005. Vice President Schellhardt responded that University officials have worked diligently to make sure the system will be on line and that everyone, especially students, gets paid.

MOTION: Regent Rokes moved to approve the University of Northern Iowa's final FY 2005 general fund operating budget of \$139,442,656 and the restricted fund budget of \$139,741,863 for a total of \$279,184,519. Regent Nieland seconded the motion. MOTION CARRIED UNANIMOUSLY.

(e) Iowa School for the Deaf.

Superintendent Prickett offered to answer questions regarding the Iowa School for the Deaf's budget. There were none.

MOTION: Regent Downer moved to approve the Iowa School for the Deaf's final FY 2005 general fund operating budget in the amount of \$9,051,200 and the restricted fund budget of \$1,175,342, for a total School budget of \$10,226,542. Regent Neil seconded the motion. MOTION CARRIED UNANIMOUSLY.

(f) Iowa Braille and Sight Saving School.

President Forsyth stated that Superintendent Thurman was not feeling well and had left the meeting early.

Director Woodward expressed appreciation to the legislature for the funds provided to the School for next year. The funds removed from the budget by the 2-1/2 percent across-the-board cut were restored, and the School received a 2 percent increase in its base budget.

MOTION: Regent Neil moved to approve the FY 2005 general fund operating budget for the Iowa Braille and Sight Saving School in the amount of \$5,190,937 and the restricted fund budget of \$1,733,814, for budgets totaling \$6,924,751. Regent Downer seconded the motion. MOTION CARRIED UNANIMOUSLY.

(g) Board Office.

Executive Director Nichols stated that he may present the Board with modifications to the Board Office budget at a later time. However, at this time, there were no changes from the preliminary budget previously presented to the Board.

MOTION:

Regent Rokes moved to (1) approve the proposed FY 2005 operating budget of the Board Office in the amount of \$2,459,223 from all funds, including implementation of salary changes as recommended by the Executive Director for current Board Office staff and (2) direct the institutions to include projected Board Office reimbursement levels as contemplated in the proposed Board Office budget in institutional budgets for FY 2005. Regent Nieland seconded the motion. MOTION CARRIED UNANIMOUSLY.

(h) Executive Salaries.

President Forsyth described the performance evaluation process that had been conducted by the Board of Regents for Presidents Koob, Skorton and Geoffroy, Superintendents Prickett and Thurman, and Executive Director Nichols. The executives had each completed self-evaluations which were reviewed with the Board. At earlier Board meetings, the Board discussed with the leaders their accomplishments, disappointments, and key learnings. At this meeting, Board members discussed their views of the leaders' performances and then met with the individual leaders. Board members next discussed among themselves compensation relative to the labor market, performance and philosophy. Compensation philosophy related to base increases and one-time incentives that are not built into the base salary.

President Forsyth stated that, in the future, the Board members wish to formalize the performance plans and establish a pool for one-time incentive payments for FY 2005 performance.

The conclusions of the Board, as communicated by President Forsyth, were that the Board is blessed with outstanding leadership and it is cursed with tight economic times. The existing labor market data, while not well developed, suggest that the presidents' compensation relative to their labor markets is consistent with that of the faculty. Executive Director Nichols is at the salary grade maximum and the grade is not being

adjusted. Board members agreed that a 2 percent annual pay increase be awarded to all six incumbents, with their total, as adjusted, to be as follows:

President David Skorton	\$293,250
President Gregory Geoffroy	\$293,250
President Robert Koob	\$231,050
Superintendent Jeanne Prickett	\$112,200
Superintendent Dennis Thurman	\$102,800
Executive Director Gregory Nichols	\$126,141 with an additional one-time payment of \$2,500 in July 2004

MOTION: Regent Neil moved to approve the salaries, as presented. Regent Becker seconded the motion.  
MOTION CARRIED UNANIMOUSLY.

President Forsyth thanked the Board's leaders for doing a tremendous job for the people of the state of Iowa, for the faculty and for the students.

President Skorton, on behalf of the institutional heads, expressed appreciation for the salary increases in these difficult times, acknowledging that the increases represented votes of confidence.

#### **ANNUAL CAPITAL PROGRAM.**

Executive Director Nichols stated this agenda item contained (1) allocation of the FY 2005 capital appropriation for the special schools; 2) anticipated FY 2005 new capital improvement projects at each of the institutions as a preview of what will come to the Board in the year ahead; and (3) a status report on previously-approved projects with budgets in excess of \$1 million.

MOTION: Regent Neil moved to (1) allocate the FY 2005 capital appropriation for the special schools: \$385,000 to Iowa School for the Deaf and \$115,000 to Iowa Braille and Sight Saving School; (2) receive the report on anticipated institutional FY 2005 new 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 (3) receive the status report on previously approved projects with budgets exceeding \$1 million.

Regent Rokes seconded the motion. MOTION  
CARRIED UNANIMOUSLY.

President Forsyth stated the Board has asked Executive Director Nichols and his staff in conjunction with the institutions to consider ways to streamline the capital project approval process. One such meeting has already taken place. He said that oftentimes the Board is presented with various elements of a capital project several different times in the process. He believes the Board should make the strategic policy decisions and conduct follow-up monitoring, but it may not be necessary for the various project elements to be presented to the Board for approval. Efforts were also underway to review the dollar levels of approval thresholds. There may be reason, such as inflation, to increase those levels. Perhaps projects of a certain threshold could go to the Board Office. If the Board Office saw no complicating variables, the Executive Director could authorize the project to move forward. Another possible change would be to limit the number of meetings each year at which projects can be brought to the Board for initial approval. All of the changes being considered are based on the Board's confidence in its leadership and the infrastructure of the institutions. It was also important for the institutions to act in good faith regarding Board policies. The desire is to create a process that works for the institutions and for the Board in terms of policy and appropriate oversight while being streamlined as much as possible.

Executive Director Nichols stated that institutional officials who work with the capital projects have already presented a number of recommendations for streamlining the process.

#### **COMMITTEE REPORT – ECONOMIC DEVELOPMENT.**

Regent Downer stated that, as many were already aware, an Iowa Supreme Court decision announced that morning struck down Governor Vilsack's item veto of portions of the legislation that, in part, created the Iowa Values Fund. The Supreme Court indicated that because the bill was not approved by the Governor in the identical form in which it was adopted by the General Assembly, the approval was ineffective and the bill establishing the Iowa Values Fund is nullified. Therefore, it appears the Board cannot proceed at this time with the \$10 million projects at each the University of Iowa and Iowa State University, or the \$5 million at the University of Northern Iowa, all of which were included within the Iowa Values Fund legislation and approved by the Iowa Values Fund Board.

In October 2003, the Iowa Values Fund Board approved an award of \$10 million to the University of Iowa for two projects: upgrade the Center for Biocatalysis and Bioprocessing to certified Good Manufacturing Practices (cGMP) standards; and, create incubator laboratory space affiliated with the University of Iowa Technology Innovation

Center (BioTIC). The Iowa Values Fund Board established a schedule for the disbursement of the first \$4 million of the approved \$10 million award. The balance is pledged at an unspecified future date and subject to the availability of funds. At its telephonic meeting, the Board's Economic Development Committee approved an alternate proposal by the University of Iowa to fund the BioTIC project, a technology innovation center for biotechnology development. The Economic Development Committee had planned to recommend that the Board adopt the University's proposal. However, it was not advisable to proceed with the project due to the Supreme Court decision.

Regent Downer said he was hopeful that additional information would be available by the time of the Board of Regents meets in Sioux City on August 3. At that meeting, the Board plans essentially a full day of economic development meetings centered around the Battelle report on biosciences. He said the August 3 meeting will also showcase many of the endeavors of the three universities to move the state forward from an economic development standpoint.

Executive Director Nichols stated that the funds appropriated to the Iowa Values Fund are contained within a bill that is separate from the bill that was before the Iowa Supreme Court. Therefore, the monies still exist. The question is whether there is a legitimate authority for the Iowa Values Board to approve the specific grants.

ACTION: President Forsyth stated that action on this item was deferred.

#### **COMMITTEE REPORT – INVESTMENT.**

Regent Neil presented the following report of the June 15, 2004, meeting of the Investment Committee. The Committee members received and discussed the Committee's responsibilities. No changes were recommended. The Committee members discussed and accepted its work plan, as revised. The Committee received the investment report from its investment advisor and discussed the following;

- Quarterly performance of the endowment portfolio and the Board's fund managers
- Performance of investment managers
- Active versus passive management for the large capitalization equity allocation of the portfolio
- Performance measures for the Board's investment advisor

- Selection of a new active large cap equity portfolio manager in September

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

### **COMMITTEE REPORT – EDUCATION AND STUDENT AFFAIRS.**

Regent Becker presented the following report of the June 15, 2004, meeting of the Education and Student Affairs Committee. The Committee members reviewed and approved the Committee's responsibilities. The Committee members reviewed and modified its work plan to include budgeting for athletics and athletic recruitment policy for September 2004, and the addition of a Lakeside Laboratory report in December 2004. The Committee approved a program review study and a study of new program approval procedures.

The Education and Student Affairs Committee received a report on the work of the Iowa Learns Council, and a report on reporting by sub-groups. The Committee agreed to recommend that the Board refer the University of Iowa's proposed course changes to the Board Office and the Interinstitutional Committee on Educational Coordination for review and recommendation. The Committee agreed to recommend that the Board approve the University of Northern Iowa's proposal to establish a new Bachelor of Science degree in Bioinformatics. The Committee agreed to recommend that the Board approve the University of Northern Iowa's proposal to establish a new Bachelor of Science degree in Networking and System Administration. The Committee also received a status report on Lakeside Laboratory.

Regent Becker stated that the issue of student health insurance for each of the universities will be added to the agenda for the September Committee meeting. The Committee members will decide how to move forward.

President Geoffroy stated that Iowa State University officials are interested in reviewing the issue of student health insurance but noted that it has been a number of months since the topic has been discussed on campus.

President Koob stated that University of Northern Iowa officials have reviewed the issue of student health insurance and are not in favor of making such coverage mandatory.

MOTION: Regent Becker moved to receive the report and approve the recommendations of the Education and Student Affairs Committee. Regent Downer seconded the motion. MOTION CARRIED UNANIMOUSLY.

**COMMITTEE REPORT – HUMAN RESOURCES.**

Regent Nieland presented the following report of the June 15, 2004, meeting of the Human Resources Committee. The Committee members reviewed and approved the Committee's responsibilities, without change. The Committee members discussed and accepted its work plan, without change. The Committee voted to recommend that the Board authorize the Executive Director to continue to negotiate a Service Level Agreement with DAS/HRE. The Committee voted to recommend that the Board approve the College of Pharmacy Incentive Pay Plan but instructed the University of Iowa to develop and report back on the evaluation criteria that would be used to determine (1) who would be awarded the funds in the teaching and service components of the plan and (2) the overall impact of the plan on the University.

Regent Nieland stated that the Human Resources Committee discussed faculty and staff salary comparisons and the need for a multi-year plan to attain competitive salaries. The Committee members agreed that the Board Office and universities would establish a common data format for the purpose of collecting faculty and staff compensation data. The Committee further agreed that faculty and staff compensation data would be submitted by the universities in the agreed format to the Board Office in July. She said the Committee had a robust discussion regarding the make up of the bargaining teams for the different collective bargaining agreements, and a strong consensus was apparent. However, due to the lateness of the hour, it was not possible to reconvene the Committee in a public session to take its vote. Consequently, the Committee presented the Board with an unofficial recommendation to approve the contract with Joseph Flynn for services as labor legal counsel for collective bargaining. The Committee also unofficially recommended the Board approve the chief negotiators, spokespersons, and collective bargaining teams for negotiations with United Faculty, SEIU, COGS and AFSCME, as presented.

MOTION: Regent Nieland moved to approve the bargaining teams, as presented. Regent Neil seconded the motion. MOTION CARRIED UNANIMOUSLY.

MOTION: Regent Neil moved to authorize the Executive Director to negotiate a service leave agreement between the Department of Administrative Services Human Resources Enterprise and the Board of Regents for FY 2005. Regent Becker seconded the motion. MOTION CARRIED UNANIMOUSLY.



MOTION: Regent Neil moved to approve as a two-year pilot program the University of Iowa College of Pharmacy's incentive pay plan, as presented. Regent Downer seconded the motion. MOTION CARRIED UNANIMOUSLY.

MOTION: Regent Nieland moved to approve the work plan, as modified to include executive compensation. Regent Becker seconded the motion. MOTION CARRIED UNANIMOUSLY.

### **INSTITUTIONAL AGREEMENTS, LEASES AND EASEMENTS.**

MOTION: Regent Neil moved to approve leases for the benefit of the institutions as summarized below: University of Iowa—Lease renewal with Ramaanchar Technologies, Inc., for its use of business incubator space in the Technology Innovation Center at the Oakdale Campus; Lease renewal with the University of Nebraska Medical Center for housing to be used by the University of Iowa's Anesthesia Nursing students; New lease with Maxwell Development, L.C., for the University's use of office and warehouse space for the Institute of Hydraulics Research. Iowa State University—Lease renewal with the U.S. Department of Agriculture/Agricultural Research Service (USDA/ARS) for its use of land at the ISU Kelly Farm for research purposes; New lease with the ISU Research Park for the University's use of office space for the NASA Food Technology Commercial Space Center. University of Northern Iowa—New lease with Squiers Square LLC for the University's use of space for the UNI Iowa Community Technology Center. Iowa School for the Deaf—Lease renewal with Iowa Western Community College for its use of space at the School for an Alternative High School Program. Regent Downer seconded the motion, and upon the roll being called, the following voted: AYE: Arbisser, Becker, Downer, Forsyth, Neil, Newlin, Nieland, Rokes.

NAY: None.  
ABSENT: None.

MOTION CARRIED UNANIMOUSLY.

**INSTITUTIONAL REGISTERS OF CAPITAL IMPROVEMENT BUSINESS  
TRANSACTIONS.**

(a) University of Iowa.

Vice President True stated there were several projects on the University's capital register and asked that Senior Associate Director Staley address the Hospitals projects.

Senior Associate Director Staley stated that University of Iowa Hospitals and Clinics officials requested approval related to two projects. One such request was a program statement for the Intermediate Pulmonary Care Unit Development project.

MOTION: Regent Neil moved to approve the program statement for the Intermediate Pulmonary Care Unit Development project. Regent Becker seconded the motion. MOTION CARRIED UNANIMOUSLY.

Senior Associate Director Staley presented the University's request for approval of an architect agreement amendment for the Development of Replacement Perinatal and Obstetrical Patient Care Units project. He said the request represented a compilation of architectural changes.

President Forsyth referred to the \$172,000 in architectural amendments for which University officials were requesting Board approval. He said University officials should have come to the Board in a proactive way as opposed to requesting approval for items which the University is under contract to pay.

Senior Associate Director Staley responded that the architect did not bring the changes to the University on a timely basis but, rather, presented fourteen months of changes.

President Forsyth requested that Senior Associate Director Staley and Vice President True ensure this does not reoccur.

Senior Associate Director Staley noted that the architect had presented more charges but University staff worked with the architect's staff to reduce the billings.

MOTION: Regent Becker moved to approve the architectural agreement amendments for the University Hospitals and Clinics—Development of Replacement Perinatal and Obstetrical Patient Care Units project. Regent Neil seconded the motion. MOTION CARRIED UNANIMOUSLY.

President Forsyth referred to an update on the Kinnick Stadium renovation project that was distributed by University officials. He noted that great progress was being made in the sale of suites and that University officials had provided a projection of premium seating commitments through December, as requested last month by the Board. He stated that Board members were encouraged by the progress.

MOTION: Regent Neil moved to approve the remaining items on the University of Iowa's capital register. Regent Downer seconded the motion. MOTION CARRIED UNANIMOUSLY.

**RESOLUTION FOR SALE AND AWARD OF CENTER FOR UNIVERSITY  
ADVANCEMENT REVENUE REFUNDING BONDS, SERIES SU.I. 2004.**

Vice President True stated that an advanced refunding bond sale occurred that morning for the 1995 Center for University Advancement Revenue Bonds which were issued to partially finance construction of the University of Iowa Levitt Center for University Advancement. He said Moody's sustained the University's Aa2 credit rating.

Ed Bittle of the Ahlers law firm, the Board's bond counsel, discussed the resolutions that were before the Board for approval. The bond sale was structured to include a trust agreement because the bonds cannot be called until July 1, 2005.

Barry Fick of Springsted, Inc., the Board's financial advisor, read the following from the Moody's report for this bond sale:

We expect the University's debt load to continue increasing based on management's projected borrowing plans, including funding of stadium and memorial union improvements, additional hospital financing, and further investment in academic and research infrastructure, a portion of which will be funded by Academic Building Revenue bonds receiving debt service reimbursement from the state. Currently, approximately \$60 million of the University's total debt load is in the form of Academic Building Bonds supported with state funds. We believe this level of leverage will be manageable at the Aa2 level if the University is able to sustain its other strong credit fundamentals.

Mr. Fick stated that two bids were received that morning. One bid was received from a group led by Piper Jaffray. The second, and winning bid, was submitted by Bank One Capital Markets for a true interest rate of 4.3748, which was within one basis point of the projection for the financing. The principal amount will be reduced to \$9,595,000 which reduces the amount of negative arbitrage in the escrow.

MOTION:

Regent Becker moved to adopt (1) A Resolution providing for the sale and award of \$9,595,000 Center for University Advancement Revenue Refunding Bonds, Series S.U.I. 2004, and approving and authorizing the agreement of such sale and award; (2) A Resolution authorizing and providing for the issuance and securing the payment of \$9,595,000 Center for University Advancement Revenue Refunding Bonds, Series S.U.I. 2004, to pay the costs of refunding the 2005 through 2012 maturities of the Center for University Advancement Revenue Bonds, Series S.U.I. 1995, dated May 1, 1995, funding the debt service reserve fund, and paying costs of issuance and approving a Refunding Trust Agreement; and (3) A Resolution authorizing the execution of an Amended and Restated Lease of the Center for University Advancement located on the campus of The State University of Iowa by and between the Board of Regents, State of Iowa, and The State University of Iowa Foundation. Regent Neil seconded the motion, and upon the roll being called, the following voted:

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

NAY: None.

ABSENT: None.

MOTION CARRIED UNANIMOUSLY.

**REIMBURSEMENT RESOLUTION FOR UNIVERSITY OF IOWA CHEMISTRY RENOVATION.**

Vice President True presented the University of Iowa's request that the Board adopt a reimbursement resolution to recapture funds for the Chemistry Building renovation when the bonds are sold later this year.

MOTION: Regent Becker moved to adopt A Resolution declaring an official intent under Treasury Regulation 1.150-2 to issue debt to reimburse the University of Iowa for certain original expenditures paid in connection with the Chemistry Building Renovation project. Regent Nieland seconded the motion, and upon the roll being called, the following voted:  
AYE: Arbisser, Becker, Downer, Forsyth, Neil, Newlin, Nieland, Rokes.  
NAY: None.  
ABSENT: None.

MOTION CARRIED UNANIMOUSLY.

**AUTHORIZATION TO EFFECT ISSUANCE OF UNIVERSITY OF IOWA FACILITIES CORPORATION REVENUE BONDS, SERIES 2004.**

Vice President True stated that the Board's adoption of the proposed resolution would begin the process for the sale of bonds in August to support the second financing for the Roy J. and Lucille A. Carver Biomedical Research Building.

Regent Arbisser asked if some of the University of Iowa Facilities Corporation bonds are taxable. Vice President True responded affirmatively. He stated that all of the bonds sold in this sale will be taxable because a majority of the activities to be undertaken in the facilities will be private activities (sponsored research).

Mr. Fick stated there is very little interest rate differential between taxable and tax-exempt bonds in the current market.

MOTION: Regent Neil moved to adopt A Resolution authorizing the Executive Director to take any and all action deemed necessary to effect the issuance of not to exceed \$25,000,000 University of Iowa Facilities Corporation Revenue Bonds (Roy J. and

Lucille A. Carver Biomedical Research Building), Series 2004. Regent Nieland seconded the motion, and upon the roll being called, the following voted:  
AYE: Arbisser, Becker, Downer, Forsyth, Neil, Newlin, Nieland, Rokes.  
NAY: None.  
ABSENT: None.

MOTION CARRIED UNANIMOUSLY.

**INSTITUTIONAL REGISTERS OF CAPITAL IMPROVEMENT BUSINESS TRANSACTIONS.**

(b) Iowa State University.

Vice President Madden stated that the major item on the University's capital register was the project description and budget for the Mortensen Road Dairy Teaching Farm—Demolition project which would demolish 15 deteriorated structures at the Dairy Teaching Farm in Ames.

MOTION: Regent Becker moved to approve the project description and budget for the Mortensen Road Dairy Teaching Farm—Demolition project. Regent Nieland seconded the motion, and upon the roll being called, the following voted:  
AYE: Arbisser, Becker, Downer, Forsyth, Neil, Newlin, Nieland, Rokes.  
NAY: None.  
ABSENT: None.

MOTION CARRIED UNANIMOUSLY.

President Forsyth referred to the revised project budget for the Beyer Hall—Correct Pool Backwash Flow project, which was being increased by over 50 percent. He said there seemed to be recurring incorrect project budget estimates.

Vice President Madden explained that the increased budget was due to a change in the project design and not to a misestimate of the project cost.

MOTION: Regent Neil moved to approve the remaining items on Iowa State University's capital register.

Regent Downer seconded the motion. MOTION  
CARRIED UNANIMOUSLY.

(c) University of Northern Iowa.

Vice President Schellhardt stated that the Board Office had some questions about the Business and Community Services project, which Director Pilkington would address.

Director Pilkington addressed the first question of the Board Office, which was why Conference and Event Services was being included in the programming of phase 1 of the project. He stated that continuing education was always envisioned as part of the project, and Conference and Event Services is a part of continuing education. The project will include a conference facility with multiple-purpose rooms for public conferences.

President Forsyth asked for the source of funds for the 1,600 square feet of space for Conference and Event Services. Director Pilkington responded that the funds would come from federal funding.

Regent Becker asked if Conference and Event Services will assist in organizing the outreach meetings on campus. Director Pilkington responded affirmatively.

Director Pilkington addressed the second question of the Board Office which was why Iowa State University extension is being included in the building. He stated that including Iowa State University extension creates a unique opportunity for collaboration between two Regent programs. Iowa State University extension currently has three different locations in Black Hawk County, for which all of the leases are nearing renewal. Iowa State University officials approached University of Northern Iowa officials about co-locating in the building, which creates opportunities for collaboration. The University of Northern Iowa will collect rent from Iowa State University extension, which will provide a cost savings for both universities. He also believes that co-locating the University of Northern Iowa's outreach program and Iowa State University's extension program will send a positive message to the citizens of Iowa.

Regent Nieland asked about the impact of that morning's Supreme Court ruling on the Iowa Values Fund financing for this project. Director Pilkington responded that phase 1 programming includes federal funding for the design and Iowa Values Fund financing for the innovation incubator and a portion of the student incubator.

President Forsyth stated that federal funding would be used to design the building but the element to be funded by the Iowa Values Fund would be delayed.

Regent Downer stated that, hopefully, by the time the University is ready to proceed further with the project, a determination will have been made about the Iowa Values Fund funding.

Director Pilkington stated that federal funds are being used for the design of phase 1. Thus, University officials will proceed with the design phase, but will not proceed to final construction drawings until details of the Iowa Values Fund are solidified and determination is made whether a new contract is needed between the University and the Iowa Department of Economic Development (and the Iowa Values Fund Board).

President Forsyth asked for a quantification of the operational efficiencies identified in the Board meeting materials. Director Pilkington responded that the operational efficiencies had not yet been quantified. Some offices and positions will be shared between the co-located programs. At least two FTEs would be the initial anticipated savings but he believes that many more efficiencies will be identified as the project proceeds. President Forsyth stated that, as the project moves forward, a quantification of the efficiencies would be helpful.

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

(d) Iowa School for the Deaf.

MOTION: Regent Nieland moved to approve Iowa School for the Deaf's capital register, as presented. Regent Rokes seconded the motion, and upon the roll being called, the following voted:  
AYE: Arbisser, Becker, Downer, Forsyth, Neil, Newlin, Nieland, Rokes.  
NAY: None.  
ABSENT: None.

MOTION CARRIED UNANIMOUSLY.



**MISCELLANEOUS INSTITUTIONAL AGENDA SUBMISSIONS—SPECIAL SCHOOLS.**

(b) Iowa Braille and Sight Saving School—Extra Curricular Activities.

MOTION: Regent Downer moved to approve the FY 2005 extra curricular activities pay plan for the Iowa Braille and Sight Saving School. Regent Nieland seconded the motion. MOTION CARRIED UNANIMOUSLY.

(c) Iowa Braille and Sight Saving School—Calendar for FY 2005.

MOTION: Regent Neil moved to approve the School calendar for the Iowa Braille and Sight Saving School for the period of July 1, 2004, through June 30, 2005. Regent Nieland seconded the motion. MOTION CARRIED UNANIMOUSLY.

(a) Iowa School for the Deaf—Agreements with the Nebraska Department of Education.

MOTION: Regent Arbisser moved to (1) Approve the renewal of the education services agreement with the Nebraska Department of Education for FY 2005 at a tuition rate of \$62,759 per Nebraska student (\$39,252 for educational and related program services and \$23,507 for residential services); (2) Approve the renewal of the Nebraska Summer School Agreement for the summer school program of 2004 with a tuition rate of \$472 per Nebraska student, per week (\$240 for educational and related program services and \$232 for residential services); and (3) Approve the notification of the Board's intent to renew each agreement with the Nebraska Department of Education for FY 2006, pursuant to the provisions of the agreements. Regent Becker seconded the motion. MOTION CARRIED UNANIMOUSLY.

**MISCELLANEOUS INSTITUTIONAL AGENDA SUBMISSIONS—UNIVERSITY OF IOWA.**

(a) Purchases.

Senior Associate Director Staley presented the University's request for approval of the following equipment purchases for the University of Iowa Hospitals and Clinics' Center of Excellence for Image-Guided Radiation Therapy:

3.0 Tesla MRI system	\$2,371,757
PET/CT system	2,311,148
LANTIS and COHERENCE Systems	2,102,945
Four linear accelerators	<u>6,304,589</u>
TOTAL	\$13,090,439

Senior Associate Director Staley stated that the recommendation was based on evaluation of responses to a Request for Proposals.

Dr. Buatti, Head of the Department of Radiation Oncology, thanked Board members and University officials for their support of the Center of Excellence for Image-Guided Radiation Therapy. He then provided detailed information on each piece of equipment proposed to be purchased.

Regent Downer noted that Siemens Medical Solutions was the preferred vendor for purchase of all of the equipment. He asked if it was necessary to select one vendor for equipment because of the way in which the equipment functions, or whether it was possible to pick and choose among the vendors.

Dr. Buatti responded that it is possible to purchase pieces of equipment from different vendors but the efficiency of such a system is suboptimal.

President Forsyth asked if buying from one vendor was preferable from the perspective of maintenance contracts. Dr. Buatti responded affirmatively.

Regent Newlin asked for comment regarding the role of the University of Iowa Hospitals and Clinics in cancer care in Iowa. Dr. Buatti stated that the University of Iowa Hospitals and Clinics is currently treating 1,800 patients with radiation. The Hospital works closely with community practitioners for treatment that can be performed locally. The use of advanced technologies is particularly important for curative cases. In terms of alternatives for providing care through advanced technologies, Iowans also consider seeking treatment at the Mayo Clinic. He noted that the Mayo Clinic's radio surgery

department has declined in the number of patients since the University of Iowa Hospitals and Clinics began its high-tech approach to delivering radiation therapy.

President Skorton reported on the close coordination between the College of Medicine and the University of Iowa Hospitals and Clinics in cancer diagnosis and treatment particularly since the University received designation as a National Cancer Institute several years ago.

Board members indicated a desire to tour the Center of Excellence for Image-Guided Radiation Therapy in February when the Board meets at the University of Iowa.

MOTION: Regent Becker moved to approve the equipment purchases for the University of Iowa Hospitals and Clinics, as presented. Regent Rokes seconded the motion. MOTION CARRIED UNANIMOUSLY.

(b) Course Changes.

Regent Becker stated this matter was addressed by the Education and Student Affairs Committee.

President Forsyth suggested that the authority to refer matters to the Interinstitutional Committee on Educational Coordination and the Board Office be delegated to the Board's Education and Student Affairs Committee. The resulting recommendation of the Interinstitutional Committee on Educational Coordination and the Board Office would then be presented to the Board.

Board members agreed with President Forsyth's suggestion for process improvement.

(c) P&S Classification Revisions.

MOTION: Regent Newlin moved to approve the addition of one new classification and title and pay changes for two classifications in the University of Iowa P&S Classification System, as presented. Regent Becker seconded the motion. MOTION CARRIED UNANIMOUSLY.

President Forsyth suggested, in the spirit of continuous improvement, that P&S classification revisions be presented to the Board Office for review and approval. The Board Office could refer issues it wished the Board review to the Board's Human

Resources Committee. He hoped that, over time, the P&S classification revisions could be delegated to the institutions.

Director Evans stated that, doing as suggested by President Forsyth would require a corresponding change in the Regents Policy Manual.

Board members agreed to change the policy in the Policy Manual accordingly.

**MISCELLANEOUS INSTITUTIONAL AGENDA SUBMISSIONS—IOWA STATE UNIVERSITY.**

(a-1) Discontinue the M.S. Degree Program in Industrial Relations.

(a-2) Discontinue the Undergraduate Major in Botany.

(a-3) Discontinue the Undergraduate Major in Zoology.

(a-4) Discontinue the M.S. and Ph.D. Program in Biomedical Engineering.

(a-5) Discontinue the Undergraduate Major in Plant Health and Protection.

President Forsyth commended President Geoffroy and Provost Allen for their review of academic programs. He stated that Board members received no telephone calls or emails regarding the proposed program discontinuances, which indicated that this difficult task was handled with great finesse.

President Geoffroy stated that faculty support the recommendations for discontinuance and students have also been consulted.

President Forsyth noted that the M.S. degree in Industrial Relations was the only such program in Iowa.

MOTION:

Regent Newlin moved to approve Iowa State University's request to discontinue the (1) M.S. degree program in Industrial Relations; (2) Undergraduate Major in Botany; (3) Undergraduate Major in Zoology; (4) M.S. and Ph.D. Degree Programs in Biomedical Engineering; and (5) Undergraduate Major in Plant Health and Protection. Regent Neil seconded the motion. MOTION CARRIED UNANIMOUSLY.

(b) Merger of the Department of Industrial Education and Technology with the Department of Agricultural and Biosystems Engineering.

President Forsyth thanked Provost Allen for his leadership of the University academic program reviews.

Provost Allen said he commended the three deans and their colleagues. He also commended the department chairs and, most importantly, the faculty who were involved in the two departments and the Faculty Senate.

MOTION: Regent Becker moved to approve Iowa State University's proposal to merge the Department of Industrial Education and Technology with the Department of Agricultural and Biosystems Engineering. Regent Neil seconded the motion. MOTION CARRIED UNANIMOUSLY.

(c) Naming of the Veterinary Medicine Teaching Hospital.

President Geoffroy presented Iowa State University's request to name the Veterinary Teaching Hospital as the Dr. Eugene and Linda Lloyd Teaching Hospital in honor of Dr. and Mrs. Lloyd who made a lead gift of \$3.5 million which provided one-half of the private gift goal for the project.

MOTION: Regent Neil moved to approve Iowa State University's request to name the Veterinary Teaching Hospital as the Dr. Eugene and Linda Lloyd Teaching Hospital. Regent Downer seconded the motion. MOTION CARRIED UNANIMOUSLY.

**APPOINTMENTS BY PRESIDENT FORSYTH.**

MOTION: Regent Neil moved to ratify the appointments made by President Forsyth to various groups, as presented. Regent Downer seconded the motion. MOTION CARRIED UNANIMOUSLY.

**EXECUTIVE SESSION.**

Regent Downer stated that the following item on the Board's agenda involved a personnel appeal. The Board Office made a recommendation; however, since the

Board's decision has the potential for being appealed into District Court, the Board members wished to discuss the matter with counsel before acting upon the Board Office recommendation. Iowa Code §21.5(c) provides the Board with a basis for entering into closed session to discuss this matter.

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

MOTION CARRIED UNANIMOUSLY.

The Board having voted at least two-thirds majority resolved to meet in closed session beginning at 2:50 p.m. on June 16, 2004, and adjourned therefrom at 3:57 p.m. on that same date.

#### **PERSONNEL APPEAL.**

MOTION: Regent Downer moved that the personnel appeal before the Board be remanded to the Board Office for additional information and legal research with the objective of making a definitive judgment no later than the August 4 Regents meeting. Regent Becker seconded the motion. MOTION CARRIED UNANIMOUSLY.

#### **ADJOURNMENT.**

The meeting of the Board of Regents, State of Iowa, adjourned at 4:00 p.m. on Wednesday, June 16, 2004.

  
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Gregory S. Nichols  
Executive Director