

The Board of Regents, State of Iowa, met on Wednesday, March 10, 2004, at Drake University in Des Moines. The following were in attendance:

March 10 .

Members of the Board of Regents, State of Iowa

Dr. Newlin, President	All sessions
Dr. Arbisser	Excused at 3:45 p.m.
Dr. Becker	All sessions
Mr. Downer	All sessions
Mr. Forsyth	All sessions
Mr. Neil	All sessions
Ms. Nieland	All sessions
Ms. Rokes	All sessions
Dr. Turner	Excused at 3:45 p.m.

Representing the Office of the Board of Regents at the Board Table

Executive Director Nichols	All sessions
Director Barak	All sessions
Director Elliott	All sessions
Assistant Director Newell	All sessions
Minutes Secretary Briggie	All sessions

Representing the State University of Iowa at the Board Table

President Skorton	All sessions
Interim Provost Cain	All sessions
Vice President True	All sessions

Representing Iowa State University at the Board Table

President Geoffroy	All sessions
Provost Allen	All sessions
Vice President Madden	All sessions

Representing the University of Northern Iowa at the Board Table

President Koob	All sessions
Provost Podolefsky	All sessions
Vice President Schellhardt	All sessions

Representing the Iowa School for the Deaf at the Board Table

Superintendent Prickett	All sessions
Director Heuer	All sessions

Representing the Iowa Braille and Sight Saving School at the Board Table

Superintendent Thurman	All sessions
Director Woodward	All sessions

THE CORRESPONDING DOCKET MEMORANDUM FOR  
EACH AGENDA ITEM IS AVAILABLE ON THE  
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BY CALLING 515/281-3934.

## BOARD OF REGENTS, STATE OF IOWA

The following business was transacted on Wednesday, March 10, 2004, beginning at 1:25 p.m.

### **APPROVAL OF MINUTES OF BOARD MEETING OF FEBRUARY 18-19, 2004.**

President Newlin asked if there were any additions or corrections to the minutes, other than those which were distributed to Board members prior to the meeting. There were none.

**ACTION:** President Newlin stated the Board approved the minutes of the February 18-19, 2004, meeting, as revised, by general consent.

### **ELECTION OF PRESIDENT, BOARD OF REGENTS, STATE OF IOWA.**

President Newlin stated that his two-year term as President of the Board of Regents expires on May 1, 2004, and he would not seek another term. Therefore, an election was in order.

**NOMINATION:** Regent Turner nominated Robert Downer as the next President of the Board of Regents. Regent Becker seconded the nomination.

Board members expressed concern about this issue being docketed for the March Board meeting rather than April and this item being added to the agenda with only a one-day notice.

**MOTION:** Regent Neil moved to table this matter until next month. Regent Nieland seconded the motion.

Board members discussed the stress involved in making a decision about members who might have an interest in the Board presidency; the advantage/disadvantage of delaying action another month; and, providing a public forum for each of the Board

members who are interested in the presidency (Robert Downer and John Forsyth) to present their visions of the position.

VOTE ON THE MOTION:                    AYE: Arbisser, Forsyth, Neil, Nieland, Rokes.  
    NAY: Becker, Downer, Newlin, Turner.

MOTION CARRIED.

Regent Nieland asked that when the Board again discusses election of a President, both Regents Downer and Forsyth present their views about leadership of the Board of Regents.

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

(b) Institutional and Board Office Personnel Transactions. Ratification of the following personnel transactions was requested. *University of Iowa:* The Register of Personnel Changes was not received in the Board Office and would be reported next month. The effective date for the appointment of Michael J. Hogan, Provost, was changed from July 1, 2004, as approved in February, to May 17, 2004. *Iowa State University:* Register of Personnel Changes for February 2004. *University of Northern Iowa:* The Register of Personnel Changes was not received in the Board Office and would be reported next month. *Iowa School for the Deaf:* Register of Personnel Changes for February 2004. *Iowa Braille and Sight Saving School:* The Register of Personnel Changes was not received in the Board Office and would be reported next month. *Board Office:* There were no transactions this month on the Board Office personnel register.

(c) Revision to Policy Manual. Approval was requested of the first reading of a revision to the Board of Regents Policy Manual: §1.02: Strategic Plan for the Board of Regents (2004 – 2009).

(d) P&S Classification Revision, University of Iowa. Approval was requested of additions to the Professional and Scientific Classification System at the University of Iowa.

(e) Proposed Academic Calendars for 2004-08, University of Northern Iowa. Approval was requested of the 2005-2008 academic calendars for the University of Northern Iowa.

(f) Department of Emergency Medicine, University of Iowa. Approval was requested of the University of Iowa's proposal to form a new Department of Emergency Medicine.

(g) Proposed Curriculum Changes, University of Northern Iowa. Referral was requested of the proposed curriculum revisions for the University of Northern Iowa's 2004-2006 General Catalog to the Board Office and the Interinstitutional Committee on Educational Coordination (ICEC) for review and recommendation.

(h) School and Holiday Calendar, Iowa School for the Deaf. Approval was requested of the School and Holiday Calendars for the Iowa School for the Deaf for 2004-05.

(i) Equipment Purchases for University of Iowa Hospitals and Clinics. Approval was requested to purchase the following items for the University of Iowa Hospitals and Clinics: (1) A 3.0 Tesla Magnetic Resonance Imaging (MRI) System in the amount of \$2,475,578 for the MRI Suite. (2) A 1.5 Tesla MRI System in the amount of \$1,848,079 for the UIHC MRI Suite. (3) An Angiography System in the amount of \$1,012,395 for the UIHC Interventional Radiology Suite.

Regent Forsyth requested that the University of Iowa's new Department of Emergency Medicine and the University of Iowa Hospitals and Clinics' equipment purchases be removed from consideration on the consent docket.

ACTION: President Newlin stated the Board, by general consent, approved the consent docket with the exception of the two items noted above.

Regent Forsyth expressed his view that, as a matter of practice, approval of new departments should not be included on the consent docket.

MOTION: Regent Forsyth moved to approve the University of Iowa's proposal to form a new Department of Emergency Medicine. Regent Downer seconded the motion. MOTION CARRIED UNANIMOUSLY.

Regent Forsyth requested additional information, particularly with regard to the history, of the University of Iowa Hospitals and Clinics' proposed equipment purchases. Senior Associate Director Staley provided additional information related to this request including the Board's prior approval of a capital project to replace the MRI suite (October 2003), and the maintenance and repair burden of the current equipment.

There was also discussion about neuro-psychiatric research, the increased imaging power of modern equipment, and the cost share (50-50 University of Iowa Hospitals and Clinics and College of Medicine) for operating and maintenance expenses.

MOTION: Regent Forsyth moved to approve the University of Iowa Hospitals and Clinics' equipment purchases. Regent Becker seconded the motion.  
MOTION CARRIED UNANIMOUSLY.

President Newlin asked for introductions of the new student government leaders who were in attendance.

President Skorton introduced Lindsay Schutte, newly-elected President of the University of Iowa student government. He noted that outgoing President Nate Green and outgoing Vice President Mayrose Wegmann were also in attendance.

President Koob introduced Brendon Moe, newly-elected President of the Northern Iowa Student Government.

#### **REPORT OF THE BANKING COMMITTEE.**

Regent Arbisser reported on the March 10, 2004, meeting of the Banking Committee. He said the Banking Committee received reports from the State Auditor and from internal auditors. The Banking Committee approved several bond resolutions, and approved a recommended financing plan for the Kinnick Stadium renovation.

Barry Fick of Springsted, Inc., the Board's financial advisor, reported on the bids that were received that morning for the sale of \$25,000,000 Utility System Revenue Bonds, Series S.U.I. 2004. One bid was received from a group of 15 underwriting firms led by A.G. Edwards and Sons, for a true interest rate of 3.919 percent, which he said was an extremely favorable rate. The interest rate was projected to come in at 4.06 percent. The lower-than-anticipated interest rate will result in a reduced interest cost of \$400,000 over the life of the bonds. He said Moody's affirmed the bonds' rating of AA2 with a stable outlook. Reasons given for the stable outlook included steady student demand, growing research funding, and ongoing positive operating performance despite continued cutbacks in state funding.

Ed Bittle of the Ahlers law firm, the Board's bond counsel, reported that this sale would enable the University to operate under more modern bond covenants and no longer require retaining a trustee after the outstanding bonds mature.

MOTION: Regent Arbisser moved to adopt the following resolution: A Resolution providing for the sale, award, and issuance of \$25,000,000 Utility System Revenue Bonds (The State University of Iowa) Series S.U.I. 2004, approving and authorizing the

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agreement of such sale and award and authorizing and approving the execution and delivery of the Ninth Supplemental Indenture, Tax Exemption Certificate, Continuing Disclosure Certificate, and other documents. Regent Neil seconded the motion, and upon the roll being called, the following voted:

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

NAY: None.

ABSENT: None.

MOTION CARRIED UNANIMOUSLY.

Mr. Fick stated that, in April, four different series of bonds will be sold in three refunding sales. Very positive interest rate savings were anticipated to be realized.

Mr. Bittle stated that, of the three bond issues to be sold, one Academic Building Revenue Bond Refunding issue will be sold in two series and the other Academic Building Revenue Bond Refunding issue, for which debt service is being paid through July 1, 2007, by tobacco bond proceeds, will be sold in one series. The third bond sale would be a refunding for the ISU Recreational Facility.

MOTION:

Regent Arbisser moved to adopt A Resolution authorizing the Executive Director to fix the date or dates for the sale of up to \$7,100,000 Recreational Facility Revenue Refunding Bonds, Series I.S.U. 2004. Regent Neil seconded the motion, and upon the roll being called, the following voted:

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

NAY: None.

ABSENT: None.

MOTION CARRIED UNANIMOUSLY.

MOTION:

Regent Arbisser moved to adopt A Resolution authorizing the Executive Director to fix the date or dates for the sale of up to \$7,000,000 Academic Building Revenue Refunding Bonds, Series S.U.I. 2004. Regent Neil seconded the motion, and upon the roll being called, the following voted:

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

MOTION CARRIED UNANIMOUSLY.

MOTION:

Regent Arbisser moved to adopt A Resolution authorizing the Executive Director to fix the date or dates for the sale of up to \$8,900,000 Academic Building Revenue Refunding Bonds. Regent Becker seconded the motion, and upon the roll being called, the following voted:  
AYE: Arbisser, Becker, Downer, Forsyth, Neil, Newlin, Nieland, Rokes, Turner.  
NAY: None.  
ABSENT: None.

MOTION CARRIED UNANIMOUSLY.

Regent Arbisser stated the Banking Committee received a detailed presentation on the Kinnick Stadium renovation project, which was favorably received.

MOTION:

Regent Arbisser moved to provide direction to the Board on financing the Kinnick Stadium Renovation. If the Board chooses Design Option B, B1, C or D, direct the University to return to the Banking Committee with a financing plan for the Board selected design option. If the Board approves proceeding with the University's recommended design option (Option E) for the renovation of Kinnick Stadium (project cost of \$86.8 million), recommend the issuance of parity, student fee backed bonds and bond anticipation notes as the least costly financial mechanism. Regent Forsyth seconded the motion, and upon the roll being called, the following voted:  
AYE: Arbisser, Becker, Downer, Forsyth, Neil, Newlin, Nieland, Rokes, Turner.



NAY: None.  
ABSENT: None.

MOTION CARRIED UNANIMOUSLY.

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

President Newlin recognized President Skorton.

President Skorton stated that he had recently submitted materials to Board members about an allegation concerning football recruiting practices at the University of Iowa. He said University officials are making a strong effort to deal with the allegation expeditiously and transparently. He expressed pride in the athletic programs' integrity, and said this serious allegation will be addressed. He stated for the record that the leadership of the Department of Athletics has been very helpful and cooperative since the issue first surfaced.

Board members commended President Skorton for taking swift action, and thanked him for the report.

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

#### (a) University of Iowa.

Vice President True stated that it was brought to the University's attention following last month's Board meeting that insufficient information had been provided on several projects with budgets under \$1 million. He said University officials will try to do a better job of providing the Board Office with additional information on those smaller projects.

Vice President True pointed out that this month's capital register included a project to replace aluminum wiring in the Bowen Science Building, a program statement for the Chemistry Building remodeling project, and the Kinnick Stadium design presentation.

Kevin Monson of Neumann Monson Architects provided Board members with a PowerPoint presentation (Attachment A) on the proposed schematic design for the Kinnick Stadium renovation project.

Regent Arbisser asked for the number of individuals accessing the new press box area versus the number who are able to currently access the press box. Mr. Monson

responded that the new press box will seat nearly 2,200 people. Vice President True stated that 345 people can be accommodated in the current press box.

MOTION: Regent Downer moved to approve the entire package for the Kinnick Stadium renovation project (Option E), as presented. Regent Turner seconded the motion.

Regent Turner asked if the amount of ADA seating would be adequate to meet current as well as future needs. Mr. Monson responded that the design will match the code-required ADA seating in the new construction, and was anticipated to exceed the need.

Regent Neil asked that the record show an exception was being made to the potty parity ratio for this project. Mr. Monson responded that potty parity is being met.

VOTE ON THE MOTION: MOTION CARRIED UNANIMOUSLY.

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

(b) Iowa State University.

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

(c) University of Northern Iowa.

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

**INSTITUTIONAL AGREEMENTS, LEASES AND EASEMENTS.**

MOTION: Regent Becker moved to approve the leases for the benefit of the institutions as summarized below: University of Iowa— New lease with IAgen, LLC for its use of business incubator space

at the Oakdale Research Park. Iowa State University—Farm lease agreements with the Committee for Agricultural Development (CAD) and the Iowa State University Foundation for the College of Agriculture's use of various parcels of farm land located in Story and Boone counties. Regent Downer seconded the motion, and upon the roll being called, the following voted:  
AYE: Arbisser, Becker, Downer, Forsyth, Neil, Newlin, Nieland, Rokes, Turner.  
NAY: None.  
ABSENT: None.

MOTION CARRIED UNANIMOUSLY.

#### **APPROVAL OF TITLE IIA GRANT PROPOSALS.**

In response to a question from Regent Nieland about the absence of a proposal from Iowa State University, Provost Allen said he would speak with Dean Gmelch to determine the reason.

Regent Turner questioned the impact on the projects of providing funding of a lesser amount than the amount requested. Will the projects go forth in a different manner? Director Barak responded that, following Board approval of the general projects each year, changes are recommended to the projects to bring costs in line with the dollars available.

MOTION: Regent Becker moved to approve seven recommended Title IIA grant projects. Regent Arbisser seconded the motion. MOTION CARRIED UNANIMOUSLY.

#### **REQUEST FOR HEARING.**

MOTION: Regent Neil moved to deny the former employee's request for hearing. Regent Downer seconded the motion. MOTION CARRIED UNANIMOUSLY.

**REGENT LEGISLATIVE PROGRAM.**

Executive Director Nichols provided an overview of legislative activities that have taken place since the Board last met, including the status of bills the Board discussed at its meeting last month.

Regent Neil noted that the Board Office had not recommended a position on Governor Vilsack's financial management bill. Executive Director Nichols responded that the bill to which Regent Neil referred was not included for Board consideration because it had not yet been printed for introduction and so the Board Office had not had an opportunity to review the text.

**MOTION:** Regent Neil moved to go on record as supporting the financial management bill as proposed by the Governor. Regent Forsyth seconded the motion.

Executive Director Nichols suggested it would be helpful for the Board to provide general direction to the Board Office concerning the philosophy of the Governor's financial management bill but allow staff the opportunity to make sure that the text does conform with the Governor's original recommendations, once introduced. Regents Neil and Forsyth stated their intent in the motion to do so.

**VOTE ON THE MOTION:** Motion carried unanimously.

Executive Director Nichols said the Board Office would work with the Board's legislative liaisons with regard to the Board's direction on the Governor's financial management bill.

Regent Forsyth referred to the bill on the timing of tuition setting. He suggested working to eliminate the date by which the Board must set tuition. Executive Director Nichols stated the House had been asked to do so, per Board direction, but they chose to leave the March date in the bill. Attempts to pursue amendments will also be undertaken in the Senate.

Regent Forsyth referred to the bill on the sale of the Iowa Communications Network. He asked that the Board Office work to add language that would not mandate the Regent institutions to use the Iowa Communications Network. Executive Director Nichols responded affirmatively.

**ACTION:** President Newlin stated the Board, by general consent, (1) received the monthly report on 2004

legislative session and (2) ratified the Board position on identified bills.

### **PROPOSED MISCELLANEOUS FEES AND CHARGES.**

Assistant Director Anania provided a PowerPoint presentation (Attachment B) of the proposed miscellaneous fees and charges.

**MOTION:** Regent Arbisser moved to (1) give preliminary consideration to the proposed changes to miscellaneous fees and charges for fiscal year 2004-2005, as presented and (2) approve the revision of the administrative rule regarding university application fees as presented and authorize the Executive Director to file the rule revision in the required form. Regent Becker seconded the motion. **MOTION CARRIED UNANIMOUSLY.**

### **PROPOSED RESIDENCE RATES, BUDGETS AND FIVE-YEAR PLANS.**

Associate Director Hendrickson provided a PowerPoint presentation (Attachment C) of the residence system rates, budgets and five-year plans.

Regent Forsyth asked that, in the future, the institutions provide information on past five-year projections to determine the historic accuracy of projections.

Regent Arbisser asked that each institution address in its presentation the proposed rate increases in light of the current adverse economy.

Vice President Jones addressed Regent Arbisser's question by stating that the University of Iowa's annual rate increases are based on cost increases and maintaining reserves at a certain level.

Von Stange, the new Director for Residence Services at the University of Iowa, presented the University's report. Discussion followed regarding:

- Comparison of off-campus housing to on-campus housing, both with regard to cost and amenities. Vice President Jones indicated that the University's double room rates are well below market rates; students are able to live on campus cheaper than in an apartment off campus.

- University maintains a minimum residence system reserve of approximately \$10 million which provides funds for operations during the summer, capital improvement projects, and fluctuations in occupancy. Director Stange indicated that University residence system officials plan \$27 million in capital improvement projects over the next five years.
- Concerns raised by a student organization regarding sidewalks, the proposed rate increases, relocation of the tennis courts, and the number of family housing units.
- There is virtually no waiting list for the current family housing.

Vice President Hill presented Iowa State University's report. Discussion followed regarding:

- Whether the revenue projections, slated to increase by 9.7 percent, are achievable in light of the projected increase in occupancy and the proposed 3.8 percent average rate increase. University officials believe their projections to be accurate and conservative.
- Regent Forsyth expressed concern that the University is addressing expense management but is not addressing revenues. He stated that the Board needs to see a comprehensive five-year contingency plan to address requirements of the bond covenants, efforts to increase revenues, and capital expenditures.
- The effect on students of taking off line the less expensive residence halls. The University has experienced difficulty filling the lower-cost facilities. New and newly-renovated facilities typically have a high occupancy rate.
- The very competitive housing market in Ames.
- University officials were asked to provide a breakdown of the occupancy rates for the various types of units. University officials were also asked to provide information on past five-year projections to determine the historic accuracy of projections and the impact on bond covenants. Vice President Hill stated that Iowa State University officials would provide the requested information for the various facilities.

University of Northern Iowa Residence System Director Robert Hartman provided the University's presentation. Discussion followed regarding:

- The possibility that the residence system is overbuilt and, therefore, it is necessary to increase the rates at the level proposed.

- Reducing the capacity of the residence system.
- The proposed rate increase could cause a further decline in the occupancy rate.
- The University's hiring of a residence system consultant to help determine how the rooms should be reconfigured and to review market conditions.
- Lowering instead of raising the residence rates. Director Hartman assured the Board that University officials will study the matter of how low the University might be able to reduce residence rates and still achieve a numerical gain by having a slimmer margin with more people.
- The occupancy rate of five years ago, which was nearly 100 percent.
- The very competitive housing market in Cedar Falls.
- The correlation of enrollment to occupancy in light of the University's plans to lower enrollment to address the continuing budget cuts.
- The parietal rule.

Regent Becker expressed her preference to defer action on the University's proposed 7 percent rate increase until receipt of the University's consultant's report.

Regent Rokes shared her perspective as an employee of the University of Northern Iowa's Department of Residence. She spoke positively about students' experiences in the residence halls, the two-year advantage program, and the University's marketing of on-campus housing to students. She also discussed the aggressive strategies of private landlords to market their housing to students and agreed with University officials that price is not the defining factor for choosing housing.

Regent Forsyth stated the University has significant excess capacity and more fixed costs than variable costs. Therefore, he requested that the University's consultant be asked to determine the elasticity of demand, whether some rooms are less desirable than others, and how to market to students.

**ACTION:** President Newlin stated the Board, by general consent, (1) Received a summary report on the university residence systems including the five-year plans for FY 2005 through FY 2009. (2) Considered the universities' academic year 2004-2005 proposed rate increases for a combined

double occupancy residence hall room and full board plan of \$5,882 at SUI, \$5,958 at ISU, and \$5,261 at UNI. (3) Considered the universities' academic year 2004-2005 proposed rates for all residence halls, board options, apartments, and miscellaneous residence charges. (4) Considered the universities' preliminary FY 2005 residence system budgets, which are subject to further review and action when the Board approves the final FY 2005 institutional budgets. (5) Directed the universities to provide updated projections for fall 2004 university enrollment and residence system occupancy with the final presentation of FY 2005 residence system budgets.

**PROPOSED PARKING RATES.**

Assistant Director Anania provided a presentation on the proposed parking rates.

**ACTION:** President Newlin stated the Board considered the proposed parking rate increases at the three Regent universities, by general consent.

**ADJOURNMENT.**

The meeting of the Board of Regents, State of Iowa, adjourned at 4:23 p.m. on Wednesday, March 10, 2004.

  
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Gregory S. Nichols  
Executive Director