

The Board of Regents, State of Iowa, met on Wednesday and Thursday, November 3 and 4, 2004, at the University of Northern Iowa, Cedar Falls. The following were in attendance:

	<u>November 3</u>	<u>November 4</u>
<u>Members of the Board of Regents, State of Iowa</u>		
Mr. Forsyth, President	All sessions	All sessions
Dr. Arbisser	All sessions	All sessions
Dr. Becker	All sessions	Excused at 3:00 p.m.
Mr. Downer	All sessions	All sessions
Mr. Neil	All sessions	All sessions
Dr. Newlin	All sessions	All sessions
Ms. Nieland	All sessions	Excused at 3:25 p.m.
Ms. Rokes	All sessions	All sessions
Ms. Vasquez	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
Deputy Executive Director Steinke	All sessions	All sessions
Interim Director Bradley	All sessions	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
Associate Provost Koch	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	All sessions
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

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

BOARD OF REGENTS, STATE OF IOWA

On Wednesday, November 3, 2004, the following Board Committees met: Audit and Compliance, Economic Development, and University of Iowa Hospitals and Clinics Executive Board. The reports of the Committee meetings are contained within these minutes, beginning on page 103.

The following business was transacted on Thursday, November 4, 2004, beginning at 9:00 a.m.

MINUTES OF THE SEPTEMBER 14-15, 2004, BOARD MEETING.

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

MOTION: Regent Arbisser moved to approve the minutes of the September 14-15, 2004, Board of Regents meeting, as written. Regent Nieland seconded the motion. MOTION CARRIED UNANIMOUSLY.

PROPOSED BOARD MEETING SCHEDULE FOR 2005-2006.

MOTION: Regent Neil moved to approve the Board meetings schedule through December 2006. Regent Becker 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 August and September 2004. Iowa State University: Register of Personnel Changes for August and September 2004. University of Northern Iowa: Register of

Personnel Changes for August and September 2004. Iowa School for the Deaf: Register of Personnel Changes for September and October 2004. Iowa Braille and Sight Saving School: Register of Personnel Changes for August and September 2004. Board Office: Appointment of Susan E. Anderson as Assistant Director, Legal Affairs and Human Resources, effective October 25, 2004, at an annual salary of \$63,000 plus the usual fringe benefits. Regent Arbisser seconded the motion. MOTION CARRIED UNANIMOUSLY.

EXECUTIVE SESSION.

Regent Rokes stated the Board had need to meet in closed session pursuant to Iowa Code section 20.17(3) to conduct a strategy meeting of a public employer for collective bargaining.

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, Vasquez. NAY: None. ABSENT: None.

MOTION CARRIED UNANIMOUSLY.

The Board having voted at least two-thirds majority resolved to meet in closed session beginning at 9:04 a.m. on November 4, 2004, and adjourned therefrom at 9:45 a.m. on that same date.

PROPOSED BASE TUITION AND FEES FOR 2005-2006 ACADEMIC YEAR.

Executive Director Nichols reviewed the recommended action for base tuition and fees for academic year 2005-2006, as follows:

1. Base annual tuition increases:
 - a. A base annual tuition increase of 4% (projected median of HEPI) for the following categories:
 - Undergraduate resident students at SUI, ISU, and UNI (\$188)

- Undergraduate nonresident students at ISU (\$576) and UNI (\$481)
 - Graduate resident students at SUI, ISU, and UNI (\$220) and nonresident students at SUI (\$640), ISU (\$606), and UNI (\$520)
- b. A differential base annual tuition increase of 6% for undergraduate nonresident students at SUI (\$922).
2. Selected graduate and professional program increases:
- a. For students entering fall 2005 as requested by the University of Iowa:
- MBA full-time resident of \$1,920 (18.3%) and nonresident students of \$2,270 (11.8%).
 - Dentistry resident of \$2,695 (15.5%) and nonresident of \$3,312 (10.1%).
 - Law resident of \$810 (7.0%) and nonresident of \$1,380 (5.4%)
- b. Professional program as requested by Iowa State University as follows:
- Veterinary Medicine resident students of \$1,648 (16.0%) and nonresident students of \$3,271 (12.0%)
3. In addition to the proposed base tuition increase, changes to mandatory fees that include:
- a. Proposals for increased mandatory fees.
- b. A new career services fee at the University of Iowa.
4. Tuition-related miscellaneous charges and other University of Iowa proposals.

President Forsyth stated that student leaders would first be asked to provide comments, followed by the presidents or provosts, and then the Board members.

Sophia Magill, Iowa State University student body president, expressed students' support for the proposed annual increase in the base undergraduate resident tuition of 4%. With regard to the proposal for increased tuition for veterinary medicine students, she said she had spoken with the dean and several students, but needed to have more in-depth discussions with students before being able to present students' perspective on the proposal. She said the veterinary medicine proposal was a major fiscal move which needed to be critically addressed. There must be assurance that students will benefit from the additional costs to them.

Ms. Magill stated there must be adequate state support of the Regent institutions because quality education is Iowa's greatest resource. Last year, students began the

Iowa State University Ambassador Program. She described the activities of those students with state legislators.

Brendan Moe, Northern Iowa Student Government President, welcomed everyone to the University of Northern Iowa. He expressed students' support for the proposed increase of 4% in the base resident undergraduate tuition. Students also support limiting mandatory student fee increases to the increase in the Higher Education Price Index. He then stated that University administrators were given a limited amount of time in which to revise the fee request to limit the mandatory student fee increase to 4%. There was not adequate time to consult with campus constituencies to create a revised proposal for the November Board meeting. He said students have requested the student services and health fees be returned to their previously-agreed-upon levels of \$222 and \$114, respectively, and that the computer fee be reduced to \$117.

Mr. Moe stated that he urged legislators to fully support the Board of Regents' appropriations requests for FY 2006, eliminating the possibility of tuition supplemental requests at a later date. He explained that if he is forced to leave Iowa in his job search upon graduation, the more than \$100,000 that the state has invested in his educational career since he was in kindergarten will be lost to a state that is able to provide him with a higher-paying job. Therefore, it is vital that no further tuition increases become necessary next year due to a lack of state funding, and that Iowa continue to encourage companies to bring well-paying jobs to our state.

Lindsay Schutte, University of Iowa student government president, expressed students' support for the 4% increase in the base resident undergraduate tuition. She expressed concern about the proposed 6% increase in the base tuition for undergraduate non-resident students at the University of Iowa, noting that she had not had time to discuss the matter thoroughly with her constituencies. She also expressed support for limiting the increase in student fees to 4%. She said students support the new career services fee because career services are not adequate at the University of Iowa. However, she was unsure whether a \$6 fee would provide adequate funding for an effective career services program in the future.

Ms. Schutte requested that the Board carefully review student fees for computers and information technology. She said students were concerned with how the supplemental fees will be requested and how the money will be used.

Ms. Schutte next addressed the effort to work with the state legislature to secure adequate funding for the Regent institutions. She discussed a meeting she had with Gary Steinke of the Board Office about student involvement with the state legislature. She said students understand the importance of having a strong united front with the state legislature.

Ms. Schutte stated that the most serious concern of students was the prospect of a supplemental tuition increase. If such a supplement is requested, who will request it and where is the money to be spent? She said students will bring several policy proposals to the Board with regard to these questions. Students do not want supplemental tuition increases to be charged differently by campus.

Regent Downer commended the students on a highly-effective, well-thought-out proposal. He said the Board members appreciate the manner in which the student leaders carry out their responsibilities to their constituents. He noted that the students clearly recognize the financial plight in maintaining the quality of the institutions.

Regent Becker expressed appreciation for the involvement of student leadership in developing the tuition policy.

Regent Neil referred to Mr. Moe's presentation about the state's \$100,000 investment in his education, and encouraged him to spread that message.

Regent Vasquez expressed support for, and requested additional information about, plans to collaboratively work with the legislature. Ms. Magill responded that last year was the first step in the collaborative effort, when the Regent student governments hosted the first, "Meet the Future of Iowa". President Forsyth spoke at the event and invitations were extended to the entire state legislature. Students are now planning for an event on March 2, 2005, to showcase the activities of students within our state.

President Forsyth commended the students for their presentations, noting that they had raised good issues. He expressed appreciation to university officials for reducing the fee level of increase to 4%. He referred to the proposed career services fee at the University of Iowa, and said it was his understanding that there will be more investments in terms of outplacement services. He told students that he looked forward to working with them more effectively and in a coordinated fashion with the legislature.

President Geoffroy commented on Iowa State University's tuition proposal which included a program increase for Veterinary Medicine resident students of \$1,648 (16.0%) and nonresident students of \$3,271 (12.0%). Ultimately, the issue is the quality of the veterinary medicine college at Iowa State University. University officials want the College to try to achieve a top 10 ranking in the next five years, noting that the current tuition is low on a relative basis.

President Forsyth asked for the rationale for a higher percentage increase for in-state veterinary medicine students than for out-of-state students. Dean Thompson responded that market comparisons were done of other Colleges of Veterinary

Medicine. He said the proposal was consistent with the market. An analysis was performed of the current tuition and where tuition is projected to be. The current proposal would place Iowa State University's veterinary medicine tuition at the high end of the market today and at the mid-range to perhaps the upper quarter in four years.

President Forsyth asked if University officials were presenting a multi-year proposal. Dean Thompson responded affirmatively. He stated that College officials proposed a 12% per year addition to the HEPI-based tuition increase for resident veterinary students for the period FY 2006 through FY 2009. For non-resident students, an 8% addition to the HEPI-based increase was proposed for FY 2006-FY 2007 and a 5% addition to the HEPI-based tuition increase was proposed for FY 2008-FY 2009. He said the proposal was part of a five-year plan to enhance the College's standing as a premier veterinary college in the U.S. He noted that accreditation concerns were focused primarily on buildings, where there was the most visible deterioration. However, there were programmatic areas that had deteriorated, as well.

Dean Thompson expressed his passion for Iowa State University's College of Veterinary Medicine. He said his father had graduated from the College of Veterinary Medicine in 1938. He graduated from the College in 1967. His oldest son graduated from the College in 2000. He stated that he has the strongest desire to return the College to its premier status.

President Forsyth said he did not know the precedent of the Board approving multi-year tuition requests; however, the Board could be philosophically supportive of the direction in which the College wishes to head. He expressed the Board's support of the reinvestments in the College.

Regent Neil expressed support for the proposal related to the College of Veterinary Medicine, and wished Dean Thompson the best of luck.

Regent Downer also expressed support for the College of Veterinary Medicine proposal and strongly urged the Board to adopt the recommendations. He then related a story of a meeting he recently attended at which a father of an Iowa State University veterinary medicine student had approached him. The man's daughter had transferred to Iowa State University from the Royal Veterinary College in the United Kingdom. His daughter was much more satisfied at Iowa State University than she had been in the U.K.

Regent Rokes expressed her belief that there was student support for the veterinary medicine proposal.

President Koob stated that University of Northern Iowa officials support the across-the-board increase of 4% in resident undergraduate tuition and fees. He also expressed

support for Mr. Moe's requested realignment of fees to absorb the computer fees into the University's general fund budget. He stressed that doing so was predicated upon the receipt of additional state appropriations with which to absorb the expense.

President Forsyth pointed out that he had asked two of the three universities to reduce the mandatory fee increases to 4%. He said the originally-proposed fee increases had already gone through the collaborative processes within the institutions and had received student support of the higher level of fee increases. However, it was his understanding that Board members believe in the importance of having a simple, unified message to the legislature. He said many people cannot distinguish between tuition and fees; therefore, both cost increases were to be tied to HEPI.

President Forsyth stated that he had told President Skorton and President Koob that in the event the institutions do not receive their shares of the additional requested \$40 million in state appropriations, the Board will consider supplemental requests on tuition and fees relative to the needs of the institutions.

Provost Hogan expressed appreciation for the efforts of Lindsay Schutte and the rest of the University of Iowa student government members. He noted this was his first time through the process of setting tuition and fees. Generally speaking, University officials were hoping for larger increases in some of the fee categories; however, those increases were brought in line with the 4% strategy proposed by the Board. One exception, in the case of the University of Iowa, was the proposed 6% increase in undergraduate non-resident tuition, he said the University continues to have very strong out-of-state demand for its services.

With regard to graduate and professional tuition, Provost Hogan stated that University of Iowa officials requested additions for three colleges: Business, Dentistry and Law. He said there is a strong need to provide competitive educational services in those colleges. The proposal would provide the same dollar increase for in-state and out-of-state students, although the percentages would be different. Even so, tuition costs will remain in the bottom one-half of the respective peer groups.

Provost Hogan introduced College of Dentistry Dean David Johnsen, College of Pharmacy Dean Jordan Cohen, and, College of Business Associate Dean Gaeth.

President Forsyth asked for an explanation of the proposal for the larger percentage increase for in-state dentistry students. Dean Johnsen responded that the additional revenue in the College of Dentistry would be used for student financial aid, problem-based learning, radiology, procedurally-intense areas, recruitment and retention, and teaching clinic updates. He said the College's tuition would remain very competitive and that College administrators have worked hard to have a lean operation.

With regard to the differential in the percentage increase between in-state and out-of-state students, Dean Johnsen stated that the price for out-of-state students to attend the University of Iowa's College of Dentistry is nearing the cost to attend a private dental school. University officials wish for the College of Dentistry to remain competitive in attracting out-of-state students. Although 75% of dental students are lowans, the College has a very good applicant pool for out-of-state students.

President Forsyth stated that if there is to be a request to increase in-state tuition at a higher percentage than out-of-state tuition, there should be compelling logic for doing so. He asked that, in the future, that documentation be included as part of the documents that are provided to the Regents prior to Board meetings.

Regent Arbisser asked if there is a significant difference in the level of earning of an in-state dentist versus one who practices outside of the state's border. Dean Johnsen responded that the earnings of Iowa dentists stack up fairly well with the national average. Dentists in Iowa are very busy and very successful. He noted that the College is actively partnering with communities and professional organizations around the state to retain dentists. Dentists who practice in cities earn more than do dentists who practice in rural areas, but there is also a difference in overhead cost.

Associate Dean Gaeth addressed the proposal of the College of Business for an MBA program increase of \$1,920 (18.3%) for full-time resident students and \$2,270 (11.8%) for non-resident students. He stated that the University of Iowa's program is frequently ranked in the top 10 public MBA programs in the country and it is also among the smallest programs. College officials pay attention to the competition; even with the proposal, the tuition for in-state and out-of-state students would be low within the peer group.

President Forsyth questioned why the same percentage increase would not be applied to both resident and non-resident students. Associate Dean Gaeth stated that College officials would work to present the logic behind the proposal. He said the proposal was cost-based with regard to a new curriculum revision. Business communications, ethics in business, and leadership are some of the knowledge areas being demanded by the business community. College officials determined how much it would cost to bring those items into the curriculum and then determined an amount to be charged to each individual student.

President Forsyth questioned why the percentage increase was not proposed to be the same, if not less, for lowans. Associate Dean Gaeth responded that the percentages were determined according to what it would cost per student – resident and non-resident.

President Forsyth asked Provost Hogan if he would re-examine the proposal of the College of Business. Provost Hogan responded that University officials would do so.

President Forsyth asked that the issue of Iowa residents paying a higher percentage increase than non-residents be addressed. Provost Hogan said the College's concern was in covering the cost of the new curriculum. If the costs can be covered in a different way, they would be happy to do so.

President Skorton pointed out that the professional schools, by the nature of the austerity the University has experienced, remain the most high-strength programs with some of the lowest tuitions in their peer groups.

Executive Director Nichols suggested to President Skorton that a written commentary be provided to Board members in the interim, prior to the next Board meeting. Doing so will provide Board members with an opportunity to present feedback to University officials before the decision point in mid-December.

President Forsyth stressed that the proposals for larger percentage increases for in-state students of the College of Veterinary Medicine and the College of Dentistry had provided compelling logic.

Regent Newlin asked for the location of the closest private dental school. Dean Johnsen responded that Creighton would be the closest private dental school. He noted that the University of Iowa's College of Dentistry is also competing with the out-of-state tuition of other dental schools.

College of Law Associate Dean Anderson said the basic argument for differential increases for the Law School was the same as had been expressed by representatives of the other colleges. Out-of-state students of the College of Law have historically considered Iowa a great value for the money. He said out-of-state students, who comprise one-third of the students, are very important to the quality of the program. He stated that College officials will develop more information to bring back to the Board. He noted that it was important for out-of-state tuition to remain in the bottom one-half of the peer groups.

President Forsyth thanked the deans and associate deans for traveling to the Board meeting to answer the Board's questions.

Regent Rokes pointed out that this was her first time to vote on tuition policy. She said she wished to send a message to legislators that students will struggle to pay this level

of tuition, even though it is a smaller percentage increase than has been experienced in the recent past.

President Forsyth asked to make the following changes within the memorandum for this agenda item:

Page 5, the last paragraph under 'University proposals', "If the Regent institutions do not receive increased state appropriations of \$40 million, the Regent universities ~~may~~ will be allowed to bring forward additional requests for tuition and fees at a later date."

Page 8, top paragraph, "The enhancement of a \$40 million increase in state operating appropriations each year, beginning in FY 2006, to the Regents would be matched by specifically directed annual internal reallocations of ~~approximately~~ at least \$20 million.

Page 13, include on the chart entitled, "Regent University Educational Funding", a dotted line indicating if the \$40 million in additional appropriations is received and if the 4% tuition increase is implemented.

President Forsyth referred to the table on the top one-half of page 14, and questioned the large increase in undergraduate unit cost at the University of Northern Iowa from FY 2003 to FY 2005. President Koob explained that the increase in unit cost was the result of a reduction in the number of students on campus. The number of students was reduced over two fiscal years to allow the University to maintain its educational quality.

President Forsyth referred to the chart on page 16 which compared each of the three Regent universities' tuition and fees with those of their peer group averages. He stated that one could see why, over time, differential tuition might have to happen. He said the University of Northern Iowa was priced at the peer group average and would face some elasticity issues as it relates to residents but that was not necessarily the case with the University of Iowa and Iowa State University.

President Forsyth referred to the chart on page 21 of the memorandum which indicated the amount of FY 2005 student aid set aside at each of the three universities as a part of the overall budget. He said it would be helpful to break out the information for in-state and for out-of-state students.

Regent Rokes asked that the chart to which President Forsyth referred also show whether the student aid is merit- or need-based.

Regent Arbisser referred to the chart on page 13 entitled, "Regent University Educational Funding", and noted that FY 2005 was the first time that tuition and other revenue exceeded the 50% level. He stated that FY 2005 was the first time that the appropriation was less than 50% of the universities' educational funding.

Regent Newlin referred to the graph on page 14 of Regent average tuition and fees compared to national averages. He stated he was somewhat surprised that Iowa's tuition remains below the national average.

MOTION:

Regent Arbisser moved to preliminarily approve the following proposals for 2005-06 academic year tuition and fees, effective with the summer session 2005, subject to final review and approval in December: (1) Base annual tuition increases as presented: (a) A base annual tuition increase of 4% (projected median of HEPI) for the following categories: *Undergraduate resident students at SUI, ISU, and UNI (\$188); *Undergraduate non-resident students at ISU (\$576) and UNI (\$481); *Graduate resident students at SUI, ISU, and UNI (\$220) and nonresident students at SUI (\$640), ISU (\$606), and UNI (\$520); (b) A differential base annual tuition increase of 6% for undergraduate nonresident students at SUI (\$922). (2) Selected Graduate and Professional program increases as presented: (a) For students entering fall 2005 as requested by the University of Iowa: *Dentistry and MBA to provide additional information and potential changes; (b) Professional program as requested by Iowa State University as follows: *Veterinary Medicine resident students of \$1,648 (16.0%) and nonresident students of \$3,271 (12.0%); (3) In addition to the proposed base tuition increase, changes to mandatory fees as outlined that include: (a) Proposals for increased mandatory fees, except for the distribution of fees at the University of Northern Iowa; (b) A new career services fee at the University of Iowa; (4) Tuition-related miscellaneous charges and other University of Iowa proposals, as presented. Regent Neil seconded the motion. MOTION CARRIED UNANIMOUSLY.

MOTION: Regent Becker moved to preliminarily approve, for students entering fall 2005 as requested by the University of Iowa: *Law resident of \$810 (7.0%) and nonresident of \$1,380 (5.4%). Regent Rokes seconded the motion. MOTION CARRIED WITH REGENTS DOWNER AND NIELAND ABSTAINING (EACH OF WHOM HAS A CHILD ATTENDING THE LAW SCHOOL).

LEGISLATIVE PROGRAM FOR 2005.

Director Steinke expressed enthusiasm as he presented the Partnership for Transformation and Excellence, and the balance of the legislative program for the next four fiscal years. The following is a summary of his presentation:

The portion of the Board's legislative program entitled, "Partnership for Transformation and Excellence" is well titled. The partnership began some months ago when representatives of the Board Office and the State Relations Officers began meeting with legislators to discuss the Regents Public Policy Task Force recommendations, and to address concerns and criticisms. The result was a very good public policy and transformational plan. Many legislators have conceptually accepted the plan.

The 2005 session of the Iowa General Assembly is scheduled to commence on Monday, January 10, 2005.

Key elements of the Board's legislative program include:

- (1) A request for a \$40 million incremental increase in state appropriations to the Board of Regents for FY 2006 through FY 2009. Assuming full funding of this request, by FY 2008, Regent funding would be restored to the FY 2001 level.
- (2) A matching funds request from the state where the three Regent universities reallocate up to \$20 million per year for each of four years. In return, the state will appropriate to the Regents at a \$2.00 to \$1.00 match ratio, \$40 million per year for each of the next four years. This reallocation represents the beginning of an important public reinvestment in the educational enterprise of the three Regent universities which will enhance the quality of the public higher education enterprise and provide both an incentive and an opportunity for university-wide reprioritization and reallocation of resources to the most important strategic areas.

- (3) If this transformational partnership plan is adopted, and appropriations are funded at the level requested, the Regents will not increase tuition beyond the base inflationary increase for resident Iowa undergraduates during the four-year period the program is operational. This assumes that all current base funding will remain constant in FY 2006 at FY 2005 funding levels.
- (4) A five-year plan to address the most significant deferred maintenance and fire safety needs of facilities on the campuses that impact the quality of the education and research activities and the safety of participants. This program would require a \$15 million state commitment for five years and a match of institutional funds to meet the most critical needs in this area. This will be the only state capitals funding request from the Regents in the upcoming legislative session for FY 2006.
- (5) A non-appropriations request for relief from numerous statutory and administrative state mandates that impede the Regents flexibility in governance, require unnecessary extra staff work or reporting that results in inefficiencies, which are obsolete or currently serve no critical strategic purpose or which increase operating costs by limiting Regents access to more competitively-priced products. The regulatory relief issues may be included in other bills.
- (6) Maintain special schools funding at the level of other K-12 schools allowable growth reflected in state school aid funding, as has been the approach in recent years.
- (7) Support anticipated proposals that will originate from other agencies:
 - (a) Recommendation from the Iowa Department of Economic Development to fund the Battelle recommendations related to the biosciences.
 - (b) Recommendations from the Iowa College Student Aid Commission to fund the state College Work Study program and the Iowa Grant program.

President Forsyth asked that, in the future, the Board's effort to provide predictable tuition and mandatory fees be so stated. The memorandum for this agenda item was written as "predictable tuition".

Executive Director Nichols pointed out that Board members had been provided with a document entitled, "Building on Iowa's Educational Advantage", as an example of an effort to present information about the complex Regent enterprise in a simple format. The effort is being done to explain the importance of the Regent institutions and provide information on the legislative partnership program.

Regent Nieland asked that the materials include information on the economic impact of Regent employees on the state of Iowa. Regent Arbisser expanded on Regent Nieland's suggestion to include the impact of the 42,000 Regent employees' income taxes to the state and the economic impact on Iowa's economy which results from the millions of dollars of federal grants purchasing equipment and services in the state.

President Skorton expressed strong support for the legislative partnership plan, and noted that faculty leadership is also enthusiastic about the plan. With regard to the economic impact of Regent employees to the state of Iowa, he reminded Board members that, two years ago, University of Iowa Professor Charles Whiteman prepared an economic analysis that included tax accruals of employees as well as multiplier effects on suppliers and supply chains. He offered to provide Board members with a copy of the report and, if so desired, to refresh the data. He noted that the multiplier effect was conservatively done and yet the aggregate impact on the enterprise and the state was enormous.

President Forsyth asked that University of Iowa officials proceed as offered by President Skorton.

Regent Neil complimented the Board Office on the materials that were produced to provide Regent institutional data in a simple format. He suggested that the materials be provided to legislators and that feedback be requested on whether the data suited legislators' needs.

President Forsyth stated that he had asked the Board Office to expand the materials to include numerous categories, for example, education, research and patient care.

Regent Newlin referred to the statement in the materials that for every \$1 in state funding, the Regent universities generate \$1.54 in external gifts, grants and non-resident tuition. He stated that was compelling data that showed a 154% return on state investment.

Director Steinke said President Koob had made a great suggestion about the item highlighted by Regent Newlin, which would be incorporated into the materials.

President Koob said he first wished to emphasize that the return on investment for Iowa is actually the education of its people and the ideas that are generated by the research at the universities. The dollars that are brought into the state are dollars that are leveraged from other sources; therefore, he suggested the wording be changed from "return on investment" to "leverage". He then questioned whether it might be worthwhile to try to quantify return on investment by including the 181,000 Regent university alumni who live in the state of Iowa, the impact of a bachelors degree versus a high school

degree on the level of an individual's income, etc. He suggested that such an effort would provide a better sense of the economic impact of the collateral investment benefit for the state of Iowa.

Regent Downer stated that the amount of total student financial aid is greater than the state appropriations to the universities. He said those are dollars, regardless of source, that go directly into the Iowa economy and create jobs and tax revenues.

Regent Neil referred to the topic of health care, and suggested including information on the value of care provided by the University of Iowa Hospitals and Clinics for the \$27 million Indigent Patient Care Program appropriation, the number of Iowans who are served by the Program and the number of clinic visits.

Regent Rokes recommended that the informational materials be provided to parents of students – current, incoming and prospective. She said there are many students who are first-generation college students and many of their parents do not realize what the Regent institutions have to offer.

Director Steinke stated that he was proud of Regent Rokes' instrumental efforts to facilitate meetings for himself with students. He said the students have terrific ideas and a dynamic plan to get the word out.

ACTION: President Forsyth stated the Board, with enthusiasm, accepted the report and adopted the recommendations for 2005 legislative program, by general consent.

PRELIMINARY REVISION TO THE BOARD OF REGENTS POLICY MANUAL – ALL OF CHAPTER 9 EXCLUDING CAPITAL THRESHOLDS.

Director Elliott stated the Policy Manual Chapter 9 revisions presented in this agenda item were those which were not included with the capital thresholds changes.

President Forsyth referred to page 7 of the memorandum for this agenda item, and asked that the phrase "shall develop energy conservation plans" be retained.

Regent Downer referred to section 9.17, and asked for a review of the use of the words "institution", "owner", and "university", particularly since Iowa State University is responsible for the overall administration of capital projects at the special schools. He asked for clarification about who is going to be making decisions and having responsibility in each case.

President Forsyth referred to page 13, letter E, and asked to change the wording to "in the best interest of the Regent enterprise", instead of "in the best interest of the institution". On page 23, letter D, he asked to add the clause, "and inform the Regents". On page 24, letter F, he asked to add language to clarify how disagreements will be addressed.

MOTION: Regent Downer moved to approve, as first reading, the revisions to Chapter 9 – Capital Procedures of the Board of Regents Policy Manual, which were not presented to the Board with the Chapter 9 threshold revisions in September 2004, as revised at this meeting. Regent Rokes seconded the motion. MOTION CARRIED UNANIMOUSLY.

REVISIONS TO THE BOARD OF REGENTS POLICY MANUAL (FINAL APPROVAL).
(a) Chapter 2 – Meetings.

Executive Director Nichols stated the language of this section of the Policy Manual was updated to reflect current practice.

Regent Downer expressed concern about the wording of item d on page 3, as follows, which he felt set a bad tone for the Board of Regents as a public Board. He suggested striking the words, "on rare occasions": "The president may, on rare occasions, recognize an individual seeking, without advance written or oral notice, to comment during deliberations on an agenda item."

Several Regents discussed the need to keep the Board's docket manageable.

Several Regents made suggestions for wording changes.

Regent Downer suggested that consideration be given to setting aside a specific limited time for public comment.

President Forsyth related his past experience with a Board of Regents that allowed for public comment which, he said, worked very well. He said the question for this Board of Regents was whether it wants to allow for public comment. He suggested tabling this matter, to be brought back as an agenda item for further discussion. He asked that the Board Office consider some alternatives, possibly in conjunction with the five institutions.

Executive Director Nichols suggested tabling the revision in subsection D, as suggested, and that the Board take action on the other conforming changes in this section of the Policy Manual.

President Forsyth asked for a motion to approve the revisions to Chapter 2 of the Policy Manual, as presented by the Board Office. He said that if a determination is made to change the policy on public comment (§2.08 D.), the Board would modify the Policy Manual accordingly. He said the Board will have a focused discussion about whether the policy is broken and, if so, how it should be fixed.

MOTION: Regent Neil moved to give final approval to revisions to Chapter II – Meetings of the Board of Regents Policy Manual, as presented. Regent Becker seconded the motion. MOTION CARRIED UNANIMOUSLY.

(b) Chapter 4 – Personnel.

MOTION: Regent Neil moved to give final approval to revisions to Chapter IV – Personnel of the Board of Regents Policy Manual. Regent Becker seconded the motion. MOTION CARRIED UNANIMOUSLY.

(c) Chapter 7 – Business Procedures.

Executive Director Nichols stated the most notable item in the review of business procedures was the definition of reallocation.

MOTION: Regent Neil moved to give final approval to revisions to Chapter 7 – Business Procedures of the Board of Regents Policy Manual. Regent Becker seconded the motion. MOTION CARRIED UNANIMOUSLY.

(d) Chapter 9 – Capital Procedures.

Executive Director Nichols stated that the dollar thresholds were revised to streamline the capital approval processes.

President Forsyth questioned the threshold for “material changes” as addressed on page 4, #4, of the memorandum for this agenda item. He asked that there either be a

definition of the threshold for material changes, or that the wording as determined by the Board Office be added for clarification.

Regent Becker referred to page 2 of the memorandum for this item and questioned the greater threshold for prior Board approval of formal project planning than for project approval. President Forsyth said the threshold differences were not unusual in terms of project conceptualization. Executive Director Nichols said another reason was that the dollar amount of a project at the planning phase is an imprecise science; therefore, the universities are given more latitude on the front end of a project.

Regent Becker asked for the reasoning behind having a greater threshold for approval of new building projects than for renovation projects. Executive Director Nichols responded that the intention was for a higher standard of scrutiny for new construction. There will be a more rigorous process if the institutions wish to build new square footage.

MOTION: Regent Neil moved to give final approval to the dollar threshold revisions to Chapter 9 – Capital Procedures of the Board of Regents Policy Manual, as modified. Regent Becker seconded the motion. MOTION CARRIED UNANIMOUSLY.

INSTITUTIONAL AGREEMENTS, LEASES AND EASEMENTS.

President Forsyth questioned the advisability of entering into the proposed five-year lease with Graceland University for Iowa State University's use of building space to house equipment for KOWI-FM (Iowa State University's recently-acquired public radio station), and for Graceland's use of Iowa State University's radio studio equipment.

Vice President Madden stated that, regardless of the outcome of the public radio study that is underway, this particular activity should move forward. He said Graceland is using the facility and equipment as part of its academic program. Iowa State University officials would like to encourage the cooperative nature of this project. Also, the proposal will provide public radio coverage to a part of Iowa that is not currently served.

MOTION: Regent Becker moved to approve the following leases for the benefit of the institutions: University of Iowa – Lease agreements with Trinity Building Corporation, Fort Dodge, Iowa, and Covenant Medical Center, Waterloo, Iowa, for two UIHC Child Health Specialty Clinics. Lease renewal with Resource Development Associates for its use of

business incubator space in the Technology Innovation Center at the Oakdale Campus. Iowa State University – New leases with Graceland University, Lamoni, Iowa, for Iowa State University's use of building space on the Graceland University campus to house equipment for KOWI-FM (Iowa State University's recently acquired public radio station), and for Graceland's use of Iowa State University's radio studio equipment; and Lyrix Wireless for its use of tower space near Leon, Iowa, to house cellular telecommunications equipment. Regent Downer seconded the motion, and upon the roll being called, the following voted:

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

NAY: None.

ABSENT: None.

MOTION CARRIED UNANIMOUSLY.

COMPREHENSIVE FISCAL REPORT FOR FY 2004.

Associate Director Hendrickson presented a summary of the comprehensive fiscal report which compares actual FY 2004 revenues and expenditures with the Board-approved budgets, and identifies significant variances, focusing on the general operating and restricted funds. This report also included historical data for the past five years. Highlights of her remarks follow:

- The general operating funds, which totaled \$1.7 billion for the Regent institutions, include operating appropriations, some federal funds, interest income, tuition and fee revenues, reimbursed indirect costs, and sales and service revenues.
- Restricted funds are specifically designated or restricted for a particular purpose. The total for FY 2003 was \$1.3 billion and include a variety of revenue sources including capital appropriations, tuition replacement appropriations, gifts, sponsored funding from federal and private sources, residence system revenues, athletics, as well as other auxiliary or independent functions such as parking and utility systems.
- The residence system and athletic budgets are part of the restricted budget; however, they are presented to the Board individually for approval. Therefore, tables comparing athletic and residence system budgeted revenues and

expenditures with actual revenues and expenditures as well as the variances were identified by each University.

- FY 2004 was another year with mid-year deappropriations and revised budgets.

President Forsyth expressed appreciation for the new format of the report which provided data for the past five years. He asked that the next report include combined funds for all institutions.

Associate Director Hendrickson asked if the Hospital is to be separated out in the combining of the funds. President Forsyth responded affirmatively.

President Forsyth pointed out various elements of the report for the last five years. He noted that federal support has increased by \$104 million. Indirect costs have increased by \$29 million. Tuition and fees have increased by \$145 million. The institutions have not invested in buildings or equipment. Overall salaries and P&S supplies have driven the expense side of the budgets.

President Forsyth suggested the report provide variances on a year-by-year basis as a plus "x" percent or minus "x" percent.

Regent Downer commended University of Northern Iowa officials on the rather substantial increase in revenue from the University's athletic programs. He said he was pleased to see the greater fan support. He then expressed concern about the reduction in library expenditure from the prior year. He asked if there was a specific reason for the expenditure reduction and whether it was expected to be a recurring circumstance.

President Koob responded that variations in expenditure will occur from year to year. He stressed that the commitment to library expenditures has remained the same.

President Forsyth noted that the University of Iowa was under budget in tuition and fees but over budget in aid to individuals. He said it seemed that those would move in the same direction. Vice President True responded that decisions about financial aid are based on the budget. When tuition is less than expected in a given year, student financial aid will be stable. One reason that student financial aid may be somewhat higher than expected is because individual deans can commit dollars to scholarships.

President Forsyth commented on the changes in income and revenue of intercollegiate athletics budgets at each university over the last five years. He said it was interesting that, at a time of budget cuts from the state, the general fund support to athletics has continued to increase. He then suggested the Education Committee have a public policy discussion about the level of support for intercollegiate athletics from sports income, general funds and student fees.

President Skorton stated that, although general university support to intercollegiate athletics at the University of Iowa had increased through FY 2003, it went down in FY 2004 and further declined in the current fiscal year.

ACTION: President Forsyth stated the Board received the FY 2004 comprehensive fiscal report, by general consent.

COMMITTEE REPORT – AUDIT AND COMPLIANCE.

Regent Newlin presented the report of the November 3, 2004, Audit and Compliance Committee meeting, as follows:

- The Committee discussed and approved its revised work plan.
- State Auditor Vaudt presented and the Committee received audit reports on the state of Iowa and the five Regent institutions. State Auditor Vaudt indicated that the Regent institutions have the correct policies and procedures in place.
- The Committee and the State Auditor discussed the increasing costs of audits. State Auditor Vaudt agreed to return to the Committee in February to further discuss audit costs. He also agreed to return to the Committee in May regarding his office's audit approach for the Regent institutions.
- University personnel presented an update on the Sarbanes-Oxley activities on the three campuses. The universities are taking incremental actions to implement the relevant sections of the Act. Each university has appointed a committee with responsibilities that include:
 - refinement and development of a business code of conduct,
 - development of a confidential reporting mechanism with anti-retaliation provisions, and
 - refinement of financial certification practices.

The Committee requested the universities consider utilizing one combined Sarbanes-Oxley committee. A follow-up report on Sarbanes-Oxley is scheduled for the Audit and Compliance Committee meeting to be held in six months.

- Committee members discussed the dashboards definitions and color indicators developed by the internal auditors and the Board Office. The dashboards are an evolving tool for the Committee. One change was made to the definitions as presented, which the Committee adopted.

- The internal auditors discussed and the Committee received the internal audit reports.
- The University of Northern Iowa internal auditor reported on and the Committee received a follow-up audit of an external audit on UNI-Dome concessions.

ACTION: President Forsyth stated the Board received the report of the Audit and Compliance Committee, by general consent.

COMMITTEE REPORT – ECONOMIC DEVELOPMENT.

Regent Downer presented the report of the November 3, 2004, Economic Development Committee meeting, as follows:

- The Committee received a report about the formation of the Biosciences Alliance. The Battelle Report recommended the formation of this Alliance as a way to facilitate communications and develop support for an Iowa biosciences vision. Committee members agreed to recommend that the Battelle report incorporate ISU's biotechnology risk assessment project as one of its platforms.
- The Committee received a report about the Department of Economic Development's bid for an FY 2006 budget allocation to implement the Battelle report's first-year recommendations. The budget bid consists of \$5.325 million for general fund investments and \$16.588 million to develop an infrastructure fund. The total bid is for \$21.913 million. The request is not part of the Regents' budget request but the Board Office's recommended FY 2005 legislative program includes a recommendation for Board support of this proposal.
- The Committee received a report on plans for the annual report on economic development and technology transfer.
- The Committee received reports from each of the universities concerning the status of projects initiated under the auspices of the Grow Iowa Values Fund.
- It is anticipated that, at its next meeting, Committee members will discuss the trend for students at Iowa universities to leave the state after college. The Committee will also discuss possible policy responses to this trend.

ACTION: President Forsyth stated the Board received the report of the Economic Development Committee, by general consent.

MOTION: Regent Newlin moved to adopt the recommendation that the Battelle report incorporate ISU's biotechnology risk assessment project as of one its platforms. Regent Rokes seconded the motion. **MOTION CARRIED UNANIMOUSLY.**

COMMITTEE REPORT – UNIVERSITY OF IOWA HOSPITALS AND CLINICS EXECUTIVE BOARD.

Regent Arbisser presented the report of the November 3, 2004, University of Iowa Hospitals and Clinics Executive Board Committee meeting, as follows:

- The Committee received the Director's report, which included discussion on the strategic planning process, the UIHC's advertising campaign, score cards, and a lean sigma project.
- The Committee requested that the UIHC include the challenges it faces in each of the score card areas and that the UIHC identify targets for process improvements using the lean sigma approach.
- The Committee discussed the proposed agenda for its February 2005 meeting. The Committee also received a brief report on faculty turnover; additional data is expected at the February meeting.
- In February 2005, the UIHC is scheduled to discuss the vision and strategy components in the development of its strategic plan. The presentation is also to include the strategic issues related to the Carver College of Medicine.
- The Committee received an update on the Hospitals operations for the first two months of FY 2005. Information on bad debt expense will be added to the next fiscal update.
- The Committee received information on the internal management review of the UIHC which was conducted by the University's internal auditors. The UIHC provided data related to the days of cash on hand and the days of accounts receivable from July 2002 through September 2004 – to highlight the differences before, during, and after the implementation of the new IDX billing system.

UIHC management anticipated and prepared for the variations that occurred in the cash flows related to its change in billing systems. It was clear from the data that the UIHC weathered the change well and has benefited from the new billing system implementation.

- The UIHC and consultants made a presentation to the Committee that included the capital management cycle, critical relationships between strategy and financial capability for capital investment, comparative fiscal data, UIHC capital development plans, cash reserves, and debt capacity.

Prior to a decision as to the amount and issue date of future UIHC bonds, a discussion on fixed and variable rate debt financing will occur at the December Investment Committee meeting.

The Committee also requested that the UIHC consider its capital plan in conjunction with its strategic plan.

ACTION: President Forsyth stated the Board received the report of the University of Iowa Hospitals and Clinics Executive Board Committee, by general consent.

SALE AND AWARD OF \$24,625,000 MEMORIAL UNION REVENUE BONDS, SERIES ISU 2004.

Vice President Madden stated the bond sale was to finance the renovation of the Iowa Memorial Union.

Mark LeMay of Springsted, Inc., the Board's financial advisor, stated that three bids were received that morning for the bonds. The low bid, submitted by a group headed by Citigroup Global Markets, was for a true interest rate of 4.3835%. The true interest rate of the second-lowest bid was 1.4 basis points higher than that of the winning bid. He said the bonds were rated AA3 by Moody's and A+ by Standard & Poor's, and the yields were comparable to those of AAA-rated bonds on the Delphis scale.

Mr. Bittle of the Ahlers law firm, the Board's bond counsel, stated that the language of the resolution would be modified to reflect the use of term bonds.

MOTION: Regent Newlin moved to adopt the following resolutions: (1) A Resolution providing for the sale and award of \$24,625,000 Memorial Union

Revenue Bonds, Series I.S.U. 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 \$24,625,000 Memorial Union Revenue Bonds, Series I.S.U. 2004, funding the debt service reserve fund, and paying costs of issuance. Regent Downer seconded the motion, and upon the roll being called, the following voted: AYE: Arbisser, Becker, Downer, Forsyth, Neil, Newlin, Nieland, Rokes, Vasquez
NAY: None.
ABSENT: None.

MOTION CARRIED UNANIMOUSLY.

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

Vice President True stated the first item University officials wished to highlight was the University of Iowa Hospitals and Clinics emergency medicine project.

Senior Associate Director Staley pointed out that the Emergency Treatment Center-related project for utility relocation and expansion was to be disregarded because the project was incorporated within the main Emergency Treatment Center Expansion and Renovation project. He then introduced the schematic design and project description and budget for the Emergency Treatment Center Expansion and Renovation project. He explained the need for and the benefits of the project.

Russ Bitterman with Shiffler Associates Architects in Des Moines provided a PowerPoint presentation of the project. Elements highlighted included the site plan, expansion of parking, signage, views from different directions and the floor plans. He said the project will address the limitations of and security concerns associated with the existing facility. The project is scheduled to be undertaken in two major phases.

Regent Arbisser noted that the University of Iowa Hospitals and Clinics is the only American College of Surgeons-certified level-one trauma center in Iowa. As such, he said the University has to be able to respond at a different level than does a community hospital. There are certain costs built into this project, such as the decontamination room, that exceed what one might expect in another setting.

Regent Arbisser asked for the anticipated level of patient growth. Dr. Eric Dickson, Head of the Department of Emergency Medicine, stated there had been an 18% growth of patients admitted to the Hospital in the last year. Specialty services are available at the University of Iowa Hospitals and Clinics that are not available at other hospitals. The Hospital is increasingly receiving more referrals of sicker patients. He said the new and renovated facility will provide the ability to care for the critically ill and injured, especially in the pediatric population. The pediatric area will be extended and separated from the somewhat harsher environment of the rest of the Emergency Department.

Regent Nieland asked if the square foot cost for this project would exceed what other hospitals might spend for a similar project. Senior Associate Director Staley responded that the cost for this facility would be greater for the reasons outlined by Regent Arbisser and because of the training program costs. He said the University of Iowa Hospitals and Clinics has the first and only emergency medicine residency training program in the state. Facilities for the training program are included within the project budget.

President Forsyth asked for the life expectancy of the Carver Pavilion of University of Iowa Hospitals and Clinics. Senior Associate Director Staley responded that, overall, hospital buildings usually carry a life expectancy of up to 75 years. He said the Carver Pavilion was opened in 1978; therefore, one would expect potentially another 30 or 40 years of useful life from the facility.

President Forsyth asked if there would be any operating complexities during the construction period. Dr. Dickson responded that an extensive staging plan has been developed. The majority of the new Emergency Department's clinical operation will be in the new facility while the old clinical area is renovated. The renovated space will then be incorporated into the new Emergency Treatment Center.

Regent Neil asked for the square footage of this project. Mr. Bitterman responded that there will be 24,000 square feet of additional space on the first floor, 19,000 square feet of additional space on the lower level, and 19,000 square feet in the renovated Carver Pavilion first floor space.

Regent Neil questioned the \$30 million project budget, noting that the 1998 plan for an Emergency Treatment Center project of 43,000 square feet also had a project budget of \$30 million. Mr. Bitterman stated that an outside firm had developed the estimates on the project. The architects feel that the estimate is conservative and will allow for increased costs due to inflation over the next four years. Dr. Dickson pointed out that the current project was in a different location (south instead of north of the current location), which created a significant amount of savings.

Regent Downer referred to the proposed architectural agreement amendment to include construction administrative services. He asked if construction administration services are typically provided by a project's architect. Senior Associate Director Staley responded that is done on a relatively frequent basis.

MOTION: Regent Arbisser moved to approve the schematic design, project description and budget (\$30,000,000), and Amendment #1 with Shiffler Associates Architects, Des Moines, Iowa (\$813,500) for the University Hospitals and Clinics—Emergency Treatment Center Expansion and Renovation project, with the understanding that this approval will constitute final Board approval and authorization to proceed with construction. Regent Becker seconded the motion. MOTION CARRIED UNANIMOUSLY.

Senior Associate Director Staley stated that the second project for which University of Iowa Hospitals and Clinics officials requested approval was the University Hospitals and Clinics—Intermediate Pulmonary Care Unit Development, about which he offered to answer questions. There were none.

MOTION: Regent Arbisser moved to approve the schematic design and project description and budget (\$4,700,000) for the University Hospitals and Clinics—Intermediate Pulmonary Care Unit Development project, with the understanding that this approval will constitute final Board approval and authorization to proceed with construction. Regent Nieland seconded the motion. MOTION CARRIED UNANIMOUSLY.

Regent Arbisser indicated that he was satisfied with receiving the type of project diagrams that are included within the agenda memoranda. He said that, to save costs, there was no need to provide the specially-prepared architectural design booklets that are often included in the Board meeting materials.

President Forsyth referred to the Burge Residence Hall—Renovate Restrooms—Phase 2 project and questioned the \$250,000 cost of renovating four restrooms. Vice President True responded that there is a high cost to replace and modernize plumbing fixtures in those original restrooms.

Vice President True introduced Vice President Phil Jones to begin the presentation on Phase 1 of the Iowa Memorial Union Renovation project.

Vice President Jones introduced the following individuals to present the master plan report for renovation of the University of Iowa Memorial Union, and to request approval of the program statement for Phase 1 of the project: David Grady, Assistant Vice President for Student Services and Director of University Life Centers; Bradd Brown of OPN Architects; and, Lindsay Schutte, President of UI Student Government.

Assistant Vice President Grady presented a brief description of the planning process used to develop the programming concepts for the renovation. The goals for the project are to develop a one-stop shop for students, increase and improve the social activity spaces for students, improve retail and food service venues, provide clear navigation and accessibility throughout the building, improve the relationship of the Memorial Union with the Iowa River, and create an inspiring and clear focal point that enhances the University's identity.

Mr. Brown described the program plan for Phase 1 within the context of the master plan for a two-phase project. One of the major improvements on the exterior will be the creation of an outdoor river terrace on the west side of the Memorial Union which will be used as a gathering space as well as a venue for performances, concerts and speaking events. Improvements to the interior of the building will include the creation of a new food service venue, an expanded food court on the ground floor, and renovation and improvement to the back-of-the house food service areas. The bookstore will be renovated and expanded. A connection will be created between the heart of the first floor and the heart of the ground floor by introducing a new stairway directly adjacent to the food court and bookstore entrance.

Mr. Brown stated that one of the major components of Phase 1 is a three-story in-fill of the terrace area which will add just over 13,000 gross square feet to the building. A new east entrance will be created along Madison Street. A large open student gathering space will be created in the heart of the first floor. Other improvements include efficiencies in layout of various office spaces on the first floor. He said way-finding concerns will be addressed as part of Phase 2 as will modernization of and an increase in rest room facilities serving the main lounge.

Regent Becker said it was her recollection that, at one time, there had been discussion about improving access to the Iowa House. Mr. Brown said that issue was discussed. The drop-off area outside of the Union for the Iowa House Hotel will be maintained and the east-west traffic flow from the parking ramp to the Iowa House Hotel would be improved.

President Forsyth asked if other alternatives were considered but the eventual decision was the most cost effective. Mr. Brown responded affirmatively. He said the issue of the Iowa House Hotel entrance can again be reviewed in Phase 2 of the project. He noted that consideration had been given to relocating the Iowa House Hotel entrance toward the south main entrance, where there is another bank of elevators. However, there was no location in that area for parking and loading.

Regent Neil said it was his opinion that there is room to make a better entrance into the hotel.

President Forsyth stated that the Board requested that reconsideration be given to addressing the Iowa House Hotel entrance.

Regent Arbisser asked what consideration had been given to the issue of parking, since there will be some increased traffic. Mr. Brown responded that a number of options to the south had been considered; unfortunately, the Union is fairly landlocked.

Regent Arbisser asked if any consideration had been given, from the standpoint of very long-term planning, to constructing a multi-level parking garage underneath green space.

Vice President Jones stated there was a study on increasing the parking to the south of the building, which was not very well received by most of the campus community. The most significant issue is that there is nowhere to move the loading dock.

Vice President True reminded Board members that a re-thinking of parking in this key area of the campus had been stimulated a couple of years ago. One result of that review was improved way-finding and signage, and increased parking opportunities for people coming to the Union for only one or two hours. Differential parking rates were adopted to address that issue. The more time a vehicle is parked at the Union ramp, the more the price escalates. A study conducted following the first year of the differential parking rates indicates that there are now very few times when the Memorial Union ramp is full.

Regent Arbisser expressed appreciation for University officials' efforts.

Mr. Brown completed his presentation on the program plan by describing the elements of the plan for the second and third floors, as well as the costs for Phases 1 and 2.

Ms. Schutte briefly summarized student involvement in development of the renovation project. She said students are excited about the project. University administrators are

addressing the issues identified by students. She pointed out that the project is a brick and mortar way in which the University is showing how it feels about the students.

Regent Rokes stated that the renovations to the student union at the University of Northern Iowa have really opened up the campus and brought the activities office and the multi-cultural center more into the open. She would like to see similar improvements to the student unions at the University of Iowa and Iowa State University.

Regent Downer stated, in the interest of full disclosure and fairness, that he was concerned with the student fee amount referenced in the materials for Phase 2 of this renovation project. With the limitations the Board has adopted on student fee increases, in the event that it would only be possible for the Board to approve either the East Campus Recreation Center or Phase 2 of the Memorial Union renovation, his vote will be for the East Campus Recreation facility.

MOTION: Regent Downer moved to receive the master plan report and approve the Phase 1 program statement for the Iowa Memorial Union Renovation project. Regent Arbisser seconded the motion. MOTION CARRIED UNANIMOUSLY.

President Forsyth asked about the Kinnick Stadium project. Vice President True responded that, in December, University officials will bring to the Board several action items related to Kinnick Stadium. Those items will include scoreboard-related issues, bids for construction of the south end zone, and an update on the capital fund-raising campaign.

Vice President True stated that he is focused on converting written commitments into contracts, assigning individuals to key locations, and the bidding process as the bid packages go forward. He said University officials are pushing the construction manager, Mortenson, very hard to produce competition and get good prices.

MOTION: Regent Becker moved to approve the remaining items on the University's capital register, with the exception of the Power Plant—Replace Cooling Water Pump House Facility project. Regent Rokes seconded the motion. MOTION CARRIED UNANIMOUSLY.

MOTION: Regent Becker moved to grant permission to proceed with project planning and approve an engineering agreement with Stanley Consultants,

Muscatine, Iowa (\$403,900) for the Power Plant—
Replace Cooling Water Pump House Facility
project. Regent Arbisser seconded the motion.
MOTION CARRIED WITH PRESIDENT
FORSYTH ABSTAINING.

President Forsyth stated he had a potential conflict of interest because the Chair and CEO of Stanley Consultants is on Wellmark's Board of Directors.

(b) Iowa State University.

Vice President Madden stated that the first major project he wished to address was the proposed new Alumni Center project, which was being fully funded from private funds.

President Geoffroy stated that Iowa State University is truly indebted to Roy and Bobbi Reiman for agreeing to fund the complete construction cost for the new Alumni Center. In addition, operating costs would be paid from an Alumni Association \$2 million operating budget and operations endowment to support the maintenance and operating costs of the building.

Vice President Madden said the second major project on the capital register was the new Student Success Center, which was also being funded through private funds. The project would include demolition of what is called the Wallace Road Office Building, which is currently on the site.

MOTION: Regent Downer moved to approve the selection of Herbert Lewis Kruse Blunck, Des Moines, Iowa, to provide design services for the Alumni Center project, and authorize the Executive Director to approve the negotiated agreement with the firm. Regent Neil seconded the motion. MOTION CARRIED UNANIMOUSLY.

MOTION: Regent Arbisser moved to (1) approve the proposed building site and the demolition of the Wallace Road Office Building currently located on the site of the new Student Success Center and (2) approve the selection of OPN Architects, Cedar Rapids, Iowa, to provide design services for the project, and authorize the Executive Director to approve the negotiated agreement with the firm.

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

AYE: Arbisser, Downer, Forsyth, Neil, Newlin, Rokes, Vasquez.

NAY: None.

ABSENT: Becker, Nieland.

MOTION CARRIED.

President Forsyth expressed the Board's appreciation for the development of an endowment for operating expenses.

(c) University of Northern Iowa.

Vice President Schellhardt introduced the new Director of Residence, Michael Hager, to address the Shull Hall projects. He noted that Mr. Hager had been student body president at the University of Northern Iowa.

Director Hager explained the need for the project which will develop a dormitory of single bedrooms available only to upper classmen. He said University officials do not anticipate borrowing funds to pay for the project.

Regent Nieland asked if the policy to not require students to live on campus was to be continued. Director Hager responded affirmatively, noting that the University of Northern Iowa has a 90% capture rate of freshman students.

Regent Neil asked about the building occupancy of 437 students. Director Hager stated the original design capacity of the early-1960s was for two students to a room. University officials proposed to change that to one student to a room, which is more in line with current student demands.

Regent Neil asked if it was necessary to remodel the rooms to convert them to one-person rooms. Regent Rokes responded that it would not be necessary to remodel the rooms to change them to one person – the issue is with the bathrooms. Students do not like the lack of privacy in the bathrooms. She knows of many students who would prefer to stay on campus and have their own room but there is not enough of that type of accommodation currently available.

MOTION: Regent Neil moved to (1) authorize permission to proceed with project planning; and (2) approve the transfer of \$1,600,000 to the Residence System Improvement Fund to fund the Shull Hall projects.

Regent Arbisser seconded the motion. MOTION CARRIED UNANIMOUSLY.

Vice President Schellhardt asked that Randy Pilkington, Executive Director of Business and Community Services, and Brad Leeper with InVision Architects, address the Community Services Building project.

Executive Director Pilkington stated that Phase 1 of the Business and Community Services Building will house the Institute for Decision Making, Business and Community Services Program offices, the John Pappajohn Entrepreneurial Center and student incubator, the innovation accelerator, and a management and professional development training room. He said the facility will also house Iowa State University Extension's northeast Iowa office.

Mr. Leeper presented the schematic design including site location and floor plans. He said the majority of space is office and incubator space. An important element of the facility is the flexible and adaptive spaces for office and conference use. Since a majority of the funds are being provided by the Department of Energy, the facility was designed to minimize long-term energy costs.

Regent Neil asked for the type of heating system. Mr. Leeper responded that the facility will be served by Variable Air Volume air handling units. These units will be equipped with hot water heating coils.

Regent Neil asked why a thermal heating system was not being considered. Mr. Leeper responded that such a system could be considered.

Regent Neil said this project was ideal for that kind of heating application. He encouraged consideration of a thermal heating system because in the long term it is energy efficient and renewable.

Regent Neil then questioned the proposed flat roof, stating that it was time to change the architecture to fit the Iowa environment. Mr. Leeper stated that, although the term "flat roof" is used, the roofs are actually low-sloped. Director Pilkington stated one challenge of this facility is that it is a phased construction program.

President Forsyth asked if the architect would commit to look at a pitched roof in Phase 2. Mr. Leeper responded affirmatively.

MOTION: Regent Neil moved to approve the schematic design and project description and budget (\$4,646,000) for the Business and Community

Services project with the understanding that this approval will constitute final Board approval and authorization to proceed with construction. Regent Arbisser seconded the motion. MOTION CARRIED UNANIMOUSLY.

Vice President Schellhardt next addressed the McLeod Center project. He stated that construction bids were received from six firms. The lowest base bidder was Cardinal Construction of Waterloo with a bid that was approximately 20% higher than the engineering construction estimate. After reviewing the bids, working with the components of the original project budgets of \$20.1 million and considering the probability of raising additional funds, University officials requested Board approval of an increase in the project budget of \$2.66 million, for a total budget of \$22,843,199. University officials also requested approval to award the contract to Cardinal Construction for the base bid of \$19.56 million less alternative #10 of \$108,000 for a total award of \$19,452,000.

Vice President Schellhardt stated that the University of Northern Iowa Foundation has agreed to fund the additional \$2.66 million, which is over and above its original pledge of \$17 million, for a total of \$19.66 million. The Foundation has also agreed to sign a funding contract to guarantee the additional \$2.66 million with its general credit so that the construction contract can be awarded. The contract stipulates the payment amounts and due dates. The Foundation money would be received before construction is scheduled to be completed. He said the Foundation will transfer \$1 million in unrestricted funds from the Students First campaign fund. The Foundation has also agreed to use an additional \$957,203 in pledges that were received prior to the printing of the November Board meeting materials plus another \$421,000 that has been pledged since the Board materials were released, for a total of \$1,378,000. The remaining \$300,000 will be raised privately within the prescribed timeframe. Foundation officials are confident that the money will be raised in a timely manner.

Regent Arbisser asked if the reason for the increased project cost is the increase in steel cost. Vice President Schellhardt responded that was the major reason. Rod Kruse of HLKB, the architectural firm for the project, stated that the higher-than-estimated bids have been a challenge to “get their arms around”. Specialists were used to determine the construction cost estimates. He said the increase in the price of steel has driven up the price of aluminum. Basically, the spin-off of the steel market has taken a significant jump in the last 3-4 months.

President Forsyth stated that President Koob and he had discussed three alternatives. (1) Reject the bids and rebid. However, the top three bids were very close so there was no indication that re-bidding the project would result in lower bids. (2) Reject the bids

and redesign the project. However, the redesign may have an impact on the revenue stream. Also, there is no indication that 12-18 months from now, the bidding climate will be any more favorable than it is today. (3) Accept the bid. University of Northern Iowa supporters regionally and nationally have indicated that this project is important.

President Forsyth stated that, while it is difficult when a project comes in this much over budget, he hoped the Board would support the University's requests.

MOTION: Regent Neil moved to approve (1) the revised McLeod Center project budget of \$22,843,199, an increase of \$2,660,000, with the budget increase to be funded by additional private funds; and (2) award of the construction contract to Cardinal Construction Company, Waterloo, Iowa, for the Base Bid of \$19,560,000, less Alternate #10 of \$108,000, for a total award of \$19,452,000. Regent Downer seconded the motion. **MOTION CARRIED UNANIMOUSLY.**

EXECUTIVE SESSION. Regent Downer stated that agenda items 15 and 16 involved personnel appeals. The Board Office had made recommendations for both items but, because the Board's decision on each item has the potential for being appealed to District Court, he asked that the Board discuss the matters with counsel before acting upon the recommendations. Iowa Code §21.5(c) provides the Board with a basis for entering a closed session to discuss these matters. Also, pursuant to Iowa Code §20.17(3), the Board would complete its collective bargaining discussion that it had begun in closed session that morning.

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

MOTION CARRIED UNANIMOUSLY.

The Board having voted at least two-thirds majority resolved to meet in closed session beginning at 3:30 p.m. on November 4, 2004, and adjourned therefrom at 4:05 p.m. on that same date.

STUDENT APPEAL.

MOTION: Regent Vasquez moved to deny the request of the student for review of a final institutional decision. Regent Arbisser seconded the motion. MOTION CARRIED WITH REGENT ROKES VOTING "NO".

EMPLOYEE APPEAL.

MOTION: Regent Neil moved to (1) deny the request of the employee for a personal appearance before the Board related to the employee's appeal of a final institutional decision; and (2) accept the decision of the institution as the Board's response to the employee's appeal. Regent Rokes seconded the motion. MOTION CARRIED UNANIMOUSLY.

ADJOURNMENT.

The meeting of the Board of Regents, State of Iowa, adjourned at 4:10 p.m. on Thursday, November 4, 2004.



Gregory S. Nichols
Executive Director