

AGENDA

MEETING OF THE  
UTAH STATE BOARD OF REGENTS

January 17, 2003

**Utah State Board of Regents  
Office of the Commissioner  
of Higher Education  
Board of Regents Building, The Gateway  
60 South 400 West  
Salt Lake City, Utah 84101-1284**

**AGENDA**  
**STATE BOARD OF REGENTS MEETING**  
**UNIVERSITY OF UTAH**  
**OLPIN STUDENT UNION**  
January 17, 2003

7:30 a.m. - BREAKFAST MEETING – STATE BOARD OF REGENTS,  
9:00 a.m. UNIVERSITY OF UTAH BOARD OF TRUSTEES,  
PRESIDENT MACHEN, COMMISSIONER FOXLEY  
(Parlor A)

9:00 a.m. - MEETINGS OF BOARD COMMITTEES  
10:00 a.m.

Academic, Applied Technology and Student Success Committee  
(Collegiate Room)

CONSENT:

1. Consent Calendar, Academic, Applied Technology & Student Success Committee Tab A
  - a. University of Utah – Permanent approval, Scientific Computing & Imaging Institute
  - b. Utah College of Applied Technology – Associate of Applied Technology (AAT) Degree in Information Technology at the Mountainland Applied Technology College

INFORMATION:

2. Information Calendar, Academic, Applied Technology & Student Success Committee Tab B
  - a. University of Utah –
    - i. Stand-alone Minor in Nutrition
    - ii. Name change and administrative transfer of Social Work Professional and Community Education Program
    - iii. Interdisciplinary Minor in Literacy Studies
  - b. Weber State University – Name change: Physical Education Non-teaching Major to Human Performance
  - c. USHE – Programs under Consideration/Development at USHE Institutions

DISCUSSION:

3. Discussion Draft of Policy R312, *Institutional Categories, Accompanying Criteria, and Institutional Missions and Roles* Tab C

Finance, Facilities and Accountability Committee  
(Saltair Room)

ACTION:

1. Utah State University – Real Estate Purchase and Associated Revenue Bond Tab D
2. Utah Valley State College – Lease of Property to Heber Power for a Substation Tab E
3. Utah Valley State College – Purchase of Property Contiguous to Campus Tab F

CONSENT:

4. Consent Calendar, Finance, Facilities and Accountability Committee Tab G

- a. USHE – Money Management Reports
- b. UofU and USU – Capital Facilities Delegation Reports
- c. OCHE – Monthly Investment Report
- d. Weber State University – Property Transactions

INFORMATION:

- 5. USHE – Annual Report on Leased Space Tab H
- 6. USHE – Minutes of 12/17/2002 Meeting of the Finance, Facilities & Accountability Committee Tab I
- 7. University of Utah – Campus Master Plan and new Long-Range Development Plan Tab J
- 8. Utah State University – Co-Generation Lease-Purchase Tab K

10:00 a.m. - COMMITTEE OF THE WHOLE  
 12:00 noon (Saltair Room)

- 1. Report of 12/18/02 Special Legislative Session – Base Budget Reductions and One-time Restorations Tab L
- 2. USHE Priorities for 2003 Legislative Session, Including Governor’s Recommendation and Regents’ Review of 2003-2004 Budget Request Tab M
- 3. Results of Student Hearings on Second-tier Tuition Increases for 2003-2004 Tab N
- 4. Report of Regents’ Public Affairs Committee Tab O
- 5. Report of Employers’ Education Coalition, *Assuring Our Children’s Future* Tab P

12:00 noon - LUNCHEON MEETING WITH LEGISLATIVE HIGHER EDUCATION Tab Q  
 1:30 p.m. APPROPRIATIONS SUBCOMMITTEE  
(Ballroom)

1:30 p.m. - REGULAR BUSINESS MEETING OF THE BOARD  
 3:30 p.m. (Saltair Room)

- 1. Report of the Chair
- 2. Report of the Commissioner
- 3. Report of Board Committees
  - Academic, Applied Technology & Student Success Committee (Tabs A - C)
  - Finance, Facilities & Accountability Committee (Tabs D - K)
- 4. General Consent Calendar Tab R

\* \* \* \* \*

Projected times for the various meetings are estimates only. The Board Chair retains the right to take action on any item at any time. In compliance with the Americans with Disabilities Act, individuals needing special accommodations (including auxiliary communicative aids and services) during this meeting should notify ADA Coordinator, 60 South 400 West, Salt Lake City, UT 84180 (801-321-7124), at least three working days prior to the meeting. TDD # 801-321-7130.

**MEMORANDUM**

January 8, 2003

TO: State Board of Regents

FROM: Cecelia H. Foxley

SUBJECT: Consent Calendar, Academic, Applied Technology, and Student Success Committee

The following requests have been submitted by the designated institutions for consideration by the Regents on the Consent Calendar of the Academic, Applied Technology, and Student Success Committee.

1. University of Utah (U of U)

a. Permanent Approval of the Scientific Computing and Imaging Institute

**Request:** The Scientific Computing and Imaging (SCI) Institute was established by the University of Utah and authorized by the Utah State Board of Regents on January 31, 2000 for an initial three year period. Officials at the U of U now propose to make the Institute a permanent research institute at the University of Utah.

**Need:** The Scientific Computing and Imaging Institute has been very successful since its inception and continues to grow both in size and in its leadership role in scientific computing, scientific visualization, and imaging research. The Scientific Computing and Imaging Institute currently houses the NIH Center for Bioelectric Field Modeling, Simulation, and Visualization and the DOE Advanced Visualization Technology Center. The SCI Institute is also the home to NIH BISTI Program of Excellence on Bio-Imaging and Visualization and oversees the SGI-Utah Visual Supercomputing Center. In addition, the SCI Institute is formally associated with other National research efforts: NSF Partners in Advanced Computational Infrastructure (NCSA PACI) and the DOE Center for the Simulation of Accidental Fires and Explosions. Furthermore, the SCI Institute is the home to the Engineering Scholars Program. The continuation of the SCI Institute is necessary to maintain a comprehensive, cohesive, organizational structure that supports interdisciplinary research across a wide spectrum of topics and among a diverse and talented group of engineers, scientists, and biomedical researchers.

**Institutional Impact:** The administrative structure for the day-to-day management of the Institute is in place and operational. Where appropriate and for large projects that include separate research and technical development components, there will be an associated manager for each component. Faculty members supervise the educational and research activities of the graduate students and ensure their integration into the academic programs of the University. The Institute's Executive and Faculty Committees meet on a regular, frequent basis (typically biweekly during the semester), as do other groups within the Institute working on common projects. Regular meetings of the full Institute serve to discuss matters of common interest and also to present results and ideas from each of the subgroups. A major goal of the management of the SCI Institute is to encourage close communication among member of the group and thus support cross-fertilization between projects wherever possible. The SCI Institute reports to the Vice President for Research.

While the SCI does not offer degree programs, the Institute positively contributes to the academic mission of the University. The SCI Institute is currently home to over 25 graduate and undergraduate students. All of the SCI faculty train graduate students and the tenure-track faculty teach in either Computer Science or Bioengineering. In the past two years, our faculty have graduated three Ph.D. students and nine M.S. students, as well as offered research experiences to several undergraduate students.

**Finances:** External research grants and contracts will continue to be the source of income for the research and development activities of the SCI Institute. Since the Institute was created in 2000, Institute officials have been successful in generating \$14.6 million in external funding: 40 percent from the National Institutes of Health, 13 percent from the National Science Foundation, 39 percent from the U.S. Department of Education, and eight percent from other external sources.

2. Utah College of Applied Technology (UCAT)

a. Request to Offer the AAT Degree in Information Technology at the Mountainland Applied Technology College (MATC)

**Request:** In September, 2002 the Regents approved an Associate of Applied Technology (AAT) Degree in Information Technology, to be offered by the Utah College of Applied Technology. This approval was granted for those UCAT campuses with the capability, at that time, to offer the complete curriculum for the degree. Regents requested that those campuses not prepared to offer the degree at that time bring a request forward to the Regents if the decision was made, at a later date, to offer the degree.

At the time that the degree was approved for UCAT, the MATC was in the development stages for the two required core courses it had lacked for the degree. The two courses have been developed, and the full set of courses required for the AAT/IT program is now available. Accordingly, UCAT officials request authorization to offer the AAT Degree in Information Technology at the MATC. Letters of regional support for this request have been received from Utah Valley State College Interim President Lucille Stoddard, the Mountainland Region Applied Technology Education Coordinating Council (ATECC), and the superintendents of the seven Mountainland Region school districts. Copies of these letters are attached.

**Need:** The Mountainland Region's need for the AAT/IT Degree is consistent with the statewide need outlined in the UCAT degree proposal in terms of industry, labor market demand and student demand. The Department of Workforce Services (DWS) projects average annual openings in the Mountainland Region for computer support specialists to be 110 through the year 2005. Approval to offer the degree at MATC will allow current and future IT students to achieve the full associate degree credential, and will provide opportunities for Mountainland Region students consistent with those available in other regions of the state.

**Institutional Impact:** Prior to the development of the AAT Degree, the MATC had an established IT Program that emphasized networking. As the degree was developed, only two courses were lacking in the existing program to meet the full degree requirements. The MATC has since finished development and preparations for the two courses necessary to complete the program, *Introduction to Information Technology* and *Introduction to Programming*, which are scheduled to be offered January 2003. All MATC courses and competencies are as outlined in the UCAT degree's networking track.

**Finances:** Costs for the two additional courses are being absorbed within existing MATC budgets through attrition of 3.5 FTE administrative staff positions and redistribution of their duties to remaining staff. A portion of the attrition savings will be applied to expanding the partial-year contracts of current IT faculty to accommodate the additional teaching load.

It is the recommendation of the Commissioner that the Regents approve the institutional requests on the Consent Calendar of the Academic, Applied Technology, and Student Success Committee.

Cecelia H. Foxley, Commissioner

CHF/LF  
Attachments

Office of the Interim President

November 11, 2002


Robert O. Brems, Regional President  
Mountainland Applied Technology College  
800 West University Parkway, MC 135  
Orem, Utah 84058

Dear President Brems:

Utah Valley State College is pleased to support the offering of the Associate of Applied Technology Degree in Information Technology by Mountainland Applied Technology College. The program has been reviewed by faculty and deans in fields related to information technology, as well as by administration for applied technology education and academic programs, and we have determined that the AAT/IT is consistent with regional educational programs.

UVSC will be working closely with the MATC to provide the general education courses required for the AAT Degree through classes provided at the West Campus, concurrent enrollment, and outreach programs. The AAT Degree will provide opportunities for students to continue their education through Bachelor of Applied Technology programs, which have been proposed for UVSC.

Sincerely,



Lucille T. Stoddard  
Interim President

**- MEMORANDUM -**

Date: October 9, 2002

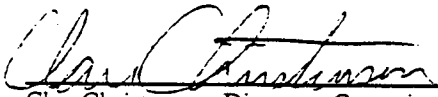
To: Utah State Board of Regents  
c/o Cecelia H. Foxley, Commissioner of Higher Education  
Board of Regents Building, The Gateway  
60 South 400 West  
Salt Lake City, Utah 84101-1284

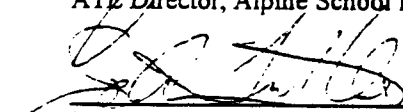
From: Directors Committee  
Applied Technology Education Coordinating Council (ATECC)  
Mountainland Region

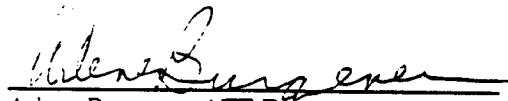
Associate of Applied Technology in I.T. – Mountainland ATC


The Directors Committee of the Mountainland Region Applied Technology Education Coordinating Council (ATECC) has reviewed the need for an Associate of Applied Technology (AAT) degree in Information Technology, and fully supports having the degree offered in the Mountainland Region by Mountainland Applied Technology College.

The AAT degree in IT will provide vital opportunities and motivation for both secondary and post-secondary students to prepare for entry into information technology careers as well as for further education at higher professional levels. MATC has a full program available for students to complete the degree, and it is consistent with regional ATE planning. We endorse approval for them to offer it in our region.

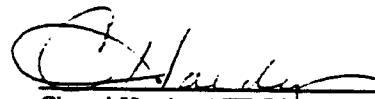
  
Clay Christensen, Directors Committee Chair  
ATE Director, Alpine School District

  
JoAnn Tuttle, ATE Director  
Nebo School District

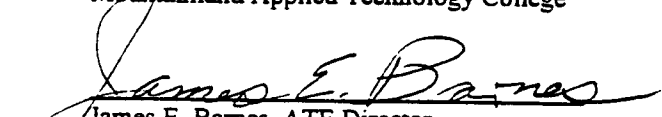
  
Arlene Burgener, ATE Director  
North Summit & Park City School Districts

  
Rod Crockett, ATE Director  
Provo School District

  
Alene Bushell, ATE Director  
South Summit School District

  
Cheryl Hardy, ATE Director  
Wasatch School District

  
Fred Keetch, Vice President/Programs  
Mountainland Applied Technology College

  
James E. Barnes, ATE Director  
Utah Valley State College



# - MEMORANDUM -

Date: October 9, 2002

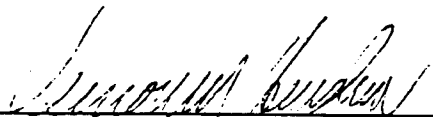
To: Utah State Board of Regents  
c/o Cecelia H. Foxley, Commissioner of Higher Education  
Board of Regents Building, The Gateway  
60 South 400 West  
Salt Lake City, Utah 84101-1284

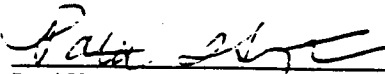
From: Mountainland Region School District Superintendents

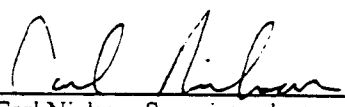
## Associate of Applied Technology in I.T. – Mountainland ATC

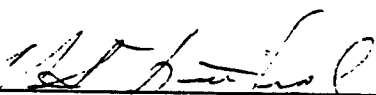
The Superintendents of the seven Mountainland Region school districts have reviewed the need for an Associate of Applied Technology (AAT) degree in Information Technology, and fully support having the degree offered in the Mountainland Region by Mountainland Applied Technology College.

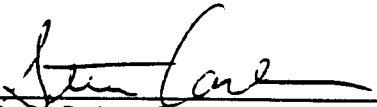
The AAT degree in IT will provide vital opportunities and motivation for both secondary and post-secondary students to prepare for entry into information technology careers as well as for further education at higher professional levels. MATC has a full program available for students to complete the degree, and it is consistent with regional ATE planning. We endorse approval for them to offer it in our region.


  
\_\_\_\_\_  
Vernon Henshaw, Superintendent  
Alpine School District

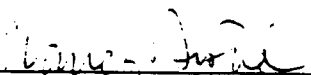
  
\_\_\_\_\_  
Patti Harrington, Superintendent  
Provo School District

  
\_\_\_\_\_  
Carl Nielson, Superintendent  
Nebo School District

  
\_\_\_\_\_  
Mark Littleford, Superintendent  
South Summit School District

  
\_\_\_\_\_  
Steve Carlsen, Superintendent  
North Summit School District

  
\_\_\_\_\_  
Terry Shoemaker, Superintendent  
Wasatch School District

  
\_\_\_\_\_  
Nancy DeFord, Superintendent  
Park City School District

**MEMORANDUM**

January 8, 2003

TO: State Board of Regents

FROM: Cecelia H. Foxley

SUBJECT: Information Calendar, Academic, Applied Technology, and Student Success Committee

The following items have been submitted by the designated entities for review by the Regents on the Information Calendar of the Academic, Applied Technology, and Student Success Committee. The items submitted by USHE institutions were previously approved by the institutional Boards of Trustees. No action is required by the Regents.

1. University of Utah

a. Stand-alone Minor in Nutrition

The Nutrition Minor will offer undergraduate students focused training in the field of Nutrition and related topics of health promotion/disease prevention. Currently there is a growing student interest in nutrition; however, there is no undergraduate program offered at the University to meet this need. This Nutrition Minor takes advantage of faculty and coursework infrastructure already in place to meet the needs of student interested in this field, and will serve as an ideal complement to existing B.S. programs in Exercise Sports Science and Health Promotion and Education.

b. Name Change of the Academic Outreach and Continuing Education (AOCE) Social Work Program to the Social Work Professional and Community Educational Program, and Corresponding Administrative Transfer of the Program from the AOCE to the Graduate School of Social Work

For approximately the past 18 years, the continuing education function of the Graduate School of Social Work (GSSW) at the University of Utah has been housed under the umbrella of first, the Division of Continuing Education (DCE), which then became Academic Outreach and Continuing Education (AOCE). Although this program has had ultimate reporting responsibility to AOCE for administrative, financial and personnel supervision, program personnel have been housed within the Graduate School of Social Work. This change better aligns program responsibilities with the appropriate administrative entity.

c. Interdisciplinary Minor in Literacy Studies

The University Writing Program is offering this interdisciplinary Minor to provide students access to the variety of historical, theoretical and practical scholarship and service practices that are now combined in the field of Literacy Studies. Literacy Studies is of interest to students in literary majors, history, linguistics, education, family and consumer studies, political science, sociology, social work, and in the academic units

whose curricula explore gender, race and ethnicity. It combines historical, educational, social and political descriptors of reading and writing as cultural activities that characterize societies.

2. Weber State University

- a. Name Change from the Physical Education - Non-teaching Major to Human Performance.

This change more clearly identifies the focus of the Physical Education - Non-teaching Major, and makes this Major more consistent with national and international trends to use the phrase "Human Performance" as a sub-discipline within the larger field of Physical Education.

3. Utah System of Higher Education (USHE)

- a. Programs Under Consideration/Development at USHE Institutions

Matrices showing programs under consideration or development at USHE colleges and universities are attached.

Commissioner's Recommendation

It is the recommendation of the Commissioner that the Regents review the Information Calendar and raise any outstanding questions. No action is required by the Board.

Cecelia H. Foxley, Commissioner

CHF/LF

**Utah System of Higher Education  
Programs Under Development/Consideration**

**Section I**

**From: December, 2002 through November, 2003**

- Current Status Key:**
1. Under review by department faculty.
  2. Under review by curriculum committee(s) and/or Faculty Senate.
  3. Forwarded to the CAO, President and Board of Trustees for approval.
  4. Sent to Commissioner's Office and all USHE Institutions for review.
  5. On Regents' Agenda.

<b>Institution</b>	<b>Program Name</b>	<b>Degree Type</b>	<b>Current Status</b>	<b>Projected for Regents' Agenda</b>
<b>U of U</b>	Foods and Nutrition	Minor	2	
	Entrepreneurship	BS	4	
	Consumer and Community Studies	BA/BS	2	
	International Studies	BA/BS/Minor	4	Except. To Moratorium. Req.
<b>USU</b>	Professional Communication	PhD	4	Reviewed - Being Held
	Personal and Financial Planning	BA/BS	4	Reviewed - Being Held
	Business w/Specializations in Accounting, BIS, Mgt., Marketing and Operations Mgt.	PhD	2	
	Aerospace Engineering	MS, PhD	1	
	Biochemistry	BS	2	
	Applied Environmental Geoscience	BS, MS	2	
	Wildlife Science	BS	2	
	Conservation and Restoration Ecology	BS	2	
	Fisheries and Aquatic Sciences	BS	2	
	Watershed and Earth Systems	BS	2	
	Computer Science and Computer Scientist	MS	1	
	Geology	PhD	1	
<b>WSU</b>	Applied Technology	BAT	4	Except. To Moratorium. Req.
	Emergency Care and Resuce	BS	1	
	Early Childhood and Special Educ.	BS	2	
	Crime Scene Investigation	AS	1	
	Plastics Engineering Technology	BS	1	
	Biomedical Engineering Technology	BS	1	
<b>SUU</b>	Paralegal Studies	Minor	2	
<b>Snow</b>	No Programs Pending			
<b>Dixie</b>	Visual Technologies	AAS	3	
	Health Sciences Management	BS		
<b>CEU</b>	Hospitality Management	AS/AAS	5	
	Transportation Technology	AS/AAS	1	
	Apprenticeship	AAS	1	
	Paraprofessional Educator	AS/AAS	1	
	Native American Studies	AA/AS	1	
<b>UVSC</b>	Art and Visual Communication	BA,BFA,BS	4	Reviewed - Being Held
	Dance	BA,BFA,BS	2	
	Music	BA,BS	2	
	Applied Technology	BAT		Except. To Moratorium. Req.
	Community Health	BA/BS		
	Spanish	BA,BS	2	
<b>SLCC</b>	Broadcast Video/Audio Production	AAS	4	Reviewed - Being Held
	Film Production	AAS	4	Reviewed - Being Held
	Geoscience	AAS	1	
	Chemistry	AS	1	
	Chemistry Technician	AAS	1	
	Pharmacy Technician	AAS		
	Interior Design Associate	AAS	4	
<b>UCAT</b>	Business Technology	AAT	3	

**Utah System of Higher Education  
Programs Under Development/Consideration**

**Section II**

**From: April, 2003 through March, 2005**

<b>Institution</b>	<b>Program Name</b>	<b>Degree Type</b>
<b>U of U</b>	Occupational Therapy	MS
	Physical Therapy	DPT
	Parks, Recreation and Tourism	MPRTM
	College of Health Depts. And Divisions	Interdisciplinary PhD in Health
	Community Development (Env. Studies & FCS)	Undergrad. Certificate
	Anthropology of Religion	Undergrad. Certificate
	Medical Anthropology	Undergrad. Certificate
	Power Politics of Anthropology	Undergrad. Certificate
	Research and Assessment	Undergrad. Certificate
	Pharmaceutical Sciences	BS
	Combined Doctor of Pharmacy/Philosophy	Doctorate
	Historic Preservation	Certificate
	Gender Studies	Certificate
	Demography	Certificate
<b>USU</b>	Philosophy	MA
	Public Administration	MS
	Agricultural Policy Relations	BS
	Agronomy	MS
	Aerospace Engineering	MS, PhD
	Geography	MS
	Physical Geography	MS
	Human Dimensions of Ecosystem Science and Management	MA, MS, PhD
	Interdisciplinary Doctorate in Disabilities	PhD
<b>WSU</b>	European Studies without Language	Minor
	Professional and Technical Writing	Bachelor's
	Instrumental Musical Pedagogy	Bachelor's
<b>SUU</b>	Environmental Resource Mgt. Or Natural Resource Mgt.	MS
	General Studies (School of Cont./Prof. Studies	BS
	Public Administration (with U of U)	MPA
	Communications	MA/MS
	Theory and Practice of Writing	MA
	Dance	BFA
	Theatre Arts	BFA
	Counseling Psychology	MA/MS
	Exercise Science	BA/BS
<b>Snow</b>	No Programs Pending	
<b>Dixie</b>	Communication Technologies	BS
	Speech Language Pathology (Incubated by USU)	BS
	Medical Radiography	AAS
	Bachelor of Nursing	BSN
<b>CEU</b>	Environmental Studies	AA/AS
	Environmental Science	AA/AS
	Wilderness Studies	AA/AS
	Safety Science	AA/AS
	Manufacturing Engineering Technology	AA/AS
	Allied Health Professions	Certificate

Institution	Program Name	Degree Type
<b>UVSC</b>	Communication	BA/BS
	Computer Engineering Technology	BS
	School Health Education	BS
	Health Services Administration	BS
	Mild/Moderate Special Education	BA/BS
	Physical Education/Recreation	BS
	Physical Education/Coaching Education	BS
	Technology Education	BS
	Spanish Education	BA
	Music Education	BA/BS
	Political Science	BA/BS
	Semiconductor Technology	AAS
	Math Education	Minor
	Earth Science Education	Minor
	Chemistry Education	Minor
	Physical Education	Minor
	School Health	Minor
	Theatre	BA/BS
<b>SLCC</b>	Genealogy	AAS
	Hospitality Management	AAS
	Horticulture	AAS
	Pre Bio-Engineering	APE
	Mechanical Engineering	AAS
	Civil Engineering	AAS
	Nanotechnology	AS, AAS
	Electrical Engineering	AAS
<b>UCAT</b>	Welding	AAT
	Apprenticeship	AAT
	Dental Assisting	AAT
	Machining	AAT
	Industrial Maintenance	AAT
	Diesel	AAT
	Electronics	AAT

**MEMORANDUM**

January 8, 2003

TO: State Board of Regents

FROM: Cecelia H. Foxley

SUBJECT: R312, Institutional Categories, Accompanying Criteria, and Institutional Missions and Roles - Discussion Item

Issue

The Regents' 2002 Master Planning Task Force on Missions and Roles recommended the development of policy R312, Institutional Categories, Accompany Criteria, and Institutional Missions and Roles, to incorporate the changes that have occurred in the USHE since 1993. This document is now in the process of being shared at institutions with Boards of Trustees, and feedback being received.

Background

At the November 8, 2002 Board of Regents' meeting proposed policy R312, Institutional Categories, Accompanying Criteria, and Institutional Missions and Roles, was introduced. This is a new policy which replaces two previous policies: R311, Institutional Roles and Missions, and R313, Institutional Categories and Accompanying Criteria.

The purpose of this policy is to incorporate the changes that have occurred in the USHE institutions and create a comprehensive, system-wide approach to the individual roles of the institutions throughout the system that reflects what is in the best interest of Utah students and citizens.

The policy reflects what is considered appropriate at this point in time and for the near future. However, as situations in Utah change there is an opportunity for institutions to have their mission and role revisited if there are compelling criteria that indicate a revision is in the best interest of the students, the institution and the citizens of Utah.

Currently the policy is being shared with Boards of Trustees to inform them regarding the direction that seems appropriate for their respective institutions and solicit their feedback. Institutional Presidents

and/or Chief Academic Officers should be prepared to communicate this feedback at the Board of Regents' meeting on January 17, 2003. If general agreement is reached on the policy, the Regents may choose to move this item to an action item and approve it. If further deliberation and consideration are needed, appropriate time will be provided.

Commissioner's Recommendation

It is the recommendation of the Commissioner that the Board review Policy R312, Institutional Categories, Accompanying Criteria, and Institutional Missions and Roles, receive feedback from the USHE institutions and either approve the policy or continue the dialogue as needed.

Cecelia H. Foxley, Commissioner

CHF/DDW  
Attachment



MEMORANDUM  
January 8, 2003

TO: State Board of Regents  
FROM: Cecelia H. Foxley  
SUBJECT: Utah State University – Real Estate Purchase and Associated Revenue Bond

Issue

Utah State University officials request that the Regents approve the purchase of land for \$1,100,000 and approve a resolution that will enable the issuance of revenue bonds to provide a portion of the financing needed to acquire that land. The land will replace Agricultural Experiment Station farmland located north of the main Logan campus that will be assigned to the USU Innovation Campus to accommodate growth.

Background

Utah State University proposes to purchase approximately 550 acres of land in Cache County located 12 miles northwest of Logan, Utah. The USU Board of Trustees approved this acquisition and bond financing on November 15, 2002, subject to approval by the Regents. The University obtained an appraisal of \$1,100,000, and has agreed to this purchase price. An earnest money payment has been made in the amount of \$3,000, with an additional down payment of \$497,000 to be paid at closing. The balance of the purchase price and associated closing and issuance costs are to be paid by obtaining financing through a private placement, non-taxable bond. Installment payments will be made over a period of 10 to 12 years at an annual interest rate of approximately 4 percent.

In order to finance this purchase, University officials request that the Regents use special bonding authority granted to the Regents by the Legislature. Most Regent revenue bonds are issued under the authority of UCA 53-B-21, which requires formal Legislative approval prior to issuance. The University requests that the Regents use separate, limited bonding authority granted to them in UCA 11-17-17. This authority allows the Regents to issue up to \$10 million per year on behalf of USU for purposes related to its educational mission. The Attorney General has appointed Chapman and Cutler as bond counsel. USU has selected Zions Bank Public Finance to serve as Financial Advisor.

A "Term Preliminary Sheet" provided by the Financial Advisor is included as Attachment 1. Also included are two documents provided by Bond Counsel – a draft "Authorizing Resolution" (Attachment 2) and a draft "Bond Purchase Contract" (Attachment 3.) Parameters established by the resolution are as follows: a principal amount not to exceed \$750,000; a maximum term not to exceed 13 years; and interest rates not to exceed 4.75 percent.

State Board of Regents  
January 8, 2003  
Page 2

Also available for review but not attached are two additional draft documents prepared by Bond Counsel – the revised “Third Supplemental Indenture of Trust” and the “Deed of Trust, Assignment of Rents, Security Agreement and Financing Statement.”

The bonds will be funded through facilities and administrative rate recoveries (formerly known as indirect cost revenues). The bonds will be subordinated to the research revenue bonds issued by USU in 1995 and 2002. Representatives of the University, Bond Counsel, and Financial Advisor will be available to answer questions.

#### Recommendation

It is the recommendation of the Commissioner that the Regents approve the acquisition by Utah State University of 550 acres of land in Cache County for \$1.1 million with a \$500,000 down payment to be funded from existing University research revenues. It is also recommended that the Regents approve the issuance by Utah State University of a private placement bond for \$600,000, with its associated bonding parameters, to fund the balance of the land purchase.

Cecelia H. Foxley, Commissioner

CHF/MHS  
Attachments

## TERM PRELIMINARY SHEET

Estimate of Par Amount, Series 2003 .....	\$725,000
Statutory Authorization.....	11-17-1 et. seq.
Dated Date .....	February 15, 2003
Sale Date and Time.....	4:00 P.M. MST on January __, 2003
Sale Methodology .....	Private Placement Sale Competitive Bid
Closing Date.....	March __, 2003
Interest Payment Dates .....	June 1 and December 1
First Interest Payment Date.....	June 1, 2003
First Principal Payment.....	December 1, 2003
Underlying Bond Rating.....	None applied for.
Bond Insurance .....	None applied for.
Tax Status of Series 2003 .....	Federally Tax Exempt, <u>Not</u> Bank Qualified
Purpose of the Issue .....	To fund an acquisition fund with approximately \$600,000, which, together with other funds available to the University, will be sufficient to acquire 550 acres of farmland located in the unincorporated area of Cache County, Utah approximately 12 miles northwest of Logan. The property will replace Agricultural Experiment Station farmland to be assigned to the USU Innovation Campus in North Logan.
Land Appraisal Available .....	Yes, on request
University Cash Contribution .....	\$500,000.00
Mortgage on Property .....	Yes, in the form of a Trust Deed.
Estimated DS Coverage on Bonds.....	7.52x
Final Maturity .....	December 1, 2015

Capitalized Interest Fund .....	None
Estimated TIC Interest Rate.....	3.95% (12-31-02 Estimate)
Pledged Revenues .....	Indirect Cost Recovery (F and A) Research Revenues of Utah State University.
Parity Bond Pledge.....	Yes, the bonds have a parity lien on the Research Revenues of Utah State University for the USU Research Revenue Bonds, Series 1995A and 2002A.
Source of Bond Payment.....	Indirect Cost Recovery Revenues of Utah State University including the USU Foundation
Additional Security .....	Trust Deed on the Land.
Title Insurance.....	Lender's Policy through Chicago Title Insurance Company. Local Agent is Northern Title, Logan, Utah.
Optional Redemption Feature .....	December 15, 2007 @ 100.0%
Capitalized Debt Service Reserve Fund .....	Funded to Maximum Annual Debt Service
Initial Acquisition Fund Amount .....	\$1,100,000
Numbers Structure .....	Gross Funded
Anticipated Underlying Bond Ratings.....	No Rating Requested
Delivery.....	Fully Registered Bonds (Typewritten)
Interest Basis.....	30/360
Denominations .....	Private Placement certificates as requested
Payments to the Trustee .....	Monthly on the 15th on each month
Bond Counsel.....	Chapman and Cutler
Disclosure Opinion .....	None Offered
Utah State University Chief Contact.....	Clint G. Moffitt, Controller

Financial Advisor.....	Zions Bank Public Finance
Financial Advisor as Bidder.....	The University has given specific authorization to Zions First National Bank to enter a bid on the Bonds.
Trustee, Paying Agent and Registrar .....	Wells Fargo Bank Northwest, N.A.
Sophisticated Investor (“Big Boy”) Letter.....	Required
Private Placement Purchaser.....	To Be Determined

## COSTS OF ISSUANCE REPORT

### Costs of Issuance Budget Versus Actual

Issuer's Expenses—Detail	Budget as of February , 2003	Actual as of March , 2003
Bond Counsel Fees and Disbursements .....	\$7,750	\$ _____
Financial Advisor and Disbursements .....	7,000	_____
Estimated Trustee Fees and First Year's Annual .....	4,000	_____
University's Real Estate Closing Costs .....	20,000	_____
Title Insurance Costs.....	1,500	_____
Contingency .....	<u>4,750</u>	<u>0.00</u>
 Total Budgeted Issuer Expenses .....	 <u>\$45,000</u>	 <u>\$ _____</u>
Expenses as per \$1,000 par amount .....		\$ _____
<b>All In Costs Per Bond</b>		
Estimated Private Placement Fee .....	(\$7,250.00)	\$10.00
Issuer Costs of Issuance .....	(\$45,000.00)	<u>62.07</u>
.....Total Costs/Bond	(\$52,250.00)	<u>\$72.07</u>

When Recorded Please Return to:

Ryan D. Bjerke  
Chapman and Cutler  
50 South Main Street, Suite 900  
Salt Lake City, Utah 84144

---

---

**DEED OF TRUST, ASSIGNMENT OF RENTS,  
SECURITY AGREEMENT AND FINANCING STATEMENT**

DATED AS OF MARCH \_\_\_\_, 2003

FROM

UTAH STATE UNIVERSITY OF AGRICULTURE AND APPLIED SCIENCE

(TRUSTOR)

TO

WELLS FARGO BANK NORTHWEST, N.A., as Trustee

(TRUSTEE)

---

---

## TABLE OF CONTENTS

SECTION		PAGE
ARTICLE I	COVENANTS AND AGREEMENTS OF THE BORROWER .....	5
Section 1.1.	Payment of Secured Obligations.....	5
Section 1.2.	Maintenance, Repair and Operation.....	5
Section 1.3.	Insurance .....	5
Section 1.4.	Assignment of Policies Upon Foreclosure.....	7
Section 1.5.	Actions Affecting Mortgaged Property.....	7
Section 1.6.	Taxes .....	8
Section 1.7.	Alterations, Additions and Improvements to the Mortgaged Property.....	9
Section 1.8.	Utilities.....	9
Section 1.9.	Actions by Trustee to Preserve Mortgaged Property .....	9
Section 1.10.	Additional Security .....	10
Section 1.11.	Successors and Assigns.....	10
Section 1.12.	Inspections .....	10
Section 1.13.	Liens.....	10
Section 1.14.	Condemnation Proceeds.....	11
Section 1.15.	Governmental Requirements.....	11
[Section 1.16.	Parking Areas].....	11
Section 1.17.	Performance of Borrower’s Covenants; Authority .....	11
Section 1.18.	Actions of Borrower with Respect to Mortgaged Property .....	11
Section 1.19.	Trustee’s Powers.....	12
Section 1.20.	Indemnification; Waiver of Offset.....	12
Section 1.21.	Ground Leases and Other Leases.....	13
Section 1.22.	Name of Borrower .....	13
ARTICLE II	ASSIGNMENT OF RENTS AND UNRESTRICTED RECEIVABLES, ISSUES AND PROFITS.....	13
Section 2.1.	Assignment of Rents .....	13
Section 2.2.	Collection Upon Default.....	14
ARTICLE III	SECURITY AGREEMENT .....	14
Section 3.1.	Creation of Security Interest .....	14
Section 3.2.	Financing Statement.....	14
ARTICLE IV	REMEDIES UPON DEFAULT.....	15
Section 4.1.	Events of Default .....	15
Section 4.2.	Remedies Upon Default.....	16
Section 4.3.	Other Remedies.....	17
Section 4.4.	Appointment of Receiver.....	17
Section 4.5.	Remedies Not Exclusive.....	17
Section 4.6.	Limitation on Remedies.....	18



SECTION		PAGE
Section 4.7.	Bidder at Foreclosure Sale .....	18
Section 4.8.	Application of Moneys.....	18
Section 4.9.	Right of Bondholder to Direct Proceedings.....	18
ARTICLE V	MISCELLANEOUS .....	19
Section 5.1.	Governing Law .....	19
Section 5.2.	Release of Mortgage .....	19
Section 5.3.	Prepayment.....	19
Section 5.4.	Notices .....	19
Section 5.5.	Captions .....	19
Section 5.6.	Invalidity of Certain Provisions .....	19
Section 5.7.	Consents, etc., of Bondholder.....	20
EXHIBIT A — PROPERTY DESCRIPTION		

FIXTURE FILING NOTICE: THIS DEED OF TRUST, ASSIGNMENT OF RENTS, SECURITY AGREEMENT AND FINANCING STATEMENT IS INTENDED TO CONSTITUTE A FINANCING STATEMENT FILED AS A FIXTURE FILING PURSUANT TO SECTION 70A-9A-501 OF THE UTAH CODE ANNOTATED 1953, AS AMENDED, AND COVERS GOODS WHICH ARE OR ARE TO BECOME FIXTURES RELATED TO THE REAL ESTATE DESCRIBED HEREIN,

AFTER-ACQUIRED PROPERTY AND PROCEEDS AND IS TO BE RECORDED IN THE REAL ESTATE RECORDS OF THE COUNTY RECORDER OF CACHE COUNTY, UTAH.

THIS DEED OF TRUST, ASSIGNMENT OF RENTS, SECURITY AGREEMENT AND FINANCING STATEMENT (hereafter referred to as this "*Mortgage*"), made and entered into as of March \_\_\_, 2003, by and between UTAH STATE UNIVERSITY OF AGRICULTURE AND APPLIED SCIENCE, as Trustor (herein referred to as the "*Borrower*"), whose mailing address is Utah State University, Logan, Utah 84322-2400, and WELLS FARGO BANK NORTHWEST, N.A., a national banking institution, as Trustee (herein referred to as the "*Trustee*"), whose mailing address is 79 South Main Street, 3<sup>rd</sup> Floor, Salt Lake City, Utah 84111, as Trustee under that certain General Indenture of Trust, dated as of August 1, 1995, as amended and supplemented to the date hereof, by and between the State Board of Regents of the State of Utah (the "*Board*"), for and on behalf of the Borrower, and the Trustee (the "*Indenture*"),

#### WITNESSETH:

Reference is hereby made to the Indenture for definitions of various terms used herein.

WHEREAS, the Borrower desires to obtain a portion of the moneys which will be used (i) to finance the acquisition of approximately 550 acres of land in Cache County, Utah, to be used as Research Facilities (the "*Series 2003 Project*"); (ii) to deposit a portion of the Debt Service Reserve Fund Requirement, and (iii) to pay related expenses incurred in connection with the issuance of the Bonds (as hereinafter defined), all as permitted under the Utah Industrial Facilities and Development Act, Chapter 17 of Title 11, Utah Code Annotated 1953, as amended (the "*Act*").

WHEREAS, pursuant to the Act, the Board, for and on behalf of the Borrower, is obtaining funds for such purposes through the issuance and sale of its Utah State University, Research Revenue Bonds, Series 2003 (the "*Series 2003 Bonds*"), which Series 2003 Bonds will be issued under and secured by the Indenture on a parity with the Board's outstanding Utah State University Research and Refunding Revenue Bonds, Series 1995A, and Utah State University Research Revenue and Refunding Bonds, Series 2002A (collectively, with the Series 2003 Bonds, the "*Bonds*"). Pursuant to the Indenture, the Board and the Borrower have pledged and assigned their rights in and to (i) the Revenues, (ii) all moneys in funds and accounts held by the Trustee under the Indenture, including the investments, if any thereof, and (iii) all other rights granted under the Indenture, as part of the security for the Bonds. The Bonds will be payable out of the Revenues and other payments provided for in the Indenture.

WHEREAS, the Act provides that any bonds issued thereunder may be secured by (among other things) a mortgage covering all or any part of a project financed thereby; and

WHEREAS, the Borrower desires to provide security for the payment of the Bonds from time to time, according to their tenor and effect, and for the performance and observance by the Borrower of all the covenants expressed or implied in the Indenture and in the Bonds;

NOW, THEREFORE, the Borrower agrees to the following:

### **GRANT IN TRUST**

Borrower, as Trustor, irrevocably and unconditionally grants, transfers, assigns, conveys and warrants to Trustee in trust for the benefit of Trustee, and its successors and assigns, IN TRUST, WITH POWER AND SALE AND RIGHT OF ENTRY AND POSSESSION, all estate right, title and interest which Borrower now has or may later acquire in the following property (collectively, the "*Mortgage Property*"):

(1) The real property located in Cache County, Utah, as more particularly described on *Exhibit A* attached hereto;

(2) The entire interest of the Borrower in and to all buildings, structures, improvements and appurtenances now standing, or at any time hereafter constructed or placed, upon such real estate, including all right, title and interest of the Borrower, if any, in and to all building material, building equipment and fixtures of every kind and nature whatsoever on any of said real estate or in any building, structure or improvement now or hereafter standing on said real estate, which are classified as fixtures under applicable law and which are used in connection with the operation, maintenance or protection of said buildings, structures and improvements as such, whether or not the same are used in connection with the operation of any business conducted upon any of said real estate, and the reversion or reversions, remainder or remainders, in and to any of said real estate, and together with the entire interest of the Borrower in and to all and singular the tenements, hereditaments, easements, rights-of-way, rights, privileges and appurtenances to said real estate, belonging or in any wise appertaining thereto, including without limitation the entire right, title and interest of the Borrower in, to and under any streets, ways, alleys, gores or strips of land adjoining said real estate, and all claims or demands whatsoever of the Borrower either in law or in equity, in possession or expectancy of, in and to said real estate, it being the intention of the parties hereto that, so far as may be permitted by law, all property of the character hereinabove described, which is now owned or is hereafter acquired by the Borrower and is affixed or attached or annexed to said real estate, shall be and remain or become and constitute a portion of said real estate and the security covered by and subject to the lien of this Mortgage;

(3) All appurtenances, easements, water and water rights belonging to or used upon or in connection with said real estate (however represented), pumps, pumping plants, pipes, flumes and ditches, rights-of-way and other rights used in connection

therewith or as a means of access thereto, or hereafter owned or constructed or placed thereupon;

(4) All the estate, interest, right, title, property or other claim or demand of every nature whatsoever in and to the Mortgaged Property, including specifically, but without limitation, all deposits made with or other security given to utility companies by the Borrower with respect to the Mortgaged Property and claims or demands relating to insurance or condemnation awards which the Borrower now has or may hereafter acquire, including all advance payments of insurance premiums made by the Borrower with respect thereto;

(5) All right, title and interest of the Borrower in and to all ground leases, leases, subleases, licenses, occupancy agreements, concessions or other arrangements, whether written or oral, whereby any person, corporation or business or governmental entity has agreed to pay money or any consideration for the use, possession or occupancy of the premises hereby conveyed or subject to the lien hereof, or any part or portion thereof or space therein, and all rents, income, profits, benefits, advantages and claims against guarantors under any of the foregoing;

(6) All rents, profits, damages, royalties and revenues of every kind, nature and description whatsoever that the Borrower may be entitled to receive from any person or entity owning or having or hereafter acquiring a right to the oil, gas, water (whether riparian, appropriative or otherwise, and whether or not appurtenant) or mineral rights and reservations of the Mortgaged Property, with the right in the Trustee to receive and receipt therefor and apply the same to the indebtedness secured hereby either before or after any default hereunder or under the Indenture, and the Trustee may demand, sue for and recover any such payments but shall not be required to do so; and

(7) All right, title and interest of the Borrower in and to after-acquired property, proceeds (whether cash or non-cash) of the items set forth in this Granting Clause and products of the items set forth in this Granting Clause.

To the extent that the Mortgaged Property is not comprised of real property, this Mortgage constitutes or shall be treated as constituting a security agreement under the Utah Uniform Commercial Code, so that the Trustee shall have and may enforce a security interest to secure payments of all sums due or to become due under this Mortgage, the Indenture or the Bonds, in any or all of the aforesaid building material, building equipment and fixtures and other articles of property, real, personal and mixed, now owned or hereafter acquired, in addition to, but not in limitation of the lien upon the same as part of the realty imposed by the foregoing provision hereof, such security interest to attach at the earliest moment permitted by law.

TO HAVE AND TO HOLD all and singular the Mortgaged Property, whether now owned or hereafter acquired, unto the Trustee and its respective successors in said Mortgaged Property and assigns forever;

The foregoing provisions of this Mortgage are herein referred to collectively as the “*Granting Clause.*”

FOR THE PURPOSE OF SECURING:

(1) payment of each and every obligation and performance of each and every covenant and agreement of the Borrower contained herein or the Indenture, as such documents may be amended or supplemented from time to time in accordance with their terms, and with respect to the Bonds;

(2) payment of the principal of, premium, if any, and interest on the Bonds issued by the Board pursuant to the Indenture, which Bonds are payable as to interest on their respective Interest Payment Dates of each year until payment in full of the principal amount thereof and bear interest at the rates per annum and mature, subject to prior redemption, as provided in the Indenture; and

(3) payment of all sums advanced by or on behalf of the Trustee hereunder or under the Indenture for the purpose of protecting the Mortgaged Property, with interest thereon, all as provided herein and in the Indenture.

All payments of principal, interest and other amounts being payable by the Borrower to the Trustee at the principal corporate trust office of the Trustee at its address first above written.

The Borrower hereby covenants with the Trustee that the Borrower has marketable fee simple title in and to the Mortgaged Property; that the Borrower has good and lawful authority to assign, sell, convey and mortgage the same under the Act; that the Mortgaged Property is free and clear of all liens and encumbrances whatsoever; and the Borrower covenants to warrant and defend the Mortgaged Property against the lawful claims of all persons whomsoever, except as may be above stated.

CONDITIONED, HOWEVER, that if the Board, as issuer of the Series 2003 Bonds, its successors or assigns, shall pay, or cause to be paid, or provision for such payment shall have been made in accordance with Article X of the Indenture, and shall cause the payments to be made on the Bonds as required under Article V of the Indenture, or shall provide, as permitted by the Indenture, for payment of the Series 2003 Bonds by depositing with Trustee under the Indenture the entire amount due or to become due thereon, and shall well and truly cause to be kept, performed, and observed all of its material covenants and conditions pursuant to the terms of the Indenture and shall pay or cause to be paid to Trustee under the Indenture all sums of money due or to become due to it in accordance with the terms and provisions of the Indenture, then upon the final payment of the Series 2003 Bonds, the mortgage lien rights and security interests hereby granted shall cease, determine, and be void; otherwise such rights and interest shall be and remain in full force and effect.

All capitalized terms used in this Mortgage and not otherwise specifically defined herein shall have the meaning ascribed to such terms in the Indenture.

IN ORDER MORE FULLY TO PROTECT THE SECURITY OF THIS MORTGAGE, THE BORROWER HEREBY COVENANTS AND AGREES AS FOLLOWS:

## ARTICLE I

### COVENANTS AND AGREEMENTS OF THE Borrower

The Borrower hereby covenants and agrees as follows.

*Section 1.1. Payment of Secured Obligations.* To pay when due (a) the principal of, and the premium (if any) and interest on, the indebtedness evidenced by the Bonds, (b) the charges, fees, and all other sums as provided in the Indenture and herein and (c) the principal of, and interest on, any future advances secured by this Mortgage.

*Section 1.2. Maintenance, Repair and Operation.* The Borrower shall, at its own expense, maintain, repair, manage and operate the Mortgaged Property, or cause the same to be maintained, managed and operated, in good order, condition and repair, and shall suffer no waste or injury thereto, ordinary wear and tear excepted. The Borrower shall provide or cause to be provided all security service, custodial service, janitor service, power, gas, telephone, light, heating and water and all other public utility services. The Borrower shall not place, or permit to be placed, a load upon any floor of the Series 2003 Project exceeding the floor load per square foot area which such floor was designed to carry and which may be allowed by law. The Borrower shall keep or cause to be kept the Mortgaged Property free and clear of all liens, charges and encumbrances, except those caused or consented to by the Trustee in accordance with the Indenture.

*Section 1.3. Insurance.* (a) *Insurance Required.* Borrower shall keep and maintain the Mortgaged Property at all times insured in such risks and in such amounts, with such deductible provisions, as are customary in connection with the operation of facilities of the type and size comparable to the Series 2003 Project and other Mortgaged Property and, subject to the provisions of Section 1.3(e) hereof, Borrower shall carry and maintain, or cause to be carried and maintained, and pay or cause to be paid timely the premiums for, at least the following insurance with respect to the Mortgaged Property and Borrower;

(i) insurance coverage for buildings and contents including steam boilers, fired-pressure vessels and certain other machinery for fire, lightening, windstorm and hail, explosion, riot, riot attending a strike, civil commotion, aircraft and vehicles, sonic shock, smoke, vandalism and malicious mischief, sprinkler leakage, elevator, and all other risks and perils of direct physical loss, on a replacement cost basis in an amount equal to the full insurable value thereof, but in any event not less than an amount sufficient to prevent Borrower from becoming a co-insurer under any applicable co-insurance clause; provided, that at all times, Borrower shall maintain such insurance in an amount not less than an amount necessary to pay and retire and redeem all the outstanding Bonds in accordance with the provisions of the Indenture;

(ii) comprehensive general liability in amounts of at least \$5,000,000 coverage per occurrence and \$5,000,000 coverage of annual aggregate claims;

(iii) comprehensive automobile liability insurance;

(iv) workers' compensation insurance or self-insurance as required by the laws of the State of Utah;

(v) all risk builders risk insurance during any construction of any improvements to the Series 2003 Project, in an amount equal to 100% of the replacement cost of such improvements to the Series 2003 Project as such cost may increase from time to time as construction progresses, providing all risk coverage on such improvements and materials stored at the Series 2003 Project and elsewhere, and including the perils of collapse, damage resulting from collapse, damage resulting from error in design or faulty workmanship or materials, water damage and, if requested by the Bondholders, earthquake, business interruption and other risks;

(vi) flood insurance, or evidence satisfactory to the Bondholders that the Mortgaged Property is not located in a flood plain; and

(vii) such other insurance as the Bondholders may require.

The term "full insurable value" as used in clause (i) above shall mean the actual replacement cost, using the items of value set forth above (including the cost of restoring the surface grounds owned or leased by the Borrower), without deduction for physical depreciation.

(b) *Insurers and Policies.* Each insurance policy required by Section 1.3(a) hereof (i) shall be issued by an insurer (or insurers) which is financially responsible, of recognized standing and authorized to issue such policy of insurance in the State of Utah; (ii) shall be in such form and with such provisions as are generally considered standard provisions for the type of insurance involved; and (iii) shall prohibit cancellation or substantial reduction of coverage by the insurer without at least 30 days prior written notice to the Trustee and Borrower. Without limiting the generality of the foregoing, all insurance policies described in subsection (i), (v) and (vi) of Section 1.3(a) shall name the Trustee and Borrower as parties insured thereunder as the respective interest of each of such parties may appear. Losses under such policies shall be payable to the Trustee in accordance with the standard form mortgage clause and shall be applied as provided in Section 6.10 of the Indenture. Losses not in excess of \$200,000 may be adjusted with the insurer by Borrower on behalf of the insured parties. At the time of the issuance and delivery of the Bonds and from time to time thereafter as Trustee may reasonably require (in any event, at least annually), Borrower shall deliver to Trustee a certificate of insurance with respect to the insurance policies required under Section 1.3(a) hereof.

(c) *Uninsured Property; Obligation of Contractors.* In the event the Mortgaged Property, or any part thereof, shall be damaged, lost or destroyed as a result of a casualty as to which insurance is not required under the terms of this Mortgage, Borrower shall, promptly after such damage, loss or destruction, expend for repairs, restoration or replacement of the property

damaged, lost or destroyed such sum as may be required therefor. Nothing in this Mortgage shall be construed as relieving any contractor or other third party from any obligation or duty which he may have respecting the repair, restoration or replacement of any part of the Mortgaged Property.

(d) *Failure to Carry Insurance.* In the event Borrower shall, at any time, neglect or refuse to procure or maintain insurance as herein required, (i) the Bondholders may, at their option, direct Trustee to procure and maintain such insurance (at Bondholders' cost), and Borrower shall be obligated to forthwith reimburse Bondholders for all amounts expended in connection therewith and all such amounts shall be secured by this Mortgage and (ii) neither Trustee nor Bondholders shall have any liability if Bondholders elect not to procure and maintain such insurance pursuant to subsection (i) above.

[(e) *Insurance Consultant.* Borrower shall engage an Insurance Consultant at least annually to review the insurance maintained by Borrower and to make recommendations respecting the types, amounts and provisions of insurance that should be carried by Borrower. In the event that the insurance required by Section 1.3(a) of this Mortgage is not commercially available, or if Borrower deems such coverage to be available only at an unreasonable cost, or if the coverage then maintained by Borrower is excessive with respect to the liability insured against, Borrower shall confer with its Insurance Consultant for the purpose of reviewing the insurance coverage of, and insurance required for, the Borrower and the Mortgaged Property and making recommendations respecting the types, amounts and provisions of insurance that should be carried by Borrower. A signed copy of the report of the Insurance Consultant shall be filed with the Trustee, Borrower and each holder of ten percent or more in aggregate principal amount of the Bonds then outstanding, and the insurance requirements specified hereunder shall be modified to conform with the recommendations contained in the report.]

(f) *Borrower's Liability.* No acceptance of any insurance policy by the Trustee shall relieve or release Borrower from any liability, duty or obligation under the provisions of this Mortgage.

*Section 1.4. Assignment of Policies Upon Foreclosure.* In the event of foreclosure of this Mortgage or other transfer of title or assignment of the Mortgaged Property in extinguishment, in whole or in part, of the obligations secured hereby, all right, title and interest of the Borrower in and to all policies of insurance required by Section 1.3 hereof shall inure to the benefit of and pass to the successor in interest to the Borrower or the purchaser or grantee of the Mortgaged Property.

*Section 1.5. Actions Affecting Mortgaged Property.* The Borrower shall appear in and defend any action or proceeding affecting or purporting to affect the security of this Mortgage, any additional or other security for any of the obligations secured hereby or the interest, rights, powers or duties of the Trustee hereunder; it being agreed, however, that in the case of an action or proceeding against the Trustee, then the Trustee, at its option, may appear in and defend any such action or proceeding deemed necessary by it to perfect, maintain or protect such interest, rights, powers or duties, all in such manner and to such extent as the Trustee shall determine, and the Trustee is authorized to pay, purchase or compromise on behalf of the Borrower any



encumbrance or claim which in its judgment, with the consent of the Borrower so long as no Event of Default has occurred and is continuing hereunder and otherwise in its own discretion, appears or purports to affect the security hereof or to be superior hereto; to pay all costs and expenses, including costs of evidence of title and attorney's fees in a reasonable sum, in any above-described action or proceedings in which the Borrower may appear.

*Section 1.6. Taxes.* (a) The Borrower and the Trustee understand and agree that the Mortgaged Property is property owned by a political subdivision of the state and is therefore free and exempt from all taxation in accordance with applicable law, including but not limited to Section 59-2-1101(2) Utah Code Annotated 1953, as amended.

(b) Notwithstanding Section 1.6(a) hereof, in the event that the Mortgaged Property or any portion thereof shall, for any reason, be deemed subject to taxation, assessments or charges lawfully made by any governmental body which may be secured by a lien against the Mortgaged Property, all such taxes, assessments and governmental charges then due shall be paid, or caused to be paid, by the Borrower. The Borrower shall not allow any liens for taxes, assessments or governmental charges to exist with respect to the Mortgaged Property or any portion thereof or upon any personal property, equipment or other facility used in the operation or maintenance thereof (including, without limitation, any taxes levied upon the Mortgaged Property or any portion thereof which, if not paid, will become a charge on the rentals and receipts from the Mortgaged Property or any portion thereof prior to or on a parity with the charge thereon), or any interest therein (including the interest of the Borrower) or the rentals and revenues derived therefrom or hereunder, except to the extent permitted by Section 1.6(c) hereof.

(c) The Borrower may, at its expense and in its name, in good faith contest, or cause to be contested, any such taxes, assessments and other charges, and, in the event of any such contest, may permit the taxes, assessments or other charges so contested to remain unpaid during the period of such contest and any appeal therefrom unless by nonpayment of any such items the security afforded pursuant to the terms of the Mortgage will be materially endangered (in the judgment of the Trustee or the owners of a majority in the aggregate principal amount of the Bonds then Outstanding) or the Mortgaged Property or any essential part thereof will be subject to loss or forfeiture (in the judgment of the Trustee or the owners of a majority in the aggregate principal amount of the Bonds then Outstanding), in which event such taxes, assessments or charges shall be paid forthwith to the extent herein provided. The Trustee will cooperate fully with the Borrower in any such contest. In the event that the Borrower shall fail to pay any of the foregoing items required by this Section 1.6 to be paid, the Trustee may (but shall be under no obligation to) pay the same and any amounts so advanced therefor by the Trustee shall become an additional obligation of the Borrower to the party making the advancement, which amounts the Borrower hereby agrees to pay (subject to the foregoing limitation) on demand together with interest thereon from the date thereof until paid at the lesser of two percent (2%) per annum above the Trustee's announced prime rate or the maximum rate permitted by law.

*Section 1.7. Alterations, Additions and Improvements to the Mortgaged Property.*  
(a) The Borrower shall have the right to make or permit to be made any alterations, additions or improvements of any kind, structural or otherwise, as it shall deem necessary or desirable, on or to the Mortgaged Property, to attach fixtures, structures or signs, and to affix any personal

property to the improvements on the Mortgaged Property; provided, however, that no such alteration, addition or improvement shall reduce or otherwise adversely affect the value of the Mortgaged Property or materially alter or change the character or use of the Mortgaged Property or impair the exclusion from gross income for federal income tax purposes of interest on the Bonds or otherwise adversely affect the purposes for which the Borrower acquired the Mortgaged Property. All such alterations, additions and improvements shall become the property of the Borrower as a part of the Mortgaged Property and shall be subject to this Mortgage.

(b) The Borrower will not permit any mechanic's or other lien to be established or remain against the Mortgaged Property for labor or materials furnished in connection with any construction, substitutions, additions, modifications, improvements, repairs, renewals or replacements so made or permitted to be made by the Borrower, provided that if the Borrower shall first notify the Trustee of the Borrower's intention so to do, the Borrower may in good faith contest or cause to be contested any mechanic's or other lien filed or established against the Mortgaged Property, and in such event may permit the items so contested to remain undischarged and unsatisfied during the period of such contest and any appeal therefrom unless by nonpayment of any such items the security afforded pursuant to the terms of this Mortgage will be materially endangered (in the judgment of the Trustee) or the Mortgaged Property or any essential part thereof will be subject to loss or forfeiture (in the judgment of the Trustee), in which event the Borrower shall promptly pay, or cause to be paid, and cause to be satisfied and discharged all such unpaid items.

*Section 1.8. Utilities.* The Borrower shall pay or cause to be paid when due all utility charges which are incurred for the benefit of the Mortgaged Property or which may become a charge or lien against the Mortgaged Property for gas, electricity, water or sewer services furnished to the Mortgaged Property and all other assessments or charges of a similar nature, whether public or private, affecting the Mortgaged Property or any portion thereof, whether or not such taxes, assessments or charges are liens thereon.

*Section 1.9. Actions by Trustee to Preserve Mortgaged Property.* If the Borrower fails to make any payment or to do any act as and in the manner provided in this Mortgage, the Indenture or the Bonds, the Trustee in its own discretion, without obligation so to do and without notice to or demand upon the Borrower and without releasing the Borrower from any obligation, may make or do the same in such manner and to such extent as it may deem necessary to protect the security hereof. In connection therewith (without limiting its general powers), the Trustee shall have and is hereby given the right, but not the obligation, (i) to enter upon and take possession of the Mortgaged Property; (ii) to make additions, alterations, repairs and improvements to the Mortgaged Property which it may consider necessary or proper to keep the Mortgaged Property in good condition and repair; (iii) to appear and participate in any action or proceeding affecting or which may affect the security hereof or the rights or powers of the Trustee; (iv) to pay, purchase, contest or compromise any encumbrance, claim, charge, lien or debt which in its judgment may affect or appears to affect the security of this Mortgage or be prior or superior hereto; and (v) in exercising such powers, to pay necessary expenses, including employment of counsel or other necessary or desirable consultants. The Borrower shall immediately, upon demand therefor by the Trustee, pay all reasonable costs and expenses

incurred by the Trustee in connection with the exercise by the Trustee of the foregoing rights, including without limitation costs of evidence of title, court costs, appraisals, surveys and attorneys' fees.

*Section 1.10. Additional Security.* In the event the Trustee at any time holds additional security for any of the obligations secured hereby, the Trustee may enforce the sale thereof or otherwise realize upon the same, at its option, either before or concurrently herewith or after foreclosure hereunder.

*Section 1.11. Successors and Assigns.* This Mortgage applies to, inures to the benefit of and binds all parties hereto, their heirs, legatees, devisees, administrators, executors, successors and assigns.

*Section 1.12. Inspections.* The Trustee, any owner of 10% or more in aggregate principal amount of the Bonds then Outstanding, or their respective agents, representatives or workers, are authorized to enter at any reasonable time upon or in any part of the Mortgaged Property for the purpose of inspecting the same and for the purpose of performing any of the acts they are authorized to perform under the terms of this Mortgage, the Indenture or the Bonds. Notwithstanding anything herein to the contrary, the Trustee shall be entitled to exercise its rights granted pursuant to this Section only after the Trustee has provided not less than two (2) days prior written notice to the Borrower stating its desire to make such an inspection and outlining its proposed actions in connection with such inspection, subject to the limitations herein provided.

*Section 1.13. Liens.* The Borrower shall pay and discharge, or cause to be paid and discharged, promptly, at the Borrower's cost and expense, all liens, encumbrances and charges upon the Mortgaged Property or any part thereof or interest therein. The Borrower shall have the right to contest in good faith the validity of any such lien, encumbrance or charge and, in the event of any such contest, may permit such liens, encumbrances or charges so contested to remain unpaid during the period of such contest and any appeal therefrom unless by nonpayment of any such items the security afforded pursuant to the terms of this Mortgage will be materially endangered (in the judgment of the Trustee) or the Mortgaged Property or any essential part thereof will be subject to loss or forfeiture (in the judgment of the Trustee) in which event such liens, encumbrances or charges shall be paid forthwith.

*Section 1.14. Condemnation Proceeds.* All condemnation proceeds of the Mortgaged Property shall be deposited with the Trustee under the Indenture and are hereby assigned to the Trustee to be held and disbursed by the Trustee as provided in Section \_\_\_ of the Indenture; *provided, however,* that such application or release shall not cure or waive any default or notice of default hereunder or invalidate any act done pursuant to such notice and provided that any condemnation proceeds not so required to be deposited may be retained by the Borrower and used for any lawful purpose.

*Section 1.15. Governmental Requirements.* The Borrower shall comply with, and cause the Mortgaged Property and the use and condition thereof to comply fully with, all statutes, ordinances and requirements, regulations, orders and decrees relating to the Borrower or the

Mortgaged Property or the use thereof by any federal, state, county or other governmental authority to the extent applicable and observe and comply with all conditions and requirements necessary to preserve and extend any and all rights, licenses, permits, privileges and franchises (including, but not limited to, Environmental Laws and laws relating to land use and development, construction, access, water rights and use, noise and pollution) which are applicable to the Borrower or have been granted for the Mortgaged Property or the use thereof.

[*Section 1.16. Parking Areas.* The Borrower shall provide and improve or cause to be provided and improved as parking facilities within the Mortgaged Property surface areas of a square footage at least sufficient to park as many vehicles as required by applicable local ordinances.]

*Section 1.17. Performance of Borrower's Covenants; Authority.* The Borrower shall faithfully observe and perform at all times any and all covenants, conditions and agreements on its part contained in this Mortgage, the Indenture, any and every Bond executed, authenticated and delivered thereunder. The Borrower represents that it is duly authorized under the Constitution and laws of the State of Utah, including particularly and without limitation Title 53B, Utah Code Annotated 1953, as amended, and that it has all right, power and authority under the Act, to grant a mortgage lien on and security interest in the Mortgaged Property to the Trustee for the purposes and uses herein set forth, and to enter into, execute and deliver this Mortgage; and that all action on its part for the execution and delivery of this Mortgage has been duly and effectively taken. The Borrower warrants that there is no financing statement or other filed or recorded instrument in which the Borrower is named as, or which the Borrower has signed as, debtor now on file in any public office covering any of the Mortgaged Property excepting the financing statements or other instruments filed or to be filed in respect of and for the security interest provided for herein, and that the lien and security interest herein created have been duly perfected and are prior to any other.

*Section 1.18. Actions of Borrower with Respect to Mortgaged Property.* The Borrower will not:

- (a) by affirmative act, consent to the creation or existence of any Lien (other than the security interest and lien of this Mortgage); or
- (b) sell, mortgage, transfer, assign or hypothecate (other than to the Trustee) its interest in the Mortgaged Property or any part thereof or interest therein or in any amount to be received by it from the disposition of the Mortgaged Property.

*Section 1.19. Trustee's Powers.* To the extent permitted in the Indenture and without affecting the liability of any other person liable for the payment of any obligation herein mentioned, and without affecting the lien or charge of this Mortgage upon any portion of the Mortgaged Property not then or theretofore released as security for the full amount of all unpaid obligations, Trustee may from time to time and without notice (i) release any person so liable, (ii) extend the maturity or alter any of the terms of any such obligation, (iii) grant other indulgences, (iv) take or release any other or additional security for any obligation herein mentioned, or (v) make compositions or other arrangements with debtors in relation thereto.

*Section 1.20. Indemnification; Waiver of Offset.* (a) If Trustee is made a party defendant to any litigation concerning this Mortgage or the Mortgaged Property or any part thereof or any interest therein, or the occupancy thereof by Borrower, then Borrower shall indemnify, defend, and hold Trustee harmless from all liability by reason of said litigation, including reasonable attorneys' fees and expenses incurred by Trustee in any such litigation whether or not any such litigation is prosecuted to judgment. If Trustee commences an action against Borrower to enforce any of the terms hereof or because of the alleged breach by Borrower of any of the terms hereof, or for the recovery of any sum secured hereby, Borrower shall pay to Trustee reasonable attorneys' fees and expenses, and the right to such attorneys' fees and expenses shall be deemed to have accrued on the commencement of such action, and shall be enforceable whether or not such action is prosecuted to judgment. If Borrower breaches any term of this Mortgage, Trustee may employ an attorney or attorneys to protect its rights hereunder, and in the event of such employment following any breach by Borrower, Borrower shall pay Trustee on demand reasonable attorneys' fees and expenses incurred by Trustee, whether or not an action is actually commenced against Borrower by reason of breach.

(b) Borrower waives any and all right to claim or recover against Trustee, its officers, employees, agents, and representatives, for loss of or damage to Borrower, the Mortgaged Property, Borrower's property or the property of others under Borrower's control from any cause insured against or required to be insured against by the provisions of this Mortgage.

(c) All sums payable by Borrower hereunder shall be paid without notice, demand, counterclaim, setoff, deduction, or defense and without abatement, suspension, deferment, diminution, or reduction, and the obligations and liabilities of Borrower hereunder shall in no way be released, discharged, or otherwise affected (except as expressly provided herein) by reason of (i) any damage to or destruction of or any condemnation or similar taking of the Mortgaged Property or any part thereof; (ii) any restriction or prevention of or interference with any use of the Mortgaged Property or any part thereof; (iii) any title defect or encumbrance or any eviction from the Mortgaged Property or any part thereof by title paramount or otherwise; (iv) any bankruptcy, insolvency, reorganization, composition, adjustment, dissolution, liquidation, or other like proceeding relating to Trustee, or any action taken with respect to this Mortgage by any trustee or receiver of Trustee, or by any court, in any such proceeding; (v) any claim which Borrower has or might have against Trustee; (vi) any default or failure on the part of Trustee to perform or comply with any of the terms hereof or of any other agreement with Borrower; or (vii) any other occurrence whatsoever, whether similar or dissimilar to the foregoing; whether or not Borrower shall have notice or knowledge of any of the foregoing. Except as expressly provided herein and to the extent permitted by law, Borrower waives all rights now or hereafter conferred by statute or otherwise to any abatement, suspension, deferment, diminution, or reduction of any sum secured hereby and payable by Borrower.

*Section 1.21. Ground Leases and Other Leases.* To pay when due all rents and other payments and perform all covenants and agreements contained in any lease, sublease, or ground lease which may constitute a portion of or an interest in the Mortgaged Property; not to surrender, assign, or sublease any such lease, sublease, or ground lease, nor take any other action which would effect or permit the termination of any such lease, sublease, or ground lease. Borrower covenants to furnish to Trustee within thirty (30) days after the date upon which such

rents or other payments are due and payable by Borrower, receipts or other evidence satisfactory to Trustee evidencing the payment thereof.

*Section 1.22. Name of Borrower.* The Borrower shall notify the Trustee promptly, but in no event less than ten Business Days after the effective date thereof, of any change to the name, identity or corporate structure of the Borrower.

## **ARTICLE II**

### **ASSIGNMENT OF RENTS AND UNRESTRICTED RECEIVABLES, ISSUES AND PROFITS**

*Section 2.1. Assignment of Rents.* The Borrower hereby assigns and transfers to the Trustee all the rents, issues and profits of the Mortgaged Property and hereby gives and confers upon Trustee the right, power, and authority to collect such rents, issues, profits. The Borrower does hereby irrevocably constitute and appoint the Trustee its true and lawful attorney with an interest and full power of substitution, for it and in its name, place and stead to ask, demand, collect, receive and receipt for any and all rents, income and other sums which are assigned under the Granting Clause hereof or under this Article II. Notwithstanding the foregoing, the Borrower shall have the right, subject to Section 1.18 of this Mortgage, to collect and use such rents, issues and profits prior to or at any time there is not an Event of Default under this Mortgage, the Indenture or the Bonds. The assignment of rents, issues and profits of the Mortgaged Property in this Article II is intended to be an absolute assignment from the Borrower to the Trustee and not merely the passing of a security interest. The rents, issues and profits are hereby assigned absolutely by the Borrower to the Trustee subject only to the right of the Borrower, subject to Section 1.18 of this Mortgage, to collect and use such rents, issues, and profits prior to the occurrence of an Event of Default under this Mortgage, the Indenture or the Bonds.

*Section 2.2. Collection Upon Default.* Upon any Event of Default hereunder or under the Bonds or the Indenture, the Trustee may, at any time without notice (except as otherwise hereinafter provided), either in person, by agent or by a receiver appointed by a court, and without regard to the adequacy of any security for the obligations hereby secured, enter upon and take possession of the Mortgaged Property, or any part thereof, or space therein, in its own name sue for or otherwise collect such rents, issues and profits, including those past due and unpaid, and apply the same, less costs and expenses of operation and collection, including reasonable attorneys' fees, upon any obligations secured hereby, and in such order as the Trustee may determine. The collection of such rents, issues, and profits, or the entering upon and taking possession of the Mortgaged Property, or the application thereof as aforesaid, shall not cure or waive any default or notice of default hereunder or invalidate any act done in response to such default or pursuant to such notice of default. The Trustee's failure or discontinuance at any time to collect any of such rents, issues and profits shall not in any manner affect the right, power or authority of the Trustee thereafter to collect the same. Nothing contained herein, nor the Trustee's exercise of the Trustee's right to collect such rents, issues and profits, shall be or be construed to be an affirmation by the Trustee of any tenancy, lease, option or other interest in the Mortgaged Property, or an assumption of liability under, or a subordination of the lien or charge of this Mortgage to, any tenancy, lease, option or other interest in the Mortgaged Property.

Notwithstanding anything herein to the contrary, the Trustee shall only take any of the actions authorized by this Section after providing at least thirty (30) days' prior written notice to the Borrower unless by providing such notice for such period prior to taking any action the security afforded pursuant to the terms of the assignment of rents contemplated by this Article II will be materially endangered (in the judgment of the Trustee) or a material portion of such rents, issues and profits will be subject to loss or forfeiture (in the judgment of the Trustee), in which event the Trustee shall provide such written notice to the Borrower prior to taking any action authorized by the Section as shall be reasonable under the circumstances.

### ARTICLE III

#### SECURITY AGREEMENT

*Section 3.1. Creation of Security Interest.* The Borrower hereby grants to the Trustee a present security interest in the Revenues and other personal property (tangible and intangible) and other proceeds (whether cash or non-cash), if any, described and referred to in the Granting Clause hereto now or hereafter acquired for the purpose of securing payment and performance of all obligations of the Borrower contained herein, in the Indenture or in the Bonds.

*Section 3.2. Financing Statement.* This Mortgage also constitutes a Financing Statement within the purview of Section 70A-9a-502(3), Utah Code Annotated 1953, as amended, and in compliance therewith the following information is set forth:

1. NAMES AND ADDRESSES: The names and addresses of the Debtor and the Secured Party are:

DEBTOR:	Utah State University of Agriculture and Applied Science Old Main Hill Logan, Utah 84322-2400
---------	--

DEBTOR'S FEDERAL INCOME TAX EMPLOYER IDENTIFICATION NUMBER:	87-0257692
---	------------

SECURED PARTY:	Wells Fargo Bank Northwest, N.A., as Trustee 79 South Main Street, 3 <sup>rd</sup> Floor Salt Lake City, Utah 84111
----------------	--

2. COLLATERAL: This Financing Statement covers the types (or items) of collateral described in Section 3.1 hereof and in the Granting Clause contained herein. After-acquired property, proceeds of the collateral and products of the collateral are also covered by this financing statement.

3. FIXTURES AND REAL ESTATE: The collateral covered by this Financing Statement includes goods which are or are to become fixtures in or upon or related to the herein described

real property situated in the Cache County, Utah. This Financing Statement is intended to constitute a fixture filing pursuant to Section 70A-9a-502 of the Utah Code Annotated 1953, as amended, and is to be recorded in the real estate records of the County Recorder of Cache County, Utah.

4. RECORD OWNER: The name of the record owner of the real property referred to above in paragraph 3 is Utah State University of Agriculture and Applied Science, of the City of Logan, Cache County, Utah, a political subdivision of the State of Utah.

#### ARTICLE IV

##### REMEDIES UPON DEFAULT

*Section 4.1. Events of Default.* Any of the following events shall be deemed an “Event of Default” hereunder:

(a) Default in the payment of any interest on any of the Bonds or on any other sum secured hereby when the same shall become due and payable; or

(b) An “event of default” as defined in the Indenture shall have occurred thereunder; or

(c) Default in the payment of the principal of or premium, if any, on any Bonds or on any other sum secured hereby when the same shall become due and payable; or

(d) Default in the performance or observance of any of the covenants, agreements or conditions on the part of the Borrower in this Mortgage and the continuance thereof for a period of thirty (30) days after written notice to the Borrower given by the Trustee or to the Trustee, the Borrower by the owners of not less than a majority in aggregate principal amount of Bonds then outstanding.

*Section 4.2. Remedies Upon Default.* Upon the occurrence and continuance of any Event of Default hereunder, the Trustee may, and at the written request of owners of not less than 25% in aggregate principal amount of the Bonds then outstanding shall, declare all obligations secured hereby to be immediately due and payable, whereupon such obligations shall, without further action, become and be immediately due and payable, anything in this Mortgage, in the Indenture or in the Bonds to the contrary notwithstanding.

Thereafter, the Trustee may, and at the written request of the owners of not less than 25% in aggregate principal amount of the Bonds then outstanding shall, commence an action to foreclose this Mortgage in the manner permitted by law against the Borrower’s right, title and interest in the Mortgaged Property in such manner and order as the Trustee may determine and as may be permitted by law and take one or any combination of the following additional remedial steps:



(a) The Trustee may temporarily lease the Mortgaged Property or any portion thereof for the benefit of the owners of the Bonds, pending sale of the Mortgaged Property;

(b) Either in person or by agent, with or without bringing any action or proceeding, or by a receiver appointed by a court and without regard to the adequacy of its security, enter upon and take possession of the Mortgaged Property, or any part thereof, in its own name or in the name of the Borrower, and do any acts which it deems necessary or desirable to preserve the value, marketability or rentability of the Mortgaged Property or part thereof or interest or space therein, increase the income therefrom or protect the security hereof and, with or without taking possession of the Mortgaged Property, sue for or otherwise collect the rents, issues and profits thereof, including those past due and unpaid, and apply the same, less costs and expenses of operation and collection including attorneys' fees, upon any obligations secured hereby, all in such order as the Trustee may determine. The entering upon and taking possession of the Mortgaged Property, the collection of such rents, issues and profits, and the application thereof as aforesaid, shall not cure or waive any default or notice of default hereunder or invalidate any act done in response to such default or pursuant to such notice of default and, notwithstanding the continuance in possession of the Mortgaged Property or the collection, receipt and application of rents, issues or profits, the Trustee shall be entitled to exercise every right and remedy provided for in the Indenture or this Mortgage or now or hereafter permitted by law upon occurrence of any Event of Default;

(c) Exercise any or all of the remedies available to a secured party under the Utah Uniform Commercial Code, as then in effect, with respect to property subject to this Mortgage which is covered by the Utah Uniform Commercial Code. Without limiting the generality of the foregoing, the Trustee shall have the right to take possession of any personal property or fixtures subject to the lien of this Mortgage and to take such other measures as the Trustee may deem as necessary for the care, protection, preservation and marketing of said personal property and fixtures. The Trustee may require the Borrower to assemble any such personal property or fixtures and make the same available to the Trustee at a place to be designated by the Trustee which is reasonably convenient to the Borrower. It is agreed that a commercially reasonable manner of disposition of personal property includes, without limitation, disposition with the real property in the manner provided above.

*Section 4.3. Other Remedies.* (a) Upon the occurrence of an Event of Default hereunder, the Trustee may, as an alternative, either after entry or without entry, pursue any available remedy by suit at law or equity to enforce the payment of the principal of, and premium, if any, and interest on, the Bonds then outstanding, including, without limitation, foreclosure and mandamus and an action for specific performance of any agreement herein contained.

(b) Upon the occurrence of an Event of Default hereunder, if requested to do so by the owners of at least 25% in aggregate principal amount of Bonds then outstanding and if indemnified as provided in the Indenture, the Trustee shall exercise such one or more of the rights and powers conferred by this Article IV as the Trustee, upon being advised by counsel, shall deem most expedient in the interests of the Bondholder; provided that the obligation of the Trustee to accelerate the principal of the Bonds shall be subject to Section 4.2 hereof.

*Section 4.4. Appointment of Receiver.* Upon the occurrence of an Event of Default hereunder and upon the filing of a suit or other commencement of judicial proceedings to enforce the rights of the Trustee or of the Bondholder under this Mortgage, the Trustee, as a matter of right and after at least five (5) days notice to the Borrower, and without regard to the then value of the Mortgaged Property or the interest of the Borrower, at the expense of the Borrower, shall have the right to apply to any court having jurisdiction to appoint a receiver or receivers of the Mortgaged Property, and the Borrower hereby irrevocably consents to such appointment and, to the extent permitted by law, waives notice of any application therefor. Any such receiver or receivers shall have the power of attorney and all the usual powers and duties of receivers in like or similar cases and all the powers and duties of the Trustee in case of entry as provided in Section 4.2 hereof and shall continue as such and exercise all such powers until the date of confirmation of sale of the Mortgaged Property unless such receivership is sooner terminated.

*Section 4.5. Remedies Not Exclusive.* The Trustee shall be entitled to enforce payments and performance of any obligations secured hereby and to exercise all rights and powers under this Mortgage, the Indenture, the Bonds or other agreement or any laws now or hereafter in force, notwithstanding some or all of the said obligations secured hereby may now or hereafter be otherwise secured, whether by mortgage, deed of trust, pledge, lien, assignment or otherwise. Neither the acceptance of this Mortgage nor its enforcement whether by court action or other powers herein contained, shall prejudice or in any manner affect the Trustee's right to realize upon or enforce any other security now or hereafter held by the Trustee, it being agreed that the Trustee shall be entitled to enforce this Mortgage, the Indenture and any other security now or hereafter held by the Trustee in such order and manner as it may in its absolute discretion determine. No remedy herein conferred upon or reserved to the Trustee is intended to be exclusive of any other remedy herein or by law provided or permitted, but each shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing at law or in equity or by statute. Every power or remedy given by this Mortgage, the Indenture or the Bonds or to which it may be otherwise entitled, may be exercised, concurrently or independently, from time to time and as often as may be deemed expedient by the Trustee, and the Trustee may pursue inconsistent remedies.

*Section 4.6. Limitation on Remedies.* (a) In the event of a foreclosure of this Mortgage pursuant to Section 4.2 hereof, the Trustee shall use its best efforts to obtain fair market value for the Mortgaged Property; *provided however*, the moneys received through the foreclosure for the benefit of the Bondowners shall be limited to the aggregate principal amount of the Series 2003 Bonds then outstanding and all moneys obtained in excess of the aggregate principal amount of the Series 2003 Bonds then outstanding shall be delivered as soon as practicable to the Borrower.

(b) Notwithstanding anything herein to the contrary, no deficiency judgment upon foreclosure as herein provided may be entered against the Borrower or the Board or the State if Utah or any of its political subdivisions.

*Section 4.7. Bidder at Foreclosure Sale.* As authorized by Section 11-17-5(4) of the Act, in the event of foreclosure on the lien of this Mortgage as provided herein, the Trustee or the then owner or owners of any of the Bonds secured hereby may become the purchaser at any

foreclosure sale, if the highest bidder, so long as such purchase is made consistent with law and this Mortgage.

*Section 4.8. Application of Moneys.* All moneys received by the Trustee pursuant to any right given or action taken under the provisions of this Article IV shall be deposited and applied by the Trustee in accordance with Section 7.4 of the Indenture.

*Section 4.9. Right of Bondholder to Direct Proceedings.* Anything in this Mortgage to the contrary notwithstanding, the owners of a majority in aggregate principal amount of the Bonds then outstanding shall have the right, at any time, by an instrument or instruments in writing executed and delivered to the Trustee, to direct the method and place of conducting all proceedings to be taken in connection with the enforcement of the terms and conditions of this Mortgage or for the appointment of a receiver or any other proceedings hereunder; provided that such direction shall not be otherwise than in accordance with the provisions of law and of this Mortgage.

## ARTICLE V

### MISCELLANEOUS

*Section 5.1. Governing Law.* This Mortgage shall be governed by and construed in accordance with the laws of the State of Utah. In the event that any provision or clause of this Mortgage conflicts with applicable laws, such conflicts shall not affect other provisions of this Mortgage which can be given effect without the conflicting provision, and to this end the provisions of this Mortgage are declared to be severable. This instrument cannot be waived, changed, discharged or terminated orally, but only by an instrument in writing signed by the party against whom enforcement of any waiver, change, discharge or termination is sought.

*Section 5.2. Release of Mortgage.* The Trustee shall release this Mortgage and the lien and security interest granted hereby by proper instrument or instruments upon presentation of satisfactory evidence that all interests hereby secured have been fully paid or discharged.

*Section 5.3. Prepayment.* The Series 2003 Bonds and the Indenture contain certain provisions for the prepayment of the obligations set forth therein on various terms and conditions therein contained.

*Section 5.4. Notices.* Whenever the Borrower or the Trustee shall desire to give or serve any notice, demand, request or other communication with respect to this Mortgage, each such notice, demand, request or other communication shall be in writing and shall be effective only if the same is delivered by personal service or mailed by registered or certified mail, postage prepaid, return receipt requested, addressed to the addresses first hereinabove set forth for the Borrower and the Trustee, respectively. Any party may at any time change its address for such notices by delivering or mailing to the other party hereto, as aforesaid, a notice of such change.

*Section 5.5. Captions.* The captions or headings at the beginning of each Section hereof are for the convenience of the parties and are not a part of this Mortgage.

*Section 5.6. Invalidity of Certain Provisions.* If the lien of this Mortgage is invalid or unenforceable as to any part of the obligations, or if the lien is invalid or unenforceable as to any part of the Mortgaged Property, the unsecured or partially secured portion of the obligations shall be completely paid prior to the payment of the remaining and secured or partially secured portion of the obligations, and all payments made on the obligations, whether voluntarily or under foreclosure or other enforcement action or procedure, shall be considered to have been first paid on and applied to the full payment of that portion of the obligations which is not secured or fully secured by the lien of this Mortgage.

*Section 5.7. Consents, etc., of Bondholder.* Any consent, request, direction, approval, objection or other instrument required by this Mortgage to be signed and executed by the Bondholder may be given in the manner set forth in Section 11.1 of the Indenture.

DATED as of the day and year first above written.

Borrower:

UTAH STATE UNIVERSITY OF AGRICULTURE  
AND APPLIED SCIENCE

By \_\_\_\_\_  
\_\_\_\_\_

[SEAL]

Attest:

\_\_\_\_\_  
\_\_\_\_\_

Trustee:

WELLS FARGO BANK NORTHWEST, N.A.  
as Trustee

By \_\_\_\_\_  
Its \_\_\_\_\_

[SEAL]

Attest:

\_\_\_\_\_  
Its \_\_\_\_\_





**EXHIBIT A**

**DEED OF TRUST, SECURITY AGREEMENT AND FINANCING STATEMENT OF  
UTAH STATE UNIVERSITY OF AGRICULTURE AND APPLIED SCIENCE TO  
WELLS FARGO BANK NORTHWEST, N.A.**

The following-described real property located in Cache County, state of Utah, described as follows:

**PARCEL 1:**

BEGINNING SOUTH 598 FEET FROM THE NORTHEAST CORNER OF SECTION 31, TOWNSHIP 13 NORTH, RANGE 1 WEST OF THE SALT LAKE BASE AND MERIDIAN, AND RUNNING THENCE SOUTH 89°29'30" WEST 2636 FEET; THENCE NORTH 47'30" EAST 598 FEET TO THE TRUE POINT OF BEGINNING. THENCE NORTH 0°47'30" EAST 203.7 FEET NORTH, 27°10' EAST 55.6 FEET; THENCE NORTH 47°50' EAST 155.9 FEET; THENCE NORTH 55°43'30" EAST 105.3 FEET; THENCE NORTH 62°15'30" EAST 103.3 FEET; THENCE NORTH 69°11'30" EAST 152 FEET; THENCE NORTH 70°47' EAST 850 FEET; THENCE SOUTH 16°40' EAST 24.5 FEET; THENCE NORTH 70°47' EAST 751.54 FEET TO THE WEST LINE OF PACIFICORP PROPERTY; THENCE SOUTH 46°15' EAST 1442.11 FEET TO THE SOUTH LINE OF SECTION 29, TOWNSHIP 13 NORTH, RANGE 1 WEST OF THE SALT LAKE BASE AND MERIDIAN; THENCE SOUTH 89°17'55" WEST 426.26 FEET TO THE SOUTHWEST CORNER OF SAID SECTION 29; THENCE WEST 2636 FEET MORE OR LESS TO THE BEGINNING. (13-049-0005)

**PARCEL 2:**

BEGINNING AT A POINT NORTH 89°51' WEST 28.581 CHAINS OF A POINT 1770.5 FEET SOUTH OF THE NORTHEAST CORNER OF SECTION 31, TOWNSHIP 13 NORTH, RANGE 1 WEST OF THE SALT LAKE BASE AND MERIDIAN, AND RUNNING THENCE WEST 5.391 CHAINS; THENCE NORTH 26.7 CHAINS; THENCE EAST 5.39 CHAINS; THENCE SOUTH 26.7 CHAINS TO THE PLACE OF BEGINNING. (13-050-0003)

**PARCEL 3:**

THE NORTH 70 RODS OF THE SOUTHEAST QUARTER OF SECTION 32, TOWNSHIP 13 NORTH, RANGE 1 WEST OF THE SALT LAKE BASE AND MERIDIAN. (13-051-0006)



PARCEL 4:

THE SOUTH 90 RODS OF THE SOUTHEAST QUARTER OF SECTION 32, TOWNSHIP 13 NORTH, RANGE 1 WEST OF THE SALT LAKE BASE AND MERIDIAN. (13-051-0007)

SUBJECT TO A ROAD DEDICATION TO CACHE COUNTY AS DISCLOSED IN BOOK 1113 AT PAGE 740 FOR THAT PART OF 4600 NORTH STREET.

PARCEL 5:

BEGINNING 598 FEET SOUTH FROM THE NORTHEAST CORNER OF SECTION 31, TOWNSHIP 13 NORTH, RANGE 1 WEST OF THE SALT LAKE BASE AND MERIDIAN; THENCE SOUTH  $89^{\circ}29'30''$  WEST 2636 FEET; THENCE NORTH  $47^{\circ}30''$  EAST 598 FEET; THENCE EAST 2636 FEET TO THE BEGINNING.

LESS THE FOLLOWING: BEGINNING 28.581 CHAINS NORTH  $89^{\circ}51'$  WEST FROM A POINT 598 FEET SOUTH OF THE NORTHEAST CORNER OF SAID SECTION 31; THENCE WEST 5.391 CHAINS NORTH 598 FEET EAST 5.391 CHAINS; THENCE SOUTH 598 FEET TO THE BEGINNING. (13-050-0002)

PARCEL 6:

BEGINNING SOUTH 598 FEET FROM THE NORTHEAST CORNER OF SECTION 31, TOWNSHIP 13 NORTH, RANGE 1 WEST OF THE SALT LAKE BASE AND MERIDIAN, AND RUNNING THENCE SOUTH  $89^{\circ}29'30''$  WEST 2636 FEET; THENCE NORTH  $0^{\circ}47'30''$  EAST 598 FEET; THENCE WEST 4.3 CHAINS; THENCE SOUTHEASTERLY 27 CHAINS; THENCE EAST 38.96 CHAINS; THENCE NORTH 1172.5 FEET TO THE BEGINNING.

LESS THE FOLLOWING: BEGINNING NORTH  $89^{\circ}51'$  WEST 28.581 CHAINS OF A POINT SOUTH 1770.5 FEET FROM THE NORTHEAST CORNER OF SAID SECTION 31; THENCE WEST 5.391 CHAINS; THENCE NORTH 1172.5 FEET; THENCE EAST 5.391 CHAINS; THENCE SOUTH 1172.5 FEET TO THE BEGINNING.

ALSO LESS THE OREGON SHORTLINE RAILROAD RIGHT-OF-WAY. (13-050-0004)

PARCEL 7:

BEGINNING AT THE NORTHWEST CORNER OF SECTION 32, TOWNSHIP 13 NORTH, RANGE 1 WEST OF THE SALT LAKE BASE AND MERIDIAN; THENCE EAST 10 CHAINS; THENCE SOUTH  $0^{\circ}42'$  EAST 598 FEET; THENCE SOUTH  $89^{\circ}8'$  WEST 10 CHAINS; THENCE NORTH 598 FEET TO THE BEGINNING.

LESS: BEGINNING AT THE NORTHEAST CORNER OF THE WEST HALF OF THE NORTHWEST QUARTER OF THE NORTHWEST QUARTER OF SAID SECTION 32 AND RUNNING THENCE SOUTH  $0^{\circ}55'30''$  EAST 230.97 FEET ALONG THE EAST LINE OF THE WEST HALF OF THE NORTHWEST QUARTER OF THE NORTHWEST QUARTER; THENCE NORTH  $46^{\circ}15'$  WEST 329.81 FEET TO THE NORTH LINE OF SECTION 32 AND RUNNING THENCE NORTH  $89^{\circ}17'55''$  EAST 234.53 FEET TO THE BEGINNING. (13-051-0001)

PARCEL 8:

BEGINNING 598 FEET SOUTH OF THE NORTHWEST CORNER OF SECTION 32, TOWNSHIP 13 NORTH, RANGE 1 WEST OF THE SALT LAKE BASE AND MERIDIAN AND RUNNING THENCE NORTH  $89^{\circ}8'$  EAST 10.0 CHAINS SOUTH 722 FEET; THENCE SOUTH  $88^{\circ}21'$  WEST 10.0 CHAINS; THENCE NORTH 722 FEET TO THE BEGINNING.

ALSO: BEGINNING AT THE SOUTHWEST CORNER OF THE EAST HALF OF THE NORTHWEST QUARTER OF THE NORTHWEST QUARTER OF SAID SECTION 32 AND F SECTION 32, SAID EASEMENT RECORDED JANUARY 12, 1961 AS ENTRY NO. 306671 IN BOOK 50 AT PAGE 296 OF OFFICIAL RECORDS IN THE CACHE COUNTY RECORDERS OFFICE. (13-051-0005)

PARCEL 9:

BEGINNING AT THE WEST QUARTER CORNER OF THE NORTHWEST QUARTER OF SECTION 32 TOWNSHIP 13 NORTH, RANGE 1 WEST OF THE SALT LAKE BASE AND MERIDIAN AND RUNNING THENCE EAST 660 FEET; THENCE NORTH  $89^{\circ}08'$  EAST 492.5 FEET; THENCE SOUTH  $24^{\circ}42'$  EAST 316.1 FEET; THENCE SOUTH 205 FEET; THENCE WEST 1279.892 FEET; THENCE NORTH  $0^{\circ}42'$  WEST 484.766 FEET TO THE BEGINNING.

LESS: BEGINNING SOUTH 89°18'17" WEST 172.0 FEET OF THE NORTHEAST CORNER OF THE SOUTHWEST QUARTER OF THE NORTHWEST QUARTER OF SAID SECTION 32 AND RUNNING THENCE SOUTH 24°19'30" EAST 315.61 FEET (SOUTH 24°42' EAST 316.1 FEET BY RECORD) THENCE NORTH 45°20' WEST 406.35 FEET TO THE NORTH LINE OF THE SOUTHWEST QUARTER OF THE NORTHWEST QUARTER AND RUNNING THENCE NORTH 89°18'17" EAST 159.01 FEET TO THE BEGINNING. (13-051-0008)

PARCEL 10:

BEGINNING 2 RODS NORTH OF THE SOUTHWEST CORNER OF SECTION 32, TOWNSHIP 13 NORTH, RANGE 1 WEST; THENCE NORTH 3442.23 FEET; THENCE EAST 1279.892 FEET; THENCE NORTH 205 FEET; THENCE SOUTH 79°20'39" EAST 1397.28 FEET TO A POINT SOUTH 0°56'56" EAST 1887.35 FEET FROM THE NORTH QUARTER OF SAID SECTION 32; THENCE SOUTH 3356.65 FEET TO THE NORTH LINE OF COUNTY ROAD; THENCE WEST 40 CHAINS TO BEGINNING.

TOGETHER WITH AND EASEMENT TO OPERATE AND MAINTAIN A PUMPING PLANT AND APPURTENANCES LOCATED ON THE SOUTH EDGE OF THE BEAR RIVER AT A POINT 1423.5 FEET SOUTH, 1378 FEET EAST, FROM THE NORTHWEST CORNER OF SECTION 32, TOWNSHIP 13 NORTH, RANGE 1 WEST OF THE SALT LAKE BASE AND MERIDIAN, AND AN UNDERGROUND PIPELINE COMMENCING AT SAID POINT AND RUNNING THENCE SOUTHWESTERLY 230 FEET TO A POINT WHICH IS 1620 FEET SOUTH AND 1300 FEET EAST OF THE SAID NORTHWEST CORNER OF SECTION 32, SAID EASEMENT RECORDED JANUARY 12, 1961 AS ENTRY NO. 306671 IN BOOK 50 AT PAGE 296 OF OFFICIAL RECORDS IN THE CACHE COUNTY RECORDERS OFFICE. (13-051-0005)

Salt Lake City, Utah

January 17, 2003

The State Board of Regents of the State of Utah (the “*Board*”) met in regular session at the University of Utah in Salt Lake City, Utah on January 17, 2003, commencing at 9:30 a.m.

The following members of the Board were present:

Nolan E. Karras	Chair
Pamela J. Atkinson	Vice Chair
Jerry C. Atkin	Member
Linnea S. Barney	Member
Daryl C. Barrett	Member
Kim R. Burningham	Member
Khay Douangdara	Member
David J. Grant	Member
L. Brent Hoggan	Member
James S. Jardine	Member
Michael R. Jensen	Member
Charles E. Johnson	Member
David J. Jordan	Member
George Mantes	Member
Jed H. Pitcher	Member
Sara V. Sinclair	Member
Marlon O. Snow	Member
Maria Sweeten	Member.

ABSENT:

\_\_\_\_\_  
\_\_\_\_\_.



The resolution is as follows:

### **RESOLUTION**

A RESOLUTION OF THE STATE BOARD OF REGENTS OF THE STATE OF UTAH AUTHORIZING THE ISSUANCE AND SALE OF ITS UTAH STATE UNIVERSITY RESEARCH REVENUE BONDS, SERIES 2003 IN THE AGGREGATE PRINCIPAL AMOUNT OF NOT TO EXCEED \$750,000; AUTHORIZING THE EXECUTION AND DELIVERY OF A THIRD SUPPLEMENTAL INDENTURE OF TRUST, A DEED OF TRUST, ASSIGNMENT OF RENTS, SECURITY AGREEMENT AND FINANCING STATEMENT, A BOND PURCHASE CONTRACT AND OTHER DOCUMENTS REQUIRED IN CONNECTION THEREWITH; AUTHORIZING THE TAKING OF ALL OTHER ACTIONS NECESSARY TO THE CONSUMMATION OF THE TRANSACTIONS CONTEMPLATED BY THIS RESOLUTION; AND RELATED MATTERS.

WHEREAS, the State Board of Regents of the State of Utah (the “*Board*”) is established and exists under and pursuant to Section 53B-1-103, Utah Code Annotated 1953, as amended;

WHEREAS, pursuant to the provisions of Title 53B, Chapter 1 and Section 11-17-17, Utah Code Annotated 1953, as amended (the “*Code*”), the Board is authorized to act as the governing authority of Utah State University of Agricultural and Applied Science (the “*University*”) for the purpose of exercising the powers contained in Title 11, Chapter 17 of the Code (the “*Act*”);

WHEREAS, pursuant to the Act, the Board is authorized to issue bonds, for and on behalf of the University, payable from a special fund into which the revenues of the University may be deposited;

WHEREAS, pursuant to the provisions of the Act, the Board is authorized to issue revenue bonds to finance the acquisition of land that is suitable for use by the University for the purpose of aiding in the accomplishment of its authorized academic, scientific, engineering, technical, and economic development functions;

WHEREAS, the Board considers it desirable and necessary for the benefit of the residents of the State of Utah to issue a series of revenue bonds to be designated as the “State Board of Regents of the State of Utah, Utah State University Research Revenue Bonds, Series 2003” (the “*Series 2003 Bonds*”) for the purpose of providing funds for acquiring approximately 550 acres of real estate in Cache County, Utah, to replace the University’s Agricultural Experiment Station (the “*Project*”), satisfying a debt service reserve requirement, and paying costs of issuance of the Series 2003 Bonds, including the cost of any bond insurance policy or other credit enhancement for the Series 2003 Bonds;

WHEREAS, the Board finds that the Project is suitable for use by the University for the purpose of aiding in the accomplishment of the University's authorized academic, scientific, engineering, technical, and economic development function;

WHEREAS, the Series 2003 Bonds will be issued in an aggregate principle amount of not to exceed \$750,000 and will be issued pursuant to the General Indenture of Trust, dated as of August 1, 1995, as heretofore amended and supplemented (the "*General Indenture*"), and as further amended and supplemented by a Third Supplemental Indenture of Trust, dated as of March 1, 2003 (the "*Third Supplemental Indenture*" and, together with the General Indenture, the "*Indenture*") each by and between the Board, acting for and on behalf of the University, and Wells Fargo Bank Northwest, N. A. (formerly known as First Security Bank of Utah, N.A.), as trustee (the "*Trustee*");

WHEREAS, the Series 2003 Bonds shall be payable solely from the revenues and other moneys pledged therefor under the Indenture and shall not constitute nor give rise to a general obligation or liability of the State of Utah, the Board or the University or constitute a charge against the general credit of the State of Utah, the Board or the University;

WHEREAS, the University is authorized, pursuant to the Act, to secure the payment of the bonds by a mortgage covering all or any part of the Project;

WHEREAS, the University desires to enter into the Deed of Trust, Assignment of Rents, Security Interest and Financing Statement, between the University and the Trustee (herein referred to as the "*Mortgage*"), to provide additional security for the Series 2003 Bonds and to enhance their marketability, thereby reducing the interest payable on the Series 2003 Bonds;

WHEREAS, there has been presented to the Board at this meeting a form of a Bond Purchase Contract (the "*Bond Purchase Contract*") among the Board, the University and the prospective purchaser of the Series 2003 Bonds (the "*Purchaser*"), a form of the Mortgage, and a form of the Third Supplemental Indenture; and

WHEREAS, pursuant to Sections 11-17-3 and 53B-21-102(3)(m) of the Utah Code Annotated 1953, as amended, the Board desires to grant to the Chair and/or Vice Chair of the Board and/or the Chair of the Finance and Facilities Committee of the Board the authority to approve the final principal amounts, terms, maturities, interest rates and purchase prices at which the Series 2003 Bonds shall be sold and any changes with respect thereto from those terms which were before the Board at the time of adoption of this Resolution, provided such terms do not exceed the parameters set forth in *Schedule A* of this Resolution;

WHEREAS, other than certain "preliminary expenditures" (within the meaning of U.S. Treas. Reg. §1.150-2(f)(2)), all or a portion of the expenditures relating to the Project (the "*Expenditures*") (i) have been paid and incurred within the sixty days prior to the passage of this Resolution or (ii) will be paid and incurred on or after the passage of this Resolution;

NOW, THEREFOR, BE IT RESOLVED BY THE STATE BOARD OF REGENTS OF THE STATE OF UTAH, AS FOLLOWS:

*Section 1.* The Board hereby adopts the recitals set out above as its findings and determinations.

*Section 2.* All terms defined in the foregoing recitals hereto shall have the same meanings when used herein. Capitalized terms used and not otherwise defined herein shall have the meanings assigned to such terms in the Indenture.

*Section 3.* Issuer reasonably expects to reimburse the Expenditures with proceeds of the Series 2003 Bonds.

*Section 4.* All action heretofore taken (not inconsistent with the provisions of this Resolution) by the Board and the officers of the Board or the University directed toward the issuance of the Series 2003 Bonds are hereby ratified, approved and confirmed.

*Section 5.* The Third Supplemental Indenture in substantially the form presented to the Board at this meeting are in all respects authorized, approved and confirmed. The Chair or Vice Chair and Secretary of the Board and the President, the Vice President or the Associate Vice President of the University are hereby authorized to execute and deliver the Third Supplemental Indenture in the form and with substantially the same content as presented at this meeting for and on behalf of the Board and the University, with such alterations, changes or additions as may be authorized pursuant to the terms of this Resolution.

*Section 6.* For the purpose of providing funds to be used for (i) acquiring approximately 550 acres of real estate in Cache County, Utah, (ii) satisfying a debt service reserve requirement and (iii) paying costs of issuance of the Series 2003 Bonds, including any bond insurance policy or other credit enhancement for the Series 2003 Bonds, the Board hereby authorizes the issuance of the Series 2003 Bonds in the aggregate principal amount of not to exceed \$750,000. The Series 2003 Bonds shall bear interest at the rates and shall mature in the principal amounts and on the dates as shall be approved by the Chair or Vice Chair of the Board or the Chair of the Finance and Facilities Committee, and shall provide a debt service savings, all within the parameters set forth on *Schedule A* attached hereto and incorporated herein by reference.

*Section 7.* The form, terms and provisions of the Series 2003 Bonds and the provisions for the signatures, authentication, payment, registration, transfer, exchange, redemption and number shall be as set forth in the Indenture. The Chair or Vice Chair and the Secretary of the Board and the President or the Vice President of the University are hereby authorized to execute by manual or facsimile signature and seal by facsimile the Series 2003 Bonds and to deliver the Series 2003 Bonds to the Trustee for authentication. All terms and provisions of the Indenture and the Series 2003 Bonds are hereby incorporated in this resolution. The appropriate officials of the Board and the University are hereby authorized to execute and deliver to the Trustee the written order of the Board for authentication and delivery of the Series 2003 Bonds in accordance with the provisions of the Indenture.

*Section 8.* The University is hereby authorized to enter into the Mortgage to provide additional security for the Series 2003 Bonds. The President, the Vice President, or the



Associate Vice President of the University are hereby authorized to execute and deliver the Mortgage, in substantially the form of the Mortgage presented at this meeting, for and on behalf of the University with such alterations, changes or additions as may be necessary or as may be pursuant to Section 10 hereof.

*Section 9.* The Series 2003 Bonds are hereby authorized to be sold to the Purchaser at the price and upon the terms and conditions set forth in the Bond Purchase Contract. The Chair or Vice Chair of the Board and the President, the Vice President, or the Associate Vice President of the University are hereby authorized to execute and deliver the Bond Purchase Contract, in substantially the form of the Bond Purchase Contract presented at this meeting, for and on behalf of the Board with such alterations, changes or additions as may be necessary or as may be pursuant to Section 10 hereof. Pursuant to Sections 11-17-3 and 53B-21-102(3)(m) of the Utah Code Annotated 1953, as amended, the Chair or Vice Chair of the Board or the Chair of the Finance and Facilities Committee (with concurrence of the President, the Vice President, or the Associate Vice President of the University) is hereby authorized to specify and agree as to the final principal amounts, interest rates, maturities, purchase price and other terms of the Series 2003 Bonds, including any bond insurance or other credit enhancement for the Series 2003 Bonds, for and on behalf of the Board and the University by the execution of the Bond Purchase Contract and the Indenture and any changes thereto from those terms which were before the Board at the time of adoption of this Resolution, provided such terms are within the parameters set by this Resolution.

*Section 10.* The appropriate officers of the Board and the University, including without limitation the Chair, Vice Chair, the Chair of the Finance and Facilities Committee, Commissioner of Higher Education and Secretary of the Board and the President, the Vice President, and the Associate Vice President of the University, are hereby authorized to take all action necessary or reasonably required by the Indenture and the Bond Purchase Contract to carry out, give effect to and consummate the transactions as contemplated thereby and are authorized to take all action necessary in conformity with the Act.

*Section 11.* The appropriate officials of the Board and the University, including without limitation the Chair or Vice Chair of the Board, and the Chair of the Finance and Facilities Committee, and the President, the Vice President and the Associate Vice President of the University are authorized to make any alterations, changes or additions to the Third Supplemental Indenture, the Series 2003 Bonds, the Mortgage, the Bond Purchase Contract, or any other document herein authorized and approved which may be necessary to correct errors or omissions therein, to remove ambiguities therefrom, to conform the same to other provisions of said instruments, to the provisions of this Resolution or any resolution adopted by the Board or the provisions of laws of the State of Utah or the United States.

*Section 12.* The appropriate officials of the Board and the University, including without limitation the Chair, the Vice Chair, the Chair of the Finance and Facilities Committee, Commissioner of Higher Education and Secretary of the Board, the President, the Vice President, and the Associate Vice President of the University, are hereby authorized and directed to execute and deliver for and on behalf of the Board and the University any or all additional certificates, documents and other papers and to perform all other acts they may deem necessary or

appropriate in order to implement and carry out the matters authorized in this Resolution and the documents authorized and approved herein, including (without limitation) such (i) continuing disclosure undertakings or agreements as shall be necessary under Rule 15c2-12 of the Securities and Exchange Commission and (ii) such certificates and agreements as shall be necessary to establish and maintain the tax exempt status of interest on the Series 2003 Bonds under the provisions of the Internal Revenue Code of 1986, as amended.

*Section 13.* Upon their issuance, the Series 2003 Bonds will constitute special limited obligations of the Board payable solely from and to the extent of the sources set forth in the Indenture. No provision of this Resolution, the Series 2003 Bonds, the Mortgage, the Bond Purchase Contract, the Indenture or any other instrument, shall be construed as creating a general obligation of the Board or the University, or of creating a general obligation of the State of Utah or any political subdivision thereof, nor as incurring or creating a charge upon the general credit of the Board, the University, the State of Utah or any political subdivision thereof.

*Section 14.* In accordance with the provisions of Section 11-17-16 of the Act, the Secretary of the Board shall cause the following "Notice of Bonds to be Issued" to be published one time in *The Herald Journal*, a newspaper of general circulation in Cache County, Utah, and shall cause a copy of this Resolution, together with the exhibits thereto, to be kept on file in the Secretary's office for public examination during the regular business hours of the Secretary for at least thirty days after the date of such publication. The "Notice of Bonds to be Issued" shall be in substantially the following form:

#### **NOTICE OF BONDS TO BE ISSUED**

NOTICE IS HEREBY GIVEN pursuant to the provisions of Section 11-17-16, Utah Code Annotated 1953, as amended, that on January 17, 2003, the State Board of Regents of the State of Utah (the "*Board*"), for and on behalf of Utah State University of Agricultural and Applied Science (the "*University*") adopted a resolution (the "*Resolution*") in which it authorized and approved the issuance of the Board's Utah State University Research Revenue Bonds, Series 2003 (the "*Bonds*") in an aggregate principal amount of not to exceed \$750,000, to mature not later than December 1, 2016, to bear interest at a rate or rates not to exceed four and three-quarters percent (4.75%) per annum, and to be sold at a discount from par, expressed as a percentage of principal amount, of not to exceed two percent (2.00%).

The Bonds are to be issued and sold by the Issuer pursuant to (1) the Resolution, (2) a Bond Resolution to be adopted at a future date, (3) a General Indenture of Trust, dated as of August 1, 1995, between the Issuer and Wells Fargo Bank Northwest, N. A. (the "*Trustee*"), and (4) a Third Supplemental Indenture of Trust between the Issuer and the Trustee, supplementing and amending the General Indenture of Trust.

The Bonds are to be issued for the purpose of (a) financing the acquisition of approximately 550 acres of real estate in Cache County, Utah, to replace the University's Agricultural Experiment Station, (b) providing for any necessary debt service and other reserves, and (c) paying costs relating to the issuance of the Bonds, all as set forth in the Resolution, the Bond Resolution, the General Indenture of Trust and the Third Supplemental Indenture of Trust.

The Bond Resolution will be adopted by the Board at a future date prior to the issuance of the Bonds.

A copy of the Resolution is on file in the office of the Secretary of the Board, located at 60 South 400 West, Salt Lake City, Utah, where it may be examined during regular business hours of the Secretary from 8:00 a.m. to 5:00 p.m. Said Resolution shall be so available for inspection for a period of at least thirty (30) days from and after the date of the publication of this notice.

NOTICE IS FURTHER GIVEN that pursuant to law for a period of thirty days from and after the date of the publication of this notice, any person in interest shall have the right to contest the legality of the above-described Resolution of the Board, or the Bonds or any provisions made for the security and payment of the Bonds, and that after such time, no one shall have any cause of action to contest the regularity, formality or legality thereof for any cause.

DATED this 18th day of January, 2003.

STATE BOARD OF REGENTS OF THE STATE OF  
UTAH

By \_\_\_\_\_  
Secretary

*Section 15.* Pursuant to Section 2.13(c) of the General Indenture, it is hereby ordered that the amount to be accumulated in the Debt Service Reserve Fund shall be raised to an amount not less than the Debt Service Reserve Requirement of all Bonds now Outstanding, including the Series 2003 Bonds. Such amount shall be accumulated in the Debt Service Reserve Fund (taking into account any Reserve Instrument Coverage) at the time of issuance of the Series 2003 Bonds.

*Section 16.* After any of the Series 2003 Bonds are delivered by the Trustee to the Purchaser and upon receipt of payment therefor, this Resolution shall be and remain irrevocable until the principal of, premium, if any, and interest on the Series 2003 Bonds are deemed to have been fully discharged in accordance with the terms and provisions of the Indenture.

*Section 17.* If any provisions of this Resolution should be held invalid, the invalidity of such provisions shall not affect the validity of any of the other provisions of this Resolution.

*Section 18.* All resolutions of the Board or parts thereof inconsistent herewith, are hereby repealed to the extent only of such inconsistency. This repealer shall not be construed as reviving any bylaw, order or resolution or part thereof.

*Section 19.* This Resolution shall become effective immediately upon its adoption.

PASSED AND APPROVED by the State Board of Regents of the State of Utah this 17th day of January, 2003.

STATE BOARD OF REGENTS OF  
THE STATE OF UTAH

---

Chair

[SEAL]

ATTEST:

---

Secretary

After the conduct of other business not pertinent to the above, the meeting was, on motion duly made and seconded, adjourned.

---

Chair

[SEAL]

ATTEST:

---

Secretary

STATE OF UTAH                    )  
  : ss.  
COUNTY OF SALT LAKE        )

I, Joyce Cottrell, do hereby certify that I am the duly qualified and acting Secretary of the State Board of Regents of the State of Utah.

I further certify that the above and foregoing constitutes a true and correct copy of an excerpt of the minutes of a meeting of said Board held on January 17, 2003 and of a resolution adopted at said meeting, as said minutes and resolution are officially of record in my possession.

IN WITNESS WHEREOF, I have hereunto subscribed my official signature and impressed hereon the official seal of said Board this 17th day of January, 2003.

\_\_\_\_\_  
Secretary

[SEAL]

STATE OF UTAH                    )  
  : ss.  
COUNTY OF SALT LAKE        )

I, Joyce Cottrell, the undersigned, the duly qualified and acting Secretary of the State Board of Regents of the State of Utah (the “Board”), do hereby certify, according to the records of the Board in my official possession, and upon my own knowledge and belief, that:

(a) in accordance with the requirements of Section 52-4-6(2), Utah Code Annotated 1953, as amended, I gave public notice of the agenda, date, time and place of the January 17, 2003 public meeting held by the Members of the Board by causing a Notice of Public Meeting to be posted at the principal office of the Board at 60 South 400 West, Salt Lake City, Utah, on January 17, 2003, at least 24 hours prior to the convening of such meeting, in the form attached hereto as *Exhibit A*; said Notice of Public Meeting having continuously remained so posted and available for public inspection during the regular office hours of the Board until the convening of the meeting; and causing a copy of said Notice of Public Meeting in the form attached hereto as *Exhibit A* to be provided on January \_\_\_\_, 2003 at least 24 hours prior to the convening of such meeting, to the *Deseret News* and *The Salt Lake Tribune*, newspapers of general circulation within the geographic jurisdiction of the Board, and to each local media correspondent, newspaper, radio station or television station which has requested notification of meetings of the Board; and

(b) in accordance with the requirements of Section 52-4-6(1), Utah Code Annotated 1953, as amended, public notice of the 2003 Annual Meeting Schedule of the Board was given specifying the date, time and place of the regular meetings of the Board scheduled to be held during the year, by causing a Notice of Annual Meeting Schedule for the Board in the form attached as *Exhibit B* to be posted on or before January 1, 2003, at the principal office of the Board in Salt Lake City, Utah; such Notice of Annual Meeting Schedule having continuously remained so posted and available for public inspection during the regular office hours of the undersigned until the date hereof; and causing a copy of such Notice of Annual Meeting Schedule to be provided on or before January 1, 2003, to a newspaper of general circulation within the geographic jurisdiction of Salt Lake City, Utah.

IN WITNESS WHEREOF, I have hereunto subscribed my official signature and impressed hereon the official seal of the State Board of Regents of the State of Utah, this 17th day of January, 2003.

---

Secretary

[SEAL]



## SCHEDULE A

### PARAMETERS

PRINCIPAL AMOUNT:	Not to exceed \$750,000
FINAL MATURITY NO LATER THAN:	December 1, 2016
INTEREST RATE:	Fixed rate such that no coupon rate exceeds 4.75% per annum.
REDEMPTION FEATURES:	Optional call on or after December 15, 2007, at 100%
SALE PRICE:	Not less than 98% of the principal amount of the Series 2003 Bonds

**EXHIBIT A**

[ATTACH NOTICE OF PUBLIC MEETING]

**EXHIBIT B**

[ATTACH NOTICE OF ANNUAL MEETING SCHEDULE]

\$ \_\_\_\_\_  
**STATE BOARD OF REGENTS OF THE STATE OF UTAH**  
**UTAH STATE UNIVERSITY**  
**RESEARCH REVENUE BONDS,**  
**SERIES 2003**

**BOND PURCHASE CONTRACT**

\_\_\_\_\_, 2003

State Board of Regents  
60 South 400 West  
Salt Lake City, Utah 84101-1284

Utah State University  
Old Main Hill  
Logan, Utah 84322

\_\_\_\_\_, as purchaser and not as agent or fiduciary for you (the "*Purchaser*"), hereby offers to enter into this Bond Purchase Contract (the "*Purchase Contract*") with the State Board of Regents of the State of Utah (the "*Issuer*"), acting for and on behalf of the Utah State University of Agriculture and Applied Science (the "*University*"), and with the University. Upon execution by the Issuer and acceptance by the University, this Purchase Contract will be binding upon the Issuer, the University and the Purchaser. This offer is made subject to acceptance by the Issuer and the University by execution and delivery of this Purchase Contract to the Purchaser on or before 5:00 p.m., local time on the date hereof, and until so accepted will be subject to withdrawal by the Purchaser upon notice delivered to the Issuer by the Purchaser at any time prior to the execution hereof by the Issuer and acceptance by the University.

1. *Purchase and Sale.* Upon the terms and conditions and upon the basis of the representations, warranties and agreements hereinafter set forth, the Purchaser hereby agrees to purchase from the Issuer, the Issuer hereby agrees to sell to the Purchaser and the University hereby approves the purchase and sale of all of the \$\_\_\_\_\_ aggregate principal amount of the Issuer's Utah State University Research Revenue Bonds, Series 2003 (the "*Bonds*"). The Bonds shall be dated as of February 15, 2003, shall bear interest at the rates per annum, payable on June 1 and December 1 of each year, and shall mature in the amounts and on the dates set forth on *Schedule I* attached hereto, and shall be subject to redemption prior to maturity as provided in the Indenture (defined below). The purchase price for the Bonds shall be \$\_\_\_\_\_ (representing the par amount of the Bonds [less Purchaser's discount of \$\_\_\_\_\_] [plus][less] net original issue [discount][premium] of \$\_\_\_\_\_) plus accrued interest from February 15, 2003 to the Closing Date (defined below).

2. *The Bonds; Certain Definitions.* (a) The Bonds shall be issued pursuant to the resolution adopted by the Issuer on January 17, 2003 (the “*Bond Resolution*”) and the General Indenture of Trust dated as of August 1, 1995, as previously supplemented and amended (the “*General Indenture*”) between the Issuer and Wells Fargo Bank Northwest, N.A., as trustee (the “*Trustee*”), and as further supplemented by the Third Supplemental Indenture of Trust dated as of March 1, 2003 (the “*Third Supplemental Indenture*”), each between the Issuer and the Trustee. The General Indenture and the Third Supplemental Indenture are herein collectively referred to as the “*Indenture*”. The Bonds are being issued for the benefit of the University to provide financing for the costs of acquiring approximately 550 acres of real estate in Cache County, Utah, to replace the University’s Agricultural Experiment Station farmland (the “*Series 2003 Project*”) and to pay certain costs of issuance of the Bonds. The Bonds will be payable from and secured by a pledge of the revenues of all of the University’s net reimbursed overhead revenues received or to be received by the University (including those to be received by or through the Utah State University Research Foundation) with respect to all current research and training contracts and grants, and all future research and training contracts to be entered into and grants to be received by the University as long as any Bonds remain outstanding (the “*Revenues*”) and certain other amounts, funds and accounts pledged pursuant to the Indenture, on a parity with all bonds now outstanding under the General Indenture (collectively, the “*Outstanding Parity Bonds*”) and any Additional Bonds hereafter issued thereunder.

(b) Capitalized terms used and not defined in this Purchase Contract have the meanings assigned to such terms in the Indenture.

3. *Representations and Warranties of the Issuer.* The Issuer represents and warrants to and agrees with the Purchaser as follows:

(a) *Existence and Powers.* The Issuer is duly organized and validly existing under the laws of the State of Utah (the “*State*”) and has full legal right, power and authority to: (i) adopt the Bond Resolution; (ii) enter into, execute and deliver this Purchase Contract, the Indenture and the Bonds, and all documents required thereunder or hereunder to be executed and delivered by the Issuer (together with the Bond Resolution, the “*Issuer Documents*”); and (iii) carry out and consummate all transactions contemplated on its part by the Issuer Documents. The Issuer has complied with all applicable provisions of law and has taken all actions required to be taken by it in connection with the transactions contemplated by the Issuer Documents.

(b) *Due Authorization, Execution and Delivery.* Each of the Issuer Documents has been duly authorized, executed and delivered by the Issuer and constitutes the legal, valid and binding obligation of the Issuer enforceable in accordance with its respective terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium and similar laws in effect from time to time affecting the rights of creditors generally and to the availability of equitable relief. The Issuer has duly authorized the taking of any and all actions as may be required on the part of the Issuer to carry out, give effect to and consummate the transactions contemplated by the Issuer Documents. The Issuer will take any and all actions necessary or appropriate to consummate the transactions described in the Issuer Documents.

(c) *Officers and Officials.* The officers and officials of the Issuer executing the Issuer Documents have been or will have been duly elected or appointed and are or will be qualified to serve as such officers and officials of the Issuer.

(d) *Governmental Approvals.* No approval, permit, consent, authorization or order of any court or any governmental or public agency, authority or person not already obtained is required with respect to the Issuer in connection with the issuance and sale of the Bonds, the acquisition of the Series 2003 Project, the operation of the Research Facilities, or the execution, delivery and performance by the Issuer of its obligations under the Issuer Documents and the consummation of the transactions contemplated thereby.

(e) *No Conflicts.* The execution and delivery by the Issuer of the Issuer Documents and the compliance by the Issuer with the provisions thereof do not and will not materially conflict with or result in a material breach or violation of any of the terms or provisions of or constitute a default under any indenture, ordinance, deed of trust, mortgage, commitment, agreement or other instrument to which the Issuer is a party or by which the Issuer or any of its property is bound, or any constitutional provision, law, regulation, court order or consent decree to which the Issuer or its property is subject.

(f) *Other Revenue Bonds.* There are no bonds, notes or other obligations of the Issuer that are secured by a pledge of the Revenues that is prior to the pledge made in favor of the Bonds pursuant to the Indenture. Between the time of acceptance hereof and the Closing Date, the Issuer will not, without the prior written consent of the Purchaser, issue any revenue bonds or securities payable from the Revenues other than the Bonds.

(g) *No Defaults.* The Issuer is not and will not be in breach of or in default under any applicable law or regulation of the State or the United States, or any applicable judgment or decree or any trust agreement, loan agreement, bond, note, indenture, ordinance, agreement or other instrument to which the Issuer is a party or is otherwise subject, the consequence of which could materially and adversely affect the operations of the Issuer as of such dates; and, as of such times, except as disclosed in the Official Statement, the execution and delivery of the Issuer Documents and compliance with the provisions of each of such agreements or instruments do not and will not conflict with or constitute a material breach of or material default under any applicable law or administrative regulation of the State or the United States or any applicable judgment or decree or any trust agreement, loan agreement, bond, note, indenture, ordinance, agreement or other instrument to which the Issuer is a party or is otherwise subject. The Issuer has at all times (to and including the date of this Purchase Contract) been in compliance with the requirements of all continuing disclosure undertakings and agreements entered into by it pursuant to the requirements of Rule 15c2-12.

(h) *No Litigation.* There is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, governmental agency, public board or body, pending or threatened against or affecting the Issuer and, to the best of its knowledge, there is no basis therefor, (i) which in any way questions the powers of the

Issuer or the validity of the proceedings taken by the Issuer in connection with the issuance and sale of the Bonds, (ii) wherein an unfavorable decision, ruling or finding would adversely affect the transactions contemplated by the Issuer Documents or would in any way adversely affect the validity or enforceability of any of the Issuer Documents, (iii) questioning the Issuer's right to receive the Revenues and pledge the Revenues to the repayment of the Bonds, or (iv) which, if decided adversely to the Issuer, would have a material adverse effect on the financial condition of the Issuer, or impair the Issuer's ability to comply with all the requirements set forth in the Issuer Documents.

(i) *Certificates and Representations.* Any certificate signed by an authorized officer of the Issuer and delivered to the Purchaser shall be deemed a representation and warranty by the Issuer to the Purchaser as to the statements made therein. The Issuer covenants that the representations of the Issuer set forth herein and in the Issuer Documents are, and as of the Closing Date will be, true and correct unless modified as provided herein. The Issuer further covenants that between the date hereof and the Closing Date the Issuer will not take any action that will cause the representations and warranties made herein to be untrue as of the Closing Date.

(j) *Application of Bond Proceeds.* The Issuer will not take or omit to take any action which action or omission would in any way cause the proceeds from the sale of the Bonds to be applied in a manner contrary to that provided for in the Indenture.

4. *Representations and Warranties of the University.* The University represents and warrants to and agrees with the Purchaser as follows:

(a) *Existence and Powers.* The University is duly organized and validly existing under the laws of the State and has full legal right, power and authority to carry out and consummate all transactions contemplated on its part by the Issuer Documents and the Deed of Trust, Assignment of Rents, Security Agreement and Financing Statement, dated as of March \_\_, 2003 (the "*Trust Deed*") between the University and the Trustee. The University has lawful authority to (i) own and operate the Research Facilities and the Series 2003 Project (title to which is and will be vested in the [Issuer on behalf of the] University), (ii) fix and collect rates, fees and other charges in connection with the Research Facilities and (iii) mortgage the Series 2003 Project to secure the payment of the Bonds. The University has complied with all applicable provisions of law and has taken all actions required to be taken by it in connection with the transactions contemplated by the Issuer Documents.

(b) *Due Authorization, Execution and Delivery.* Wherever required, each of the Issuer Documents and the Trust Deed has been duly authorized, executed and delivered by the University and (to the extent applicable to the University) constitutes the legal, valid and binding obligation of the University enforceable in accordance with its respective terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium and similar laws in effect from time to time affecting the rights of creditors generally and to the availability of equitable relief. The University has duly authorized the taking of any and all actions as may be required on the part of the University to carry

out, give effect to and consummate the transactions contemplated by the Issuer Documents and the Trust Deed. The University will take any and all actions necessary or appropriate on its part to consummate the transactions described in the Issuer Documents and the Trust Deed.

(c) *Officers and Officials.* The officers and officials of the University executing the Issuer Documents and the Trust Deed have been or will have been duly elected or appointed and are or will be qualified to serve as such officers and officials of the University and to execute and deliver such Issuer Documents and the Trust Deed on behalf of the University.

(d) *Governmental Approvals.* No approval, permit, consent, authorization or order of any court or any governmental or public agency, authority or person not already obtained is required with respect to the University in connection with the issuance and sale of the Bonds by the Issuer, the acquisition of the Series 2003 Project, the operation of the Research Facilities, or the execution, delivery and performance by the University of its obligations under the Issuer Documents and the Trust Deed and the consummation by the University of the transactions contemplated thereby.

(e) *No Conflicts.* The execution and delivery by the University of the Issuer Documents and the Trust Deed and the compliance by the University with the provisions thereof do not and will not materially conflict with or result in a material breach or violation of any of the terms or provisions of or constitute a default under any indenture, ordinance, deed of trust, mortgage, commitment, agreement or other instrument to which the University is a party or by which the University or any of its property is bound, or any constitutional provision, law, regulation, court order or consent decree to which the University or its property is subject.

(f) *No Defaults.* The University is not and will not be in breach of or in default under any applicable law or regulation of the State or the United States, or any applicable judgment or decree or any trust agreement, loan agreement, bond, note, indenture, ordinance, agreement or other instrument to which the University is a party or is otherwise subject, the consequence of which could materially and adversely affect the operations of the University as of such dates and, as of such times, the execution and delivery of the Issuer Documents and the Trust Deed that are to be executed or accepted by the University and compliance with the provisions of each of such agreements or instruments do not and will not conflict with or constitute a material breach of or material default under any applicable law or administrative regulation of the State or the United States or any applicable judgment or decree or any trust agreement, loan agreement, bond, note, indenture, ordinance, agreement or other instrument to which the University is a party or is otherwise subject. The University has at all times (to and including the date of this Purchase Contract) been in compliance with the requirements of all continuing disclosure undertakings and agreements entered into by it pursuant to the requirements of Rule 15c2-12.



(g) *No Litigation.* There is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, governmental agency, public board or body, pending or threatened against or affecting the University and, to the best of its knowledge, there is no basis therefor, (i) which in any way questions the powers of the University or the validity of the proceedings taken by the University in connection with the issuance and sale of the Bonds, (ii) wherein an unfavorable decision, ruling or finding would adversely affect the transactions contemplated by the Issuer Documents or the Trust Deed or would in any way adversely affect the validity or enforceability of any of the Issuer Documents, (iii) questioning the University's right to receive the Revenues, or (iv) which, if decided adversely to the University, would have a material adverse effect on the financial condition of the University, or impair the University's ability to comply with these requirements set forth in the Issuer Documents and the Trust Deed applicable to the University.

(h) *Certificates and Representations.* Any certificate signed by an authorized officer of the University and delivered to the Purchaser shall be deemed a representation and warranty by the University to the Purchaser as to the statements made therein. The University covenants that the representations of the University set forth herein and in the Issuer Documents and the Trust Deed are, and as of the Closing Date will be, true and correct unless modified as provided herein. The University further covenants that between the date hereof and the Closing Date the University will not take any action that will cause the representations and warranties made herein to be untrue as of the Closing Date.

(i) *Application of Bond Proceeds.* The University will not take or omit to take any action which action or omission would in any way cause the proceeds from the sale of the Bonds to be applied in a manner contrary to that provided for in the Indenture.

5. *Closing.* The "Closing Date" shall be March \_\_, 2003, or such earlier or later date as the Issuer and the Purchaser shall mutually agree upon. The delivery of and payment for the Bonds and the other actions described in Sections 7 and 8 of this Purchase Contract are referred to herein as the "Closing." The Closing shall take place at the offices of Chapman and Cutler in Salt Lake City, Utah. On the Closing Date, the Issuer will deliver or cause to be delivered to the Purchaser, the Bonds, duly executed and authenticated. The Issuer will also deliver to the Purchaser at the Closing the other documents hereinafter mentioned, and, subject to the terms and conditions hereof, the Purchaser will accept such delivery and pay the purchase price of the Bonds as set forth in Paragraph 1 hereof in federal funds payable to the order of the Issuer. The Bonds will be registered in the name of \_\_\_\_\_, as purchaser.

6. *Closing Conditions.* The Purchaser has entered into this Purchase Contract in reliance upon the representations and warranties herein and the performance by the Issuer of its obligations hereunder, both as of the date hereof and as of the Closing Date. The Purchaser's obligations under this Purchase Contract are and shall be subject to the following conditions:

(a) The representations and warranties of the Issuer and the University contained herein shall be true, complete and correct in all material respects at the date hereof and on the Closing Date, as if made on the Closing Date.

(b) On the Closing Date, (i) the Issuer Documents and the Trust Deed shall be in full force and effect, and shall not have been amended, modified or supplemented from the proposed form delivered to the Purchaser, except as may have been agreed to in writing by the Purchaser, and (ii) the Issuer and the University shall perform or have performed all of their respective obligations required under or specified in the Issuer Documents and the Trust Deed to be performed at or prior to the Closing Date.

(c) On the Closing Date, no “*Event of Default*” shall have occurred or be existing under the Indenture nor shall any event have occurred which, with the passage of time or the giving of notice, or both, shall constitute an Event of Default under the Indenture nor shall the Issuer be in default in the payment of principal or interest on any of its obligations for borrowed money.

(d) The Purchaser shall have the right to terminate this agreement by written notification delivered to the Issuer and the University by the Purchaser if at any time on or prior to the Closing Date: (i) any legislation, ordinance, rule or regulation shall be introduced in, or be enacted by any governmental body, department or agency of the State, or a decision by any court of competent jurisdiction within the State shall be rendered which materially adversely affects the market price of the Bonds; (ii) a stop order, ruling, regulation or official statement by, or on behalf of, the Securities and Exchange Commission or any other governmental agency having jurisdiction of the subject matter shall be issued or made to the effect that the issuance, offering or sale of obligations of the general character of the Bonds, or the issuance, offering or sale of the Bonds, including all underlying obligations, as contemplated hereby, is in violation or would be in violation of any provision of the federal securities laws, including the Securities Act of 1933, as amended and as then in effect (the “*Securities Act*”), or that the Indenture needs to be qualified under the Trust Indenture Act of 1939, as amended and as then in effect (the “*Trust Indenture Act*”); (iii) legislation shall be enacted by the Congress of the United States of America, or a decision by a court of the United States of America shall be rendered, to the effect that obligations of the general character of the Bonds, or the Bonds, are not exempt from registration under the Securities Act, or that the Indenture is not exempt from qualification under or other requirements of the Trust Indenture Act; (iv) legislation shall have been passed by or introduced in the Congress of the United States or recommended to the Congress for passage by the President of the United States or the United States Department of the Treasury or the Internal Revenue Service or any member of the United States Congress, or the State Legislature or a decision shall have been rendered by a court of the United States or of the State or by the Tax Court of the United States, or a ruling or an official statement (including a press release) or proposal shall have been made or a regulation shall have been proposed or made by or on behalf of the Treasury Department of the United States or the Internal Revenue Service or other federal or State authority, with respect to federal or State taxation upon revenues or other income of the general character to be derived by the

Issuer pursuant to the Indenture, or upon interest on obligations of the general character of the Bonds, or, with respect to State taxation of the interest on the Bonds, or other action or events shall have transpired which may have the purpose or effect, directly or indirectly, of changing the federal income tax consequences or State income tax consequences of any of the transactions contemplated in connection herewith, or any other action or events shall have occurred which, in the judgment of the Purchaser, materially adversely affect the market for the Bonds or the market price generally of obligations of the general character of the Bonds; (v) additional material restrictions not in force as of the date hereof shall have been imposed upon trading in securities generally by any governmental authority or by any national securities exchange; (vi) a general banking moratorium shall have been established by federal, State or New York authorities; (vii) the United States shall have become engaged in hostilities which have resulted in a declaration of war or a national emergency or there shall have occurred any other outbreak or escalation of hostilities or a national or international calamity or crisis, financial or otherwise, the effect of which on the financial markets of the United States would, in the reasonable opinion of the Purchaser, affect materially or adversely the ability of the Purchaser to market the Bonds; (viii) any rating of the Bonds shall have been downgraded or withdrawn by a national rating service; or (ix) any action, suit or proceeding described in Paragraph 3(h) or Paragraph 4(g) hereof shall have been commenced.

(e) At or prior to the Closing, the Purchaser shall receive the following documents:

(1) The approving opinion of Chapman and Cutler, Bond Counsel, dated the Closing Date;

(2) An opinion of an Assistant Attorney General of the State, dated the Closing Date, addressed to the Purchaser, to the effect that: (i) the Issuer is a body politic and corporate of the State, duly organized and validly existing under the laws of the State, with full legal right, power and authority to issue, execute and deliver, and to perform its obligations under, the Bonds, the Bond Resolution, the Indenture and the Purchase Contract; (ii) the University is a body politic and corporate of the State, duly organized and validly existing under the laws of the State, with full legal right, power and authority to own and operate the Research Facilities and to carry on its business as currently being conducted and as proposed to be conducted; (iii) the Indenture and the Purchase Contract have been duly authorized, executed and delivered by the Issuer and the University and constitute the valid and binding obligations of the Issuer and the University; (iv) the Bond Resolution has been duly adopted by the Issuer and constitutes all authorization necessary for the execution and delivery of the Indenture and the issuance of the Bonds thereunder; (v) none of the execution and delivery by the Issuer or the University of the Bonds, the Indenture or the Purchase Contract, the adoption of the Bond Resolution, nor compliance therewith, nor the consummation of the transactions contemplated thereby, conflicts with or constitutes a breach of or a default under, or will conflict with or constitute a

breach of or default under, the Act, any State constitutional provision, law or administrative rule or regulation, or any judgment, decree, order, agreement, indenture, bond, note, resolution, commitment, or other instrument to which the Issuer or the University is a party or to which the Issuer or the University or any of their respective properties or assets, is subject, or any license or permit to which the Issuer or the University is a party; (vi) with the exception of the Outstanding Parity Bonds, neither the Issuer nor the University has issued or sold any bonds, notes or other evidences of indebtedness or incurred any other indebtedness for borrowed money with a lien on Revenues prior to, or on a parity with, the pledge of the Revenues granted to the Bonds under the Indenture; (vii) to the best of such counsel's knowledge after due inquiry, neither the Issuer nor the University is in breach of or default under any applicable constitutional provision, law or administrative regulation of the State or the United States or any applicable judgment or decree or any loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the Issuer or the University is a party or to which the Issuer or the University or any of their respective properties or assets is subject, and no event has occurred and is continuing which with the passage of time or the giving of notice, or both, would constitute a default or event of default under any such instrument; (viii) there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, governmental agency, public board or body pending or, to the best of such counsel's knowledge, threatened against the Issuer or the University, which (A) affects or questions the legal existence of the Issuer or the University or the titles of their officers to their respective offices, or the authority for the Bonds, (B) affects or seeks to prohibit, restrain or enjoin the sale, issuance or delivery of the Bonds or the collection of the Revenues pledged to pay the principal of and interest on the Bonds, or the pledge of the Revenues, funds and accounts pursuant to the Indenture, (C) affects, questions or contests the validity or enforceability of the Act, the Bonds, the Indenture, the Bond Resolution or the Purchase Contract, (D) questions or contests the power or authority of the University to own or operate the Research Facilities, or (E) questions or contests the power of the Issuer and the University to carry out the transactions contemplated by the Issuer Documents or any authority for the issuance of the Bonds, the adoption of the Bond Resolution or the execution and delivery by the Issuer and the University of the Bonds, the Indenture or the Purchase Contract; nor, to the best of such counsel's knowledge, is there any basis for any such action, suit, proceeding, inquiry or investigation wherein an unfavorable decision, ruling or finding would materially adversely affect the validity or enforceability of the Act or the authorization, execution, delivery or performance by the Issuer and the University of the Bonds, the Bond Resolution or the Purchase Contract; provided that opinions relating to the enforceability of any instrument are subject to applicable bankruptcy, insolvency, moratorium, reorganization or other similar laws affecting creditors' rights generally, and to general principles of equity;

(3) An opinion of an Counsel to the University, dated the Closing Date, addressed to the Purchaser, to the effect that: (i) the Trust Deed has been

duly authorized, executed and delivered by the University and constitutes the valid and binding obligation of the University; (ii) none of the execution and delivery by the University of the Trust Deed, nor compliance therewith, nor the consummation of the transactions contemplated thereby, conflicts with or constitutes a breach of or a default under, or will conflict with or constitute a breach of or default under, the Act, any State constitutional provision, law or administrative rule or regulation, or any judgment, decree, order, agreement, indenture, bond, note, resolution, commitment, or other instrument to which the University is a party or to which the University or any of its respective properties or assets, is subject, or any license or permit to which the University is a party; (iii) there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, governmental agency, public board or body pending or, to the best of such counsel's knowledge, threatened against the University, which (A) affects, questions or contests the validity or enforceability of the Act or the Trust Deed, (B) questions or contests the power or authority of the University to mortgage the Series 2003 Project, or (C) questions or contests the power of the University to carry out the transactions contemplated by the Trust Deed or any authority for the execution and delivery by the University of Trust Deed; nor, to the best of such counsel's knowledge, is there any basis for any such action, suit, proceeding, inquiry or investigation wherein an unfavorable decision, ruling or finding would materially adversely affect the validity or enforceability of the Act or the authorization, execution, delivery or performance by the University of the Trust Deed; provided that opinions relating to the enforceability of any instrument are subject to applicable bankruptcy, insolvency, moratorium, reorganization or other similar laws affecting creditors' rights generally, and to general principles of equity;

(4) A certificate of the Issuer, dated the Closing Date, signed by its Chair or other authorized officer of the Issuer stating that the representations and warranties of the Issuer contained in this Purchase Contract are true and correct on and as of the Closing Date;

(5) A certificate of the University, dated the Closing Date, signed by its President or one of its Vice Presidents stating that the representations and warranties of the University contained in this Purchase Contract are true and correct on and as of the Closing Date;

(6) Executed counterparts or certified copies of the General Indenture, the Third Supplemental Indenture and the Trust Deed, with only such changes thereto from the forms of such documents approved by the Bond Resolution as shall be specifically approved by the Purchaser;

(7) A copy of the transcript of all proceedings of the Issuer, including the Bond Resolution and all items required under Section 2.4 of the General Indenture, relating to the authorization and issuance of the Bonds, certified by appropriate officials of the Issuer;

(8) One specimen bond;

(9) A copy of the executed Information Return for Tax-Exempt Governmental Obligations, Form 8038-G relating to the Bonds, and evidence of filing thereof;

(10) Such additional certificates, instruments and other documents as the Purchaser may reasonably deem necessary to evidence the truth and accuracy as of the Closing Date, or prior to such time, of the representations of the Issuer and the due performance or satisfaction by the Issuer of all agreements then to be performed and all conditions then to be satisfied by the Issuer.

If the Issuer shall be unable to satisfy the conditions contained in this Purchase Contract, or if the obligations of the Purchaser shall be terminated for any reason permitted by this Purchase Contract, this Purchase Contract shall terminate and neither the Purchaser nor the Issuer shall be under further obligation hereunder, except as further set forth in Paragraph 9 hereof. However, the Purchaser may, in its sole discretion, waive one or more of the conditions imposed by this Purchase Contract and proceed with the Closing. Acceptance of the Bonds and payment therefor by the Purchaser shall be deemed a waiver of noncompliance with any of the conditions herein.

7. *Expenses.* The Issuer or the University shall pay or cause to be paid from the proceeds of the Bonds or other funds available to it the expenses incident to the performance of its obligations hereunder, including but not limited to (a) the cost of printing and mailing or delivering the Indenture, the Bonds, all other documents (other than as set forth in the next succeeding paragraph) prepared in connection with the transactions contemplated hereby; (b) the fees and disbursements of the Trustee in connection with the issuance of the Bonds; and (c) the fees and disbursements of Bond Counsel and any other experts or consultants retained by the Issuer in connection with the transactions contemplated hereby.

8. *Notices.* Any notice or other communication to be given to the Issuer or the University, as the case may be, under this Purchase Contract may be given by delivering the same in writing to the applicable address set forth on the first page of this Purchase Contract, and any notice or other communication to be given to the Purchaser under this Purchase Contract may be given by delivering the same in writing to the Purchaser at its address as set forth below:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

9. *Entire Agreement.* This Purchase Contract, when executed by the Issuer and accepted by the University, shall constitute the entire agreement between the Issuer, the University and the Purchaser, and is made solely for the benefit of the Issuer and the Purchaser (including the successors or assigns of the Purchaser). No other person shall acquire or have any right hereunder by virtue hereof. All the representations, warranties and agreements by the

Issuer or the University, as the case may be, in this Purchase Contract shall remain operative and in full force and effect, regardless of (a) any investigation made by or on behalf of the Purchaser, (b) delivery of any payment for the Bonds hereunder, and (c) any termination of this Purchase Contract.

10. *No Recourse.* No recourse shall be had for any claim based on this Purchase Contract, or any indenture, certificate, document or instrument delivered pursuant hereto, against any member, officer or employee, past, present or future, of the Issuer or the University or of any successor body of either the Issuer or the University.

11. *Execution in Counterparts.* This Purchase Contract may be executed in any number of counterparts, all of which, taken together, shall be one and the same instrument, and any parties hereto may execute this Purchase Contract by signing any such counterpart.

12. *Severability.* The invalidity or unenforceability of any provision hereof as to any one or more jurisdictions shall not affect the validity or enforceability of the balance of this Purchase Contract as to such jurisdiction or jurisdictions, or affect in any way such validity or enforceability as to any other jurisdiction.

13. *Waiver or Modification.* No waiver or modification of any one or more of the terms and conditions of this Purchase Contract shall be valid unless in writing and signed by the party or parties making such waiver or agreeing to such modification.

14. *Governing Law.* This Purchase Contract shall be governed by and construed in accordance with the laws of the State.

15. *Effective Date.* This Purchase Contract shall become effective upon its execution by the Purchaser and the acceptance hereof by the Issuer and the approval hereof by the Issuer and the University.

\_\_\_\_\_, as purchaser

By \_\_\_\_\_  
Its Vice President

STATE BOARD OF REGENTS OF THE STATE OF  
UTAH

By \_\_\_\_\_  
Its Chair

[SEAL]

ATTEST:

By \_\_\_\_\_  
Its Secretary

ACCEPTED AND AGREED TO:

UTAH STATE UNIVERSITY OF AGRICULTURE  
AND APPLIED SCIENCE

By \_\_\_\_\_  
Its Vice President for Administrative  
Services



**SCHEDULE I**

\$ \_\_\_\_\_

**STATE BOARD OF REGENTS OF THE STATE OF UTAH  
UTAH STATE UNIVERSITY  
RESEARCH REVENUE BONDS,  
SERIES 2003**

<b>MATURITY DATE (DECEMBER 1)</b>	<b>PRINCIPAL AMOUNT</b>	<b>INTEREST RATE</b>
2003	\$	%
2004		
2005		
2006		
2007		
2008		
2009		
2010		
2011		
2012		
2013		
2014		
2015		

MEMORANDUM

January 8, 2003

TO: State Board of Regents  
FROM: Cecelia H. Foxley  
SUBJECT: Utah Valley State College – Lease of Property to Heber Power

Issue

Regent Policy R710 requires that the Board of Regents review and approve institutional requests for leases which exceed \$50,000 per year or commit the institution for a duration of five or more years.

Background

Utah Valley State College proposes entering into a 99-year lease with Heber Light and Power on the Wasatch Campus. This lease provides one acre of property to build an electrical substation which will service the campus. UVSC will receive \$1.00 per year and Heber Light and Power in return will provide the transformer, conduit, wire, and poles to supply the campus with power. These items and construction would normally cost UVSC approximately \$60,000. Currently, Heber Light and Power is the only source of power in Heber. Utah Power and Light is planning on entering the Heber Valley market in the near future. This lease agreement does not eliminate the ability of UVSC to switch to Utah Power and Light if that provider becomes a more competitive source of power.

Regents will recall that this new building will replace three leased sites for UVSC programs in Wasatch County. It is being constructed on 23 acres of donated land 1.5 miles north of Heber City on the hillside east of Highway 40. The projected total cost for the 61,000 square foot building is \$14.5 million – \$9.5 million from state revenue bonds and \$5 million from a private donor. The Wasatch Campus building is proceeding on schedule. Concrete pads, footings, and steel girders are in place. The contractor continues to promise completion in early August 2003.

Recommendation

It is the recommendation of the Commissioner that the Regents approve the proposed lease of property to Heber Light and Power to facilitate that company supplying power to the future Wasatch Campus.

CHF/MHS

Cecelia H. Foxley, Commissioner

MEMORANDUM

January 8, 2003

TO: State Board of Regents  
FROM: Cecelia H. Foxley  
SUBJECT: Utah Valley State College – Purchase of Property Contiguous to Campus

Issue

Regent Policy R710 requires the Board of Regents to review and approve all institutional requests for property acquisitions that commit institutional funds in excess of \$25,000.

Background

Utah Valley State College proposes to purchase a residential home contiguous to the campus which has become available. The property consists of a .38 acre lot and includes a home of 2,496 square feet and an additional 800 square foot structure which has been used as an apartment. The seller has agreed to sell for the appraised value of \$169,000.

The purchase of this home and the acquisition of this property is consistent with the College's five-year master plan.

Recommendation

It is the recommendation of the Commissioner that the Board approve UVSC's purchase of this residence for the appraised price of \$169,000.

CHF/MHS

Cecelia H. Foxley, Commissioner

MEMORANDUM  
January 13, 2003

TO: State Board of Regents  
FROM: Cecelia H. Foxley  
SUBJECT: Action: Consent Calendar, Finance and Facilities Committee

It is the recommendation of the Commissioner that the Regents approve the following items on the Finance and Facilities Committee Consent Calendar:

**1. USHE – Money Management Reports (Attachment 1).** Board Policy R541, Management and Reporting of Institutional Investments, Section 4.10 directs that a comparative annual summary of investment results be submitted annually for Board approval. Attached are the comparative exhibits compiled from the reports submitted by the institutions. Complete institutional reports are on file in the Commissioner's Office. The Money Management Report will be submitted to the Governor and Legislature in compliance with the Money Management Act of 1974

**2. UofU and USU Capital Facilities Delegation Reports (Attachment 2).** In accordance with the capital facilities delegation policy adopted by the Regents and by the State Building Board, the attached reports are submitted to the Board for review. Officials from the institutions will be available to answer any questions that the Regents may have.

**3. OCHE Monthly Investment Report (Attachment 3).** Board Policy R541, Management and Reporting of Institutional Investments, requires the Finance and Facilities Committee of the Regents to review and approve the investment report of the Office of the Commissioner on a regular basis. All operating funds of the Office of the Commissioner are invested with the University of Utah Cash Management Pool. The investment report for December 1, 2002 for the Office of the Commissioner is attached.

**4. WSU Property Transactions (Attachment 4 and 5).** As Stated in the attached letter from Vice President Norm Tarbox, Weber State University requests Regent consent for two property transactions. First, the University requests authorization to purchase a .41 acre parcel of property near the Dee Events center for the fair market value of \$9,200. The parcel is owned by Ogden City and has been declared as surplus property. This property is very important for use as a utility corridor for phone and data connections to the Dee Events Center.

Weber State University also wishes to inform the Regents of a recent sale of donated property. WSU sold 2.23 acres of property in Ogden for the price of \$13,000. Although the property is located in a residential area, it was determined by Ogden City to be non-compliant for building purposes because of seismic fault traces and severe slopes. The parcel was purchased by a contiguous property owner to be used as a buffer between that property and Woodland Drive.

Cecelia H. Foxley, Commissioner

CHF/MHS/JV  
Attachments

MEMORANDUM  
January 13, 2003

TO: State Board of Regents

FROM: Cecelia H. Foxley

SUBJECT: INFORMATION: USHE Annual Report on Leased Space

Issue

In June of 1993 the Regents adopted a leased space policy calling for an "annual report of all space leased by USHE institutions, including space leased for off-campus continuing education programs and leased in research parks." Board policy requires institutions to obtain prior Board approval of leases funded from state appropriations that exceed \$50,000 annually or that commit institutions to leases for a 5-year duration or beyond. Consistent with recommendations from a May 1993 report of the Legislative Fiscal Analyst, this annual report is to be reviewed by the Regents and submitted to the State Building Board for inclusion in its comprehensive 5-year building plan. The 2002 report includes the Utah College of Applied Technology for the first time.

2002 Institutional Lease Summary			
Institution	Total Leases	Total Square Feet	Total Annual Lease/Rent Expenditures
U of U	85	838,282	\$10,305,216
USU	15	99,133	\$744,556
WSU	8	54,442	\$134,894
SUU	22	42,506	\$290,024
Snow	0	0	\$0
DSC	1	5,840	\$125
CEU	4	32,325	\$60,126
UVSC	17	200,097	\$736,994
SLCC	9	107,283	\$649,623
UCAT	10	184,241	\$941,805
TOTAL	171	1,564,149	\$13,863,363

Approximately \$13.9 million is expended by Utah higher education for 171 leases totaling 1.6 million square feet of space. A summary of changes in leases since the last report is included as Attachment 1. Attachment 2 lists summary information for each lease, including location, gross square feet, cost per square foot, source of revenue for lease payments, expiration date, escalations, and type of space.

Recommendation

This is an information item only. No action is required.

Cecelia H. Foxley, Commissioner

CHF/MHS/JV  
Attachments

**Utah System of Higher Education  
2002 Changes in Leases:  
Fall 2001 to Fall 2002**

School	Action	Leased Property	Total Leases	Sq. Ft	Expenditures
<b>University of Utah</b>					
		<b>2001 Total - UofU</b>	<b>81</b>	<b>779,763</b>	<b>\$9,332,712</b>
Delete		College of Nursing - Midwifery, 2180 East 4500 South, #150/140	-1	(4,010)	(\$46,116)
Delete		Dialysis Centers: - Salt Lake, 1250 East 3900 South	-1	(1,366)	(\$15,708)
Delete		423 Wakara Way - Academic Outreach & Continuing Education	-1	(2,272)	(\$29,496)
Delete		Hansen Planetarium, 1845 South 300 West	-1	(6,358)	(\$31,200)
Add		Dialysis Centers: Cedar City, 1281 North North Field Road	1	4,850	\$83,232
Add		729 Arapeen Drive - Surgical Specialty Center	1	3,209	\$40,116
Add		420 Wakara Way - Human Resources, Payroll	1	22,159	\$342,432
Add		Beehive Square Storage, Beehive Square Units - Bldg. 23-D, Units 19,20 & 21A	1	21,094	\$67,080
Add		Department of Neurosurgery, 100 North Medical Drive	1	3,408	\$54,528
Add		Energy & Geosciences Institute, 16000 Memorial Drive, Houston, Texas	1	973	\$15,084
Add		Virginia Tanner Creative Dance Program, 2580 Jefferson Avenue, Ogden	1		\$9,600
Add		Virginia Tanner Creative Dance Program, 2080 Gold Dust Lane - Park City	1		\$8,640
Change		Academic Outreach & Cont. Ed. - Murray, Cedar Park, 5282 S. 320 W., #186			\$6,984
Change		Academic Outreach & Cont. Ed. - Park City, 1255 Park Avenue (Carl Winters Ed Fac.)		(1,414)	(\$29,640)
Change		Academic Outreach & Cont. Ed. - Sandy, 9875 South 240 West			\$7,200
Change		Dialysis Centers: Bountiful, 530 South 500 West, Bountiful			\$2,868
Change		Dialysis Centers: Idaho, 2225 Teton Plaza, #A, Idaho Falls		2,033	\$12,528
Change		Dialysis Centers: Ogden, 5575 South 500 East, Ogden			\$5,472
Change		Dialysis Centers: Provo, 1675 North Freedom Boulevard, Provo			\$3,084
Change		Dialysis Centers: Sandy, 8750 South Sandy Parkway, Bldg. #3, Sandy			\$876
Change		Dialysis Centers: St. George, River Road and 700 South, St. George			\$2,964
Change		615 Arapeen Drive - Department of Anesthesiology			\$3,276
Change		615 Arapeen Drive - Department of Pediatrics (IICRC)			\$4,284
Change		615 Arapeen Drive - Department of Technology Transfer			\$3,732
Change		615 Arapeen Drive - Utah Diabetes Center			\$11,592
Change		729 Arapeen Drive - Obstetrics & Gynecology (Perinatal Genetics)			\$1,428
Change		729 Arapeen Drive - SOM - Radiology Department			\$612
Change		729 Arapeen Drive - Information Technology Services (formerly OIR)			\$324
Change		729 Arapeen Drive - Department of Radiology - Film File Storage			\$396
Change		729 Arapeen Drive - SOM - Machine Shop			\$1,428
Change		729 Arapeen Drive - University Sponsored Research Activities		2,475	\$138,900
Change		606 Black Hawk Way - Telecommunication & Info. Sys. & Comm.			\$13,980
Change		375 Chipeta Way - Sleep Disorder & Sinus Clinic			\$3,276
Change		391 Chipeta Way - Genetic Epidemiology			\$3,648
Change		391 Chipeta Way - Radiopharmacy (Subleased to PLCO Cancer)			\$1,260
Change		410 Chipeta Way - Expansion Space - UNI			(\$2,916)
Change		410 Chipeta Way - Lung Health Study, #221			\$936
Change		410 Chipeta Way - Orthopedic Billing			\$636
Change		410 Chipeta Way - SOM Depts-Physiology & Cardiology 1 & 2, #156, 100 & 219/storage			\$14,472
Change		420 Chipeta Way - Department of Pediatrics (Dr. Carey), #101			\$456
Change		420 Chipeta Way - Rocky Mountain Cancer Data Center, #120			\$444
Change		546 Chipeta Way - Neuropsychiatric Institute, Level 2			\$6,780
Change		546 Chipeta Way - Pain Management Ctr. (formerly Anesthesiologists of), #2000			(\$300)
Change		546 Chipeta Way - Preventive Cardiology, #G100			\$2,928
Change		546 Chipeta Way - Sports Medicine Clinic, #G300			\$3,852
Change		419 Wakara Way - Child Development Center, #100			\$7,380
Change		419 Wakara Way - College of Pharmacy/Medicinal Chemistry, #205		1,734	\$20,844
Change		419 Wakara Way - Information Technology Services (formerly OIR), #196 & 200		(1,734)	(\$13,728)
Change		421 Wakara Way - College of Pharmacy, 421 Wakara Way, #318			\$16,776
Change		421 Wakara Way - College of Pharmacy/Center for Cell Signaling, #360			\$2,100
Change		421 Wakara Way - Information Technology Services (formerly OIR)		341	\$23,076
Change		421 Wakara Way - Medical Center (formerly HR & Payroll), #130, 140, 155 & 160		(341)	\$1,224

**Utah System of Higher Education  
2002 Changes in Leases:  
Fall 2001 to Fall 2002**

<b>School</b>	<b>Action</b>	<b>Leased Property</b>	<b>Total Leases</b>	<b>Sq. Ft</b>	<b>Expenditures</b>
<b>University of Utah (continued)</b>					
Change		423 Wakara Way - Energy & Geosciences Institute,(1st & 3rd floors)			\$5,796
Change		423 Wakara Way - Information Technology Services (formerly OIR), #200, 216 & 203		4,591	\$60,948
Change		College of Engineering - V.P. Pershing, 870 South 500 West - Beehive Square		5,478	\$16,860
Change		Dpt of Dermatology, Cottonwood Place Medical Center, #156, 160		2,987	\$56,172
Change		Dpt of Dermatology, 324 10th Avenue, #224			\$1,404
Change		Dpt of Ophthalmology (Dr. Mark Hopkins), 1485 South Highway 40, Heber City			\$276
Change		Dpt of Surgery, 747-757 East South Temple-#100, 101 + 102			\$3,636
Change		Dpt of Surgery/Urology Division - Andrology Prog., 1121 East 3900 South, #C130			\$1,284
Change		Energy & Geosciences Institute, 865 S. 600 W., Bldg. 22-C			\$2,424
Change		HealthNetwork - Basement, 1492 West Antelope Drive, Layton			\$4,248
Change		HealthNetwork - Stansbury Park , 220 Millpond, #100, Stansbury Park			\$7,248
Change		Hospital Home Care & Home Skilled, 2970 South Main, #300			\$3,612
Change		Hospitals and Clinics, Gondola Bldg., Park City Resort Center			\$456
Change		Medical Billing, 555 East 200 South, #100,150, & #200			\$4,452
Change		Radiation Therapy (St. Marks Hospital) , 1250 East 3900 South (Ground Floor)		682	\$12,276
Change		Spine Therapy Center, 1355 Foothill Boulevard, #200			\$1,680
Change		Sugar House Family Practice Clinic, SE Corner of Wilmington and Highland Drive			\$3,696
Change		Sugar House Rehabilitation Clinic, SE Corner of Wilmington and Highland Dr.			\$1,416
Change		Surgery Department (Dominic Albo), Medical Plaza - 24 South 1100 East, #303			\$996
<b>2002 Total - UofU</b>			<b>85</b>	<b>838,282</b>	<b>\$10,305,216</b>
<b>(excludes residential units and 6 land leases)</b>					
<b>Utah State University</b>					
<b>2001 Total - USU</b>			<b>14</b>	<b>107,409</b>	<b>\$853,634</b>
Delete		Logan USU Research Park - SDL, Phase #2, Bldg. #1747	-1	(20,500)	(\$190,240)
Add		Logan USU Innovation Camp. - Tech Transfer Office, Bldg. #570	1	3,079	\$38,426
Add		Brigham City Fine Arts Ctr. 58 So. 100 W. Brigham City, UT	1	1,500	\$444
Change		Brigham City Life Span Learning Center, 1100 So. Main		6,925	\$36,356
Change		Brigham City Lincoln Center - Adult Skills Training Center, 271 North 100 West		720	\$5,936
<b>2002 Total - USU</b>			<b>15</b>	<b>99,133</b>	<b>\$744,556</b>
<b>Weber State University</b>					
<b>2001 Total - WSU</b>			<b>7</b>	<b>51,974</b>	<b>\$120,790</b>
Add		Davis Campus - 915 W. 1000 N. (Gordon Ave.) Layton	1	1,680	\$7,583
Change		Clearfield High School		788	\$420
Change		Northridge High School		525	\$480
Change		Davis High School			\$180
Change		Roy High School		(525)	(\$772)
Change		North Layton Junior High			\$1,465
Change		WSU North - 1590 W Park Cir. Suite 100 Pleasant View			\$2,978
Change		WSU West - 5627 South 3500 West, Roy			\$1,770
<b>2002 Total - WSU</b>			<b>8</b>	<b>54,442</b>	<b>\$134,894</b>
<b>Southern Utah University</b>					
<b>2001 Total - SUU</b>			<b>18</b>	<b>40,546</b>	<b>\$273,913</b>
Add		450 South Center - Delta	1	1,000	\$7,200
Add		1100 West 800 North - Cedar City	1	216	\$432
Add		1100 West 800 North - Cedar City	1	96	\$360
Add		1100 West 800 North - Cedar City	1	1,008	\$4,680
Change		166 North Main - Panquitch			\$300
Change		217 East Telegraph - Washington			\$2,479
Change		1100 West 800 North - Cedar City		(360)	\$660
<b>2002 Total - SUU</b>			<b>22</b>	<b>42,506</b>	<b>\$290,024</b>



**Utah System of Higher Education  
2002 Changes in Leases:  
Fall 2001 to Fall 2002**

<i>School</i>	<i>Action</i>	<i>Leased Property</i>	<i>Total Leases</i>	<i>Sq. Ft</i>	<i>Expenditures</i>
<b>Snow College</b>	<b>No Leases</b>		<b>0</b>	<b>0</b>	<b>\$0</b>
<b>Dixie State College of Utah</b>					
	<b>2001 Total - DSC</b>		<b>1</b>	<b>5,840</b>	<b>\$125</b>
	No Changes				
	<b>2002 Total - DSC</b>		<b>1</b>	<b>5,840</b>	<b>\$125</b>
<b>College of Eastern Utah</b>					
	<b>2001 Total - CEU</b>		<b>3</b>	<b>26,725</b>	<b>\$60,116</b>
Add	Blanding: Armory		1	5,600	\$10
	<b>2002 Total - CEU</b>		<b>4</b>	<b>32,325</b>	<b>\$60,126</b>
<b>Utah Valley State College</b>					
	<b>2001 Total - UVSC</b>		<b>17</b>	<b>182,868</b>	<b>\$718,826</b>
Delete	University Mall - #160, 2-26866		-1	(1,623)	(\$21,600)
Delete	University Mall - #159 2-26866		-1	(1,471)	(\$33,900)
Add	Woodbury Gallery		1	13,732	\$9,198
Add	University Mall - #160/#159 2-26866		1	2,944	\$62,100
Change	Airport Hangar #2, 2-25707			3,000	
Change	Airport Lns/Hgr #2 2-13611				\$870
Change	Foundation Building, 2-13611			647	
Change	Heber City, 2-26832				\$1,500
	<b>2002 Total - UVSC</b>		<b>17</b>	<b>200,097</b>	<b>\$736,994</b>
<b>Salt Lake Community College</b>					
	<b>2001 Total - SLCC</b>		<b>9</b>	<b>67,879</b>	<b>\$604,138</b>
Delete	155 North 1000 West (State Fair Grounds)		-1 Land		(\$5,500)
Add	115 South Main Street		1	38,386	\$232,173
Change	830 East 9400 South, Sandy				\$3,149
Change	551 North 2200 West, Airport				\$72
Change	331 North 2370 West Exec. Terminal			1,018	\$11,218
Change	1431 East 3900 South				(\$199,098)
Change	511 West 200 South (Arts Space)				\$3,471
	<b>2002 Total - SLCC</b>		<b>9</b>	<b>107,283</b>	<b>\$649,623</b>
<b>Utah College of Applied Technology</b>					
Add	Mountainland - 759 East Pacific Drive A.F.		1	37,300	\$207,900
Add	Mountainland - 987 South Geneva Rd Orem		1	58,194	\$1
Add	Mountainland - 570 South Main Springville		1	2,430	\$32,000
Add	Salt Lake/Tooele ATC - West Valley Campus (colocated with DWS)		1	6,679	\$120,500
Add	Salt Lake/Tooele ATC - West Valley Training Center		1	17,397	\$228,240
Add	Salt Lake/Tooele ATC - Tooele Campus		1	5,000	\$69,980
Add	Southwest ATC - 510 So. 800 W. Cedar City		1	45,000	\$200,000
Add	Southeast ATC - Price		1	2,241	\$23,484
Add	Uintah Basin ATC - Various Buildings of Uintah School District		1		\$24,000
Add	Davis ATC - Freeport Center Bldg A-15, P.O. Box 160143 Clearfield, UT 84016		1	10,000	\$35,700
	<b>2002 Total - UCAT</b>		<b>10</b>	<b>184,241</b>	<b>\$941,805</b>
<b>USHE TOTAL</b>	<b>2001 Total</b>		<b>150</b>	<b>1,263,004</b>	<b>\$11,964,254</b>
	<b>2002 Total</b>		<b>171</b>	<b>1,564,149</b>	<b>\$13,863,363</b>
	<b>Total Leases Added:</b>		<b>29</b>	<b>309,175</b>	<b>\$1,925,123</b>
	<b>Total Leases Ended:</b>		<b>8</b>	<b>(37,600)</b>	<b>(\$373,760)</b>
	<b>Total Leases Changed:</b>		<b>80</b>	<b>26,570</b>	<b>\$346,876</b>
	<b>Total Increase:</b>		<b>21</b>	<b>301,145</b>	<b>\$1,899,109</b>

Utah System of Higher Education  
2002 Institution Leases and Rentals

Institution	Location	Gross Sq.		Net or Full	State		Annual Lease Payment	Terms in Months - Expiration Date	Escalations	Type of Space
		Feet	Cost per Sq. Foot		Approp. or Other	Other				
<b>University of Utah</b>										
	(See pages 5 through 8 for details)		852,382				\$10,322,308			
<b>Utah State University</b>										
	Brigham City, Life Span Learning Center-Box Elder Co.	21,475	\$5.25	Net	State		\$112,744	240 months, 8/30/2016	Yes	Classroom / Office
	Brigham City, Lincoln Center-Adult Skills Training Ctr. - CPD, 271 N 100 W	2,340	\$5.15	Full	Other		\$12,060	12 months, 10/01/2003	None	Classroom / Office
	Brigham City Fine Arts Center, CPD Early Intervention - 58 S. 100 W.	1,500	\$0.30	Full	Other		\$444	12 months, 1/01/2003	None	Classroom
	Cache County/Logan Airport Authority Hangar-ITEE	7,040	\$1.00	Net	Other		\$7,040	120 months, 6/30/2006	None	Hangar FL-10
	Logan USU Res. Park - Dir. Office Bldg. #1770 Ste 110 & 120	4,416	\$7.50	Net	Other		\$33,120	144 months, 5/10/2006	None	Offices
	Logan USU Res. Park - Dir. Office Bldg #1770 - Ste 180	2,759	\$8.28	Net	Other		\$22,845	144 months, 4/3/2009	None	Offices/other
	Logan USU Res. Park - Dir. Office Bldg #1770 - Ste 140 & 160	2,828	\$9.89	Net	Other		\$27,969	144 months, 9/25/2008	None	Offices/other
	Logan USU Res. Park - Mt. Plains Resource Ctr.-CPD/sub-tenants Bldg #1780	14,492	\$9.00	Net	Other		\$130,428	146 months 2/28/2011	None	Offices/Library
	Logan USU Res. Park - SDL Science Group & Summit Research, Bldg #1750	6,120	\$13.80	Net	Other		\$84,456	144 months, 1/01/2013	None	Research office & labs
	Logan USU Innovation Campus - Tech. Transfer Office Bldg. #570	3,079	\$12.47	Net	Other		\$38,425	36 Months, 07/15/2004	Yes	Offices
	Moab, UT, 175 W 200 So - Cont. Educ. w/CEU	4,300	\$6.98	Net	State		\$30,014	60 months, 8/31/2003	Yes	Classroom
	Provo, Vet Diagnostic Lab, 2301 So State-ADVS	2,367	\$8.00	Full	Other		\$18,936	24 months, 7/31/2003	None	Clinic
	SLC-Dairy Commission-Nutrition & Food Sciences, 1213 E 2100 So, SLC	231	\$12.98	Full	State		\$2,998	12 months, 06/30/2003	None	Office
	SLC-5259 Commerce Drive (Atrium Bldg), Graduate Center and Cont. Ed.	11,186	\$10.73	Net	State		\$120,026	84 months, 8/31/2008	None	Classroom / Office
	Tooele, Com-Net Center- Continuing Education; 175 South 1000 West	15,000	\$6.87	Net	State		\$103,050	240 months, 12/31/2016	Purch. Option	Classroom / Office
	Subtotal - Utah State University		99,133				\$744,554			
<b>Weber State University</b>										
	Clearfield High School	8,138	see Note 1		State		\$5,820	semester rental, on-going	None	Classroom
	Northridge High School	12,600	see Note 1		State		\$8,880	semester rental, on-going	None	Classroom
	Davis High School	9,713	see Note 1		State		\$6,960	semester rental, on-going	None	Classroom
	Roy High School	4,988	see Note 1		State		\$3,480	semester rental, on-going	None	Classroom
	North Layton Junior High	9,975	see Note 1		State		\$8,991	semester rental, on-going	None	Classroom
	WSU North - 1590 W Park Circle, Suite 100, Pleasant View	3,589	\$14.50	Net	State		\$43,181	36 months, 7/31/2003	Yes	Class/Lab/Office/Storage
	WSU West - 5627 South 3500 West, Roy	3,760	\$13.50	Full	State		\$49,999	36 months, 7/31/2004	Yes	Class/Office/Storage
	WSU Davis Campus - 915 W. 1000 N. (Gordon Ave.), Layton	1,680	\$4.89	Full	State		\$7,583	13 months, 07/03/2003	None	Classroom-mobile
	Subtotal - Weber State University		54,443				\$134,894			
<b>Southern Utah University</b>										
	141 North Main - Kanab	1,000	\$7.80	Net	Other		\$7,800	12 Month - Mar 2011	Varies	Classroom
	710 North 195 West - LaVerkin	1,000	\$7.20	Net	Other		\$7,200	Month to Month	Varies	Classroom
	705 North 195 West - LaVerkin	5,008	\$8.68	Net	Other		\$43,482	12 Month - Sep 2018	Varies	Classroom
	494 East 900 South - St. George	6,016	\$9.84	Net	Other		\$59,196	12 Month - Apr 2020	Varies	Classroom
	166 North Main - Panguitch	1,200	\$5.25	Net	Other		\$6,300	12 Month - Dec 2012	Varies	Classroom

Utah System of Higher Education  
2002 Institution Leases and Rentals

Institution	Location	Gross Sq.		State		Annual Lease Payment	Terms in Months - Expiration Date	Escalations	Type of Space
		Feet	Cost per Sq. Foot	Net or Full	Approp. or Other				
680 West 300 South - Milford		1,000	\$7.20	Net	Other	\$7,200	12 Month - Sep 2006	Varies	Classroom
555 West 400 South - Fillmore		900	\$8.00	Net	Other	\$7,200	12 Month - Sep 2006	Varies	Classroom
450 South Center - Delta		1,000	\$7.20	Net	Other	\$7,200	12 Month - Sep 2006	Varies	Classroom
217 East Telegraph - Washington		1,920	\$7.50	Net	Other	\$14,400	12 Month - Oct 2007	Varies	Classroom
55 West Center - Beaver		1,004	\$12.72	Full	Other	\$12,768	12 Month - Sep 2004	Varies	Classroom
<b>Southern Utah University (Continued)</b>									
2390 West Hwy 56 - Cedar City		11,560	\$6.95	Net	Other	\$80,349	12 Month - Sep 2015	Varies	Classroom/Office
2460 West Hwy 56 - Cedar City		1,462	\$10.80	Net	Other	\$15,790	12 Month - Aug 2006	Varies	Classroom
1100 West 800 North - Cedar City		312	\$2.12	N/A	Other	\$660	Month to Month	None	Storage
1100 West 800 North - Cedar City		4,632	\$2.01	N/A	Other	\$9,324	Month to Month	None	Storage
1100 West 800 North - Cedar City		96	\$2.25	N/A	Other	\$216	Month to Month	None	Storage
1100 West 800 North - Cedar City		2,668	\$1.60	N/A	Other	\$4,260	Month to Month	None	Storage
1100 West 800 North - Cedar City		96	\$3.75	N/A	Other	\$360	Month to Month	None	Storage
1100 West 800 North - Cedar City		96	\$2.81	N/A	Other	\$270	Month to Month	None	Storage
1100 West 800 North - Cedar City		216	\$2.67	N/A	Other	\$576	Month to Month	None	Storage
1100 West 800 North - Cedar City		216	\$2.00	N/A	Other	\$432	Month to Month	None	Storage
1100 West 800 North - Cedar City		96	\$3.75	N/A	Other	\$360	Month to Month	None	Storage
1100 West 800 North - Cedar City		1,008	\$4.64	N/A	Other	\$4,680	Month to Month	None	Storage
Subtotal - Southern Utah University		42,506				\$290,023			
<b>Snow College</b>									
None						\$0			
<b>Dixie State College of Utah</b>									
Airport - ground lease for hanger		5,840	\$125.00		State	\$125	360 months, 1/1/2009		CPI Hanger
Subtotal - Dixie State College of Utah		5,840				\$125			
<b>College of Eastern Utah</b>									
Blandin Armory		5,600	\$10.00		State	\$10	On going		None Classroom
Moab Center		4,225	\$14.20	Net	State	\$59,995	60 months, 9/01/2003	Yes	Classroom/Office
Prehistoric Museum		22,500	\$1.00		State	\$1	216 months, 6/30/2013	None	Museum/Office
One-half mile northeast of Price		40 acres	\$3 per acre		State	\$120	588 months, 6/01/2018	None	Land-Baseball
Subtotal - College of Eastern Utah		32,325				\$60,126			
<b>Utah Valley State College (see Note 2)</b>									
Airport Hangar #1		14,732	\$5.70		State/Other	\$84,000	168 months, 10/12/2012	None	Hangar/Classroom/Office
Airport Hangar #2		33,000	\$4.12		Other	\$123,576	120 months, 03/21/2010	Yes	Classroom/Office/Hangar
Airport Property (Land Lease Hangar)		.577 Acres	\$2,408.31 per year		State	\$2,408	360 months, 02/07/2029	Yes	Land Lease
Airport Hangar 2 (Land Lease)		88,496	\$0.17		State	\$15,914	360 months, 03/22/2030	Yes	Land Lease
Airport Property (Land Lease AVtech)		9.8 Acres	\$15,050 years 6-10		State/Other	\$15,050	360 months, 05/31/2025	Yes	Land Lease
Distance Learning, 1160 South State, #150		400	\$12.00		Other	\$4,800	6 months	None	Office

Utah System of Higher Education  
2002 Institution Leases and Rentals

Institution	Location	Gross Sq.		Net or Full	State Approp. or Other	Annual Lease Payment	Terms in Months - Expiration Date	Escalations	Type of Space
		Feet	Cost per Sq. Foot						
Foundation Building		35,647	\$8.57		State	\$300,043	180 months, 12/17/2013	Pay Schedule	Classrooms/Other
Heber, Utah (Dailey)		4,007	\$7.49		Other	\$31,500	36 months, 06/30/01	None	Classroom/Office
Heber Utah (Bennett)		3,000	\$14.47		Other	\$43,404	36 months, 07/14/02	None	Classroom/Office
Heber Utah (Townley)		4,139	\$10.88		State	\$45,000	12 months, 06/30/02	None	Classroom/Office
University Mall - #159/#160		2,944	\$21.09		Other	\$62,100	36 months, 6/30/05	None	Classroom
Woodbury Gallary		13,732	\$0.67		Other	\$9,198	60 months, 03/31/2007	None	Classroom
Orem Institute of Religion		variable	\$200 per room/sem.		State	varies		None	Classroom
Orem Recreation Center		variable	\$25 per student/sem.		Other	varies		None	Classroom
Alpine School District Community Ed.		variable	\$12.50 per student/sem.		Other	varies		None	Classroom
Nebo School District Community Ed.		variable	\$12.50 per student/sem.		Other	varies		None	Classroom
UVSC Student Center		variable	\$1.50 per head/event		State	varies		None	Classroom/Meeting Rooms
Subtotal - Utah Valley State College		200,097				\$736,993			
<b>Salt Lake Community College</b>									60
830 East 9400 South, Sandy		16,151	\$13.19		State	\$213,058	84 months, 6/30/2007	yes/variable	Office / Lab / Classroom
1021 West Vine Street, Tooele		2,083	\$7.00		State	\$14,581	240 months	Fixed 10 yrs	Classroom
551 North 2200 West, Airport		12,939	\$5.88	Net	State	\$76,045	180 months, 5/31/2003	Yearly	Office / Lab / Classroom
551 North 2200 West, Airport (2 Hangers)		2,624	\$1.79		State	\$4,704	month to month	None	Storage/Instruction
331 North 2370 West Executive Terminal		3,463	\$11.02		State	\$38,162	month to month	Yes	Office/Classroom
1431 East 3900 South, SLC		21,575	\$8.76		State	\$33,016	144 months, 8/31/2007	3.5% per year	Office/Lab/Classroom/Parking
852 East 9085 South		8,800	\$2000 per month		State	\$24,000	month to month/Eve. Use		Classroom/Barber Cosmetology
511 West 200 South (Arts Space)		1,262	\$11.00	Full	State	\$13,884	12 month, 09/30/2002	None	Office/Classroom
115 S. Main Street		38,386	\$6.05		State	\$232,173	120 month, 04/15/2012	yes/annual	Office/Classroom
Subtotal - Salt Lake Community College		107,283				\$649,623			
<b>Utah College of Applied Technology</b> (see Note 3)									
<b>Mountainland ATC</b>									
759 East Pacific Drive A.F.		37,300	\$9.90	Full	Other	\$207,900		120	3% Office/Classroom/Parking
987 South Geneva Rd Orem		58,194	\$0.00	Net	Other	\$1		240	None Office/Classroom/Parking
570 South Main Springville		2,430	\$13.17	Net	Other	\$32,000		open	None Office/Classroom/Parking
<b>Salt Lake/Tooele ATC</b>									
West Valley Campus (colocated with DWS)		6,679	\$18.04	Full	Other	\$120,500		5 Yr - 3% (offsetting 4% discount for lump sum pymts)	
West Valley Training Center		17,397	\$13.12	Full	Other	\$228,240		in negotiations	
Tooele Campus		5,000	\$14.00	Full	Other	\$69,980	24 Months, 10/08/2004		None
<b>Southeast ATC</b>									
Price		2,241		Full	State	\$23,484		12 Months	None Office/Classroom
<b>Southwest ATC</b>									
510 So. 800 W. Cedar City		45,000	\$4.44	Full		\$200,000		204 months, 2017	None Office/Classroom
<b>Uintah Basin ATC</b>									
Various Buildings of Uintah School Dist		N/A	N/A		N/A	\$24,000		12 Months	

Utah System of Higher Education  
2002 Institution Leases and Rentals

Institution	Location	Gross Sq.		Net or Full	State Approp. or Other	Annual Lease Payment	Terms in Months - Expiration Date	Escalations	Type of Space
		Feet	Cost per Sq. Foot						
<b>Davis ATC</b>									
	Freeport Center Bldg A-15, P.O. Box 160143 Clearfield, UT 84016	10,000	\$5.20	Net	State	\$35,700	5/31/2003	None	Office/Classroom/Storage
	Subtotal - Utah College of Applied Technology	184,241				\$941,805			

**Notes:**

- (1) WSU rents classrooms from area high schools and junior highs for \$4 per room per hour.
- (2) UVSC rents space from area schools, the Orem Recreation Center, and the Orem LDS Institute of Religion on a per-needed basis by the hour, course, or person. Square footage and costs are not included
- (3) UCAT added as new leases because 2002 is the first time they are included

Utah System of Higher Education  
2002 Institution Leases and Rentals

Dpt	Location	Sq. Ft.	Cost per Square Ft	Net or Full	Monthly Payment	Start	Type of Space
<b>Academic Outreach &amp; Continuing Education</b>							
	(See pages 5 through 8 for details)	24,851	3.03	N	6,280	7/1/92	Classroom
	Murray - Cedar Park, 5282 S. 320 W., #186	11,765	14.14	N	14,447	7/30/90	Classroom
	Park City - 1255 Park Avenue (Carl Winters Ed Fac.)	6,442	13.60	N	7,304	6/30/93	Ed. & related purposes.
	Sandy - 9875 South 240 West	20,000	11.99	N	20,585	9/1/94	Classroom
<b>College of Fine Arts</b>							
	West Institute, 3rd South <small>*College of Fine Arts rent is \$1.00 per year.</small>	22,501	0.00	N		9/15/83	Classroom
<b>Dialysis Centers:</b>							
	Bountiful - 530 South 500 West, Bountiful	5,845	16.99	N	8,216	2/26/98	Medical office
	Cedar City - 1281 North North Field Road, Cedar City	4,850	17.16	N	6,936	5/1/02	Medical office
	Idaho - 2225 Teton Plaza, #A, Idaho Falls	7,533	10.50	N	6,581	1/28/92	Outpatient hospital services
	Ogden - 5575 South 500 East, Ogden	12,583	29.20	N	15,642	1/1/93	Clinical, teaching & research
	Provo - 1675 North Freedom Boulevard, Provo	6,594	16.06	N	8,826	7/1/91	Dialysis center
	Sandy - 8750 South Sandy Parkway, Bldg. #3, Sandy	6,000	5.00	N	2,504	12/15/96	Clinic
	St. George - River Road and 700 South, St. George	6,200	16.21	N	8,621	3/1/97	Dialysis center
<b>615 Arapeen Drive</b>							
	Department of Anesthesiology - 615 Arapeen Drive, #200	6,305	17.85	F	9,379	4/1/01	Research & clinical offices
	Department of Pediatrics (IICRC) - 615 Arapeen Drive, #202	6,490	22.65	F	12,255	6/1/01	Offices & laboratory
	Department of Technology Transfer - 615 Arapeen Drive, #110	6,338	20.21	F	10,677	3/1/99	Offices & laboratory
	Utah Diabetes Center - 615 Arapeen Drive, #100	16,811	23.68	F	33,187	11/1/00	Office & laboratory
<b>729 Arapeen Drive</b>							
<b>Clinical Activities:</b>							
	Obstetrics & Gynecology (Perinatal Genetics) - 729 Arapeen Drive	3,790	13.00	N	4,105	12/1/98	General storage and warehousing
	SOM - Radiology Department - 729 Arapeen Drive	1,644	12.87	N	1,764	1/1/01	Warehouse, distribution, storage.
	UUHN - Imaging Center - 729 Arapeen Drive	6,744	12.20	N	482	8/1/99	General diagnostic area - storage
<b>Hospital Activities:</b>							
	Central Stores - 729 Arapeen Drive	9,172	5.46	N	4,176	3/1/98	Warehouse, distribution, storage
	Cold Storage Warehouse - 729 Arapeen Drive	2,700	4.50	N	1,013	4/1/99	General diagnostic area - storage
	Information Technology Services (formerly OIR) - 729 Arapeen Drive	2,058	5.46	N	937	5/1/99	General diagnostic area - storage
	Department of Radiology - Film File Storage - 729 Arapeen Drive	2,360	5.74	N	1,130	3/1/98	Warehouse, distribution, storage
	Surgical Specialty Center - 729 Arapeen Drive	3,209	12.50	N	3,343	5/1/02	General storage and warehousing
	SOM - Machine Shop - 729 Arapeen Drive	8,665	5.62	N	4,064	1/1/98	General warehousing
	University Sponsored Research Activities - 729 Arapeen Drive	42,947	10.00	N	36,469	1/1/98	Warehouse, distribution, storage
<b>606 Black Hawk Way</b>							
	Telecommunication & Info. Sys. & Comm. - 606 Black Hawk Way	16,500	9.88	N	13,724	7/1/94	Office

Utah System of Higher Education  
2002 Institution Leases and Rentals

Dpt	Location	Sq. Ft.	Cost per Square Ft	Net or Full	Monthly Payment	Start	Type of Space
<b>375 Chipeta Way</b>							
	Family & Preventive Medicine's Health Research Ctr. - 375 Chipeta Way	28,763	18.00	F	43,154	4/1/01	Office, research, dev. & lab
	Sleep Disorder & Sinus Clinic - 375 Chipeta Way, #A	6,062	18.54	F	9,366	1/1/01	Office, research, dev. lab
<b>391 Chipeta Way</b>							
	Genetic Epidemiology - 391 Chipeta Way, #D1 & D-2	7,248	17.25	F	10,421	11/8/94	Office & laboratory space
	Radiopharmacy (Subleased to PLCO Cancer) - 391 Chipeta Way, #A	5,047	17.00	F	7,150	12/1/96	Office & laboratory
	V.P. for Health Sciences - 391 Chipeta Way, #E, F & G	14,700	15.75	F	19,294	9/1/94	Office
<b>410 Chipeta Way</b>							
	Expansion Space - UNI - 410 Chipeta Way, #222, 225	3,329	7.69	N	3,329	10/8/96	Research, office & UNI
	Lung Health Study, #221 - 410 Chipeta Way, #221	2,845	13.11	N	3,187	9/1/93	Office
	Orthopedic Billing - 410 Chipeta Way, #240	1,580	13.79	N	1,816	4/17/92	Research & office
	Poison Control Center - 410 Chipeta Way, #211	1,759	14.00	N	2,052	8/1/93	Office
	SOM Depts-Physiology & Cardiology 1 & 2 - 410 Chipeta Way, #156, 100 & 219 + storage	45,684	11.40	N	39,719	4/25/97	Office & laboratory
<b>420 Chipeta Way</b>							
	Department of Pediatrics (Dr. Carey) - 420 Chipeta Way, #101	821	18.67	F	1,278	12/1/00	Office
	Rocky Mountain Cancer Data Center - 420 Chipeta Way, #120	888	14.50	N	1,073	1/1/87	Office
<b>546 Chipeta Way</b>							
	Neuropsychiatric Institute - 546 Chipeta Way, Level 2	24,054	14.07	N	28,782	8/1/95	Office
	Pain Management Center - 546 Chipeta Way, #G200	6,986	13.82	N	8,051	8/17/95	Office
	Pain Management Ctr. (formerly Anesthesiologists of) - 546 Chipeta Way, #2000	1,061	13.80	N	1,220	7/13/95	Office
	Preventive Cardiology - 546 Chipeta Way, #G100	10,408	14.06	N	12,445	8/7/95	Office
	Sports Medicine Clinic - 546 Chipeta Way, #G300	13,660	14.07	N	16,345	8/7/95	Office
	Utah Cancer Registry Center - 546 Chipeta Way, #2100	3,428	14.07	N	4,021	7/13/95	Office
<b>360 Wakara Way</b>							
	Center for Engineering Design - 360 Wakara Way	10,303	16.00	F	17,500	7/1/94	Research & office
<b>419 Wakara Way</b>							
	Child Development Center - 419 Wakara Way, #100	8,463	13.20	N	9,591	11/8/96	Day care center
	College of Pharmacy/Medicinal Chemistry - 419 Wakara Way, #205	6,054	12.30	TN	6,301	10/1/00	Office & lab
	Information Technology Services (formerly OIR) - 419 Wakara Way, #196 & 200	9,372	13.43	N	10,490	3/1/97	Office
<b>420 Wakara Way</b>							
	Human Resources, Payroll - 420 Wakara Way	22,159	15.45	N	28,536	5/1/02	General office, classroom, ed. uses

Utah System of Higher Education  
2002 Institution Leases and Rentals

Dpt	Location	Sq. Ft.	Cost per Square Ft	Net or Full	Monthly Payment	Start	Type of Space
<b>421 Wakara Way</b>							
	College of Pharmacy - 421 Wakara Way, #318	16,284	15.93	N	21,612	1/1/87	Research & office
	College of Pharmacy/Center for Cell Signaling - 421 Wakara Way, #360	4,076	14.51	N	4,927	3/1/01	Research & office
	Information Technology Services (formerly OIR) - 421 Wakara Way	10,104	14.72	N	12,390	7/15/91	Office
	Medical Center (formerly HR & Payroll) - 421 Wakara Way, #130, 140, 155 & 160	8,833	15.22	N	11,203	10/1/91	Office
<b>423 Wakara Way</b>							
	Energy & Geosciences Institute - 423 Wakara Way (1st & 3rd floors)	32,380	13.03	N	35,642	9/1/96	Office
	Information Technology Services (formerly OIR) - 423 Wakara Way - #200, 216 & 203	7,665	13.31	N	8,508	8/22/98	Office
<b>OTHER OFF CAMPUS LEASES</b>							
	Beehive Square Storage - Beehive Square Units - Bldg. 23-D, Units 19,20 & 21A	21,094	3.18	N	5,590	2/1/02	Storage
	College of Engineering - V.P. Pershing - 870 South 500 West - Beehive Square	17,156	4.70	N	6,720	7/1/95	Research and office
	Department of Dermatology - Cottonwood Place Medical Center, #156, 160	5,058	17.24	F	7,270	1/16/96	General office & medical clinic
	Department of Dermatology - 324 10th Avenue, #224	2,749	17.53	F	4,018	11/1/98	Medical office
	Department of Neurosurgery - 1250 East 3900 South, #200	2,185	12.50	N	2,276	9/1/93	Clinic
	Department of Neurosurgery - 100 North Medical Drive	3,408	16.00	N	4,544	7/1/02	Clinic and office
	Department of Ophthalmology (Dr. Mark Hopkins) - 1485 South Highway 40, Heber City	500	19.18	F	799	12/1/99	Medical office
	Department of Pediatrics - Ambulatory Care Center (PCMC)	11,086	16.00	F	11,988	1/1/01	Medical office
	Department of Surgery - 747-757 East South Temple-#100, 101 + 102	5,466	27.15	F	6,386	11/1/94	Medical office
	Department of Surgery (Dominic Albo) - Medical Plaza - 24 South 1100 East, #303	1,017	12.93	N	1,096	7/1/00	Medical/dental office
	Department of Surgery/Urology Division - Andrology Prog. - 1121 East 3900 South, #C130	1,587	17.14	F	2,268	5/1/98	Office
	Energy & Geosciences Institute - 865 S. 600 W., Bldg. 22-C	17,100	4.19	N	5,981	8/1/98	Warehouse & office
	Energy & Geosciences Institute - 16000 Memorial Drive, Houston, Texas	973	15.49	N	1,257	9/15/02	Geological research & related bus.
Utah	HealthNetwork - Basement - 1492 West Antelope Drive, Layton	3,528	14.20	N	4,176	2/4/99	General offices
	HealthNetwork - Main Floor - 1492 West Antelope Drive, Layton	12,800	15.40	N	16,435	9/30/98	General offices
	HealthNetwork - Stansbury Park - 220 Millpond, #100, Stansbury Park	12,000	18.98	N	20,748	8/2/99	General offices
	Hospital Accounting (Boyer) - 127 South 500 East (Ambassador Bldg.)	37,866	13.71	N	43,262	8/16/93	Office
	Hospital Home Care & Home Skilled - 2970 South Main, #300	8,119	15.29	F	10,350	12/1/98	General offices & pharmacy
	Hospital - Records - 134 South 400 East	15,419	4.82	N	6,200	10/15/95	Office & warehouse
	Hospitals and Clinics - Gondola Bldg., Park City Resort Center	1,440	11.05	N	1,326	11/1/96	Medical clinic, office
	Madsen Health Center (formerly Wasatch Clinics) - 555 Foothill Boulevard	32,000	8.44	N	22,509	4/3/88	Clinic
	Medical Billing - 555 East 200 South, #100,150, & #200	11,170	13.69	N	12,751	11/1/93	Office
	Moran Eye Center - 6360 S. 3000 E. (Old Mill II Med. Ofc. Bldg.)	5,894	16.45	N	8,080	5/11/98	Medical office
	Radiation Therapy (St. Marks Hospital) - 1250 East 3900 South (Ground Floor)	6,600	10.67	N	5,871	5/1/96	Therapy clinic
	Spine Therapy Center - 1355 Foothill Boulevard, #200	4,785	12.09	N	4,823	6/5/92	Clinic
	Sugar House Family Practice Clinic - SE Corner of Wilmington and Highland Drive	8,788	17.91	N	13,424	3/20/96	Clinic



Utah System of Higher Education  
2002 Institution Leases and Rentals

Dpt	Location	Sq. Ft.	Cost per Square Ft	Net or Full	Monthly Payment	Start	Type of Space
<b>OTHER OFF CAMPUS LEASES (Continued)</b>							
	Sugar House Rehabilitation Clinic-space F6 - SE Corner of Wilmington and Highland Drive	3,581	16.92	N	5,050	3/20/96	Clinic
	Virginia Tanner Creative Dance Program - 2580 Jefferson Avenue, Ogden				800	8/26/02	Classroom
	Virginia Tanner Creative Dance Program - 2080 Gold Dust Lane (Prospector Sq.) - Park City				720	8/26/02	Classroom
		<b>838,282</b>			<b>858,768</b>		
<b>LAND:</b>							
	KUED - Mt. Vision	.43 acres		N/A		10/1/95	Broadcasting & Transmitting
	Physics Department - Dugway Proving Grounds	988 acres					N/A
	Physics Department - Kia Martens - Millard County-near Delta, Utah	40.00 acres				1/1/02	Undeveloped land
(3)	UCAT added as new leases because 2002 is the first time they are included	300 monitor pts					N/A
	U of U (Beta Corner Lease) - NE corner of University & 1st South, SLC	Land only		N/A		7/30/74	
	U of U Madsen Health Center-Parking Lot (formerly Wasatch Clinic) - L.D.S. Church	.75 acres			1,000		Parking Lot
<b>Residential</b>							
	Hinckley Institute of Politics - 01 110 2950 Van Ness St. #110				1,649	4/15/02	Apartment
	Hinckley Institute of Politics - 01 113 2950 Van Ness St. #113				1,757	4/15/02	Apartment
	Hinckley Institute of Politics - 01 230 2950 Van Ness St. #230				1,649	4/15/02	Apartment
	Hinckley Institute of Politics - 01 515 2950 Van Ness St. #515				1,797	4/15/02	Apartment
	Hinckley Institute of Politics - 01 610 2950 Van Ness St. #610				1,910	4/15/02	Apartment
	Hinckley Institute of Politics - 01 910 2950 Van Ness St. #910				1,700	4/15/02	Apartment
	Hinckley Institute of Politics - 01 930 2950 Van Ness St. #930				1,725	4/15/02	Apartment
	Department of Pediatrics - Apartment - 1446 E. Westminster Avenue				450	8/3/01	Apartment

MEMORANDUM

January 9, 2003

TO: State Board of Regents

FROM: Cecelia H. Foxley

SUBJECT: USHE – Minutes of December 17, 2002, Meeting of the Finance, Facilities, and Accountability Committee

Issue

Attached for Regent review are minutes of an interim meeting of the Finance, Facilities, and Accountability Committee of the Board convened on December 17, 2002.

Background

Committee chair Jed Pitcher convened this interim meeting of the Committee to receive an update on budgetary issues and begin discussion of “accountability” issues referred to the Committee by the Master Planning Task Force on Funding. Commissioner Foxley briefed the Committee regarding the December 18 Legislative Special Session and summarized the recently announced Governor’s Budget Proposal for FY2004. Presidents and other institutional officers updated the Committee on the results of student public hearings regarding Second Tier Tuition.

Regent Pitcher led discussions on five accountability topics. The Committee approved motions which provide direction to staff for next steps in reviewing Health Benefits, Early Retirement, and Space Utilization. The Committee also reviewed the Five-Year Funding Scenarios and USHE Report Card and endorsed, with slight modification, their use in future accountability and planning discussions.

Commissioner’s Recommendation

It is recommended that the Committee review, modify if needed, and approve the minutes. While the minutes are presented to the Board for information only, Regents may choose to review actions taken by the Committee for possible ratification by the full Board of Regents.

CHF/MHS  
Attachments

Cecelia H. Foxley, Commissioner

## DRAFT

Finance, Facilities, and Accountability Committee

---

**MEETING NOTES**

Tuesday, December 17, 2002

Regents' Board Room

Attending: Regents Jerry Atkin, Kim Burningham, David Grant (by telephone), Brent Hogan, Nolan Karras, George Mantes, Jed Pitcher (committee chair), Sara Sinclair, Marlon Snow. Presidents Mike Benson, Lynn Cundiff, Greg Fitch, Bernie Machen, Anne Millner. Vice Presidents Paul Brinkman, Fred Hunsaker, Judd Morgan, Dorian Page, Stan Plewe, Doug Warner. Commissioner Cece Foxley; staff – Gail Norris, Mark Spencer, Brad Mortensen.

1. Update – December Legislative “Special Session” Tab A  
     – January’s Regular Session

Commissioner Foxley indicated that the current Legislative Leadership proposal is for cuts of approximately 1 percent for public education and approximately 2 percent for higher education. For higher education, there is also some clarification that this might be a base cut of 2 percent, with a one-time add-back of approximately 1 percent. Results of the Special Session will be discussed at the January 17 Board meeting.

Cece also indicated that the Governor’s 2004 budget recommendation was released on December 16. The Governor is proposing approximately \$20 million of new tax funds for higher education, together with dedicated credits of approximately \$18 million from tuition from new students and first-tier tuition increases for all students. However, mandated costs such as cost increases in benefits and state retirement and O&M for new buildings, must be funded from the \$20 million.

2. Update – Second Tier Tuition Hearings Tab B

Student public hearings have been held on each campus except University of Utah, which has a hearing scheduled for January 9. Presidents or their designees updated information presented at the November Board meeting in the following ways: instead of a range of 5-7 percent, both Utah State University and Weber State University presented one rate of 5 percent; instead of a range of 3.5-7 percent, Southern Utah University presented a range of 17-19 percent; and instead of a single 3 percent increase, Dixie State College presented a rate of 3.5 percent for lower division and a range of 5-7 percent for upper division. Regents will receive an update regarding second-tier increases at the January 17 Board meeting.

3. Discussion – “Accountability” Issues

- a. Health Benefits Tab C

Consultant Troy Pritchett, Milliman USA, presented preliminary results of his review of comparability and relative richness of institutional health benefits plans. Using the standard PEHP plan for state employees as the benchmark, Mr. Pritchett found differences of plus or minus 6 percent in relative richness among the plans reviewed. He indicated that the most notable differences are the amounts for hospital in-patient co-insurance and the amounts for out-of-pocket maximums. He also indicated that there could be some administrative savings from consolidation or standardization among entities, and that there would likely be some economies from consolidated negotiation with provider networks or consolidation to a single provider network.

Mr. Pritchett indicated that the largest single difference among entities is that two require employee premium cost sharing and the others do not. He also indicated that without cost-sharing, entities are likely providing benefits for family members who are employed elsewhere but elect coverage through the USHE plans.

Regent committee members discussed many of the issues raised by Mr. Pritchett. Presidents and other institutional representatives reported attempts in previous years to keep benefits rich, even at the expense of salaries. President Machen and Vice President Hunsaker reported their view that in order to attract new hires salaries must be competitive, and that new hires are not surprised to find some level of premium cost-sharing.

Regent Karras expressed recognition for past practices, but indicated that now the system needs to move forward in a publicly accountable way. He made a motion, seconded by Regent Atkin, that the USHE determine "best practice" for a standard benefit plan and "best practice" for employee premium cost-sharing, and adopt those best practices during a two-year transition period. He also moved that the system continue to explore possible savings from consolidated administration and provider negotiations. Regent Pitcher asked that the motion include "best practices" regarding employee wellness and disease prevention. The motion was approved by the committee.

b. Early Retirement / Retirement

Tab D

Associate Commissioner Spencer reported on discussions among USHE staff and institutional representatives regarding current practice in early retirement programs. He indicated that the Office of the Commissioner will implement a new report to gather information on early retirement. He said he knows that institutions need early retirement programs, with some flexibility, as a form of severance for certain employees, to accommodate shifting priorities, and to respond to budget reductions. After some discussion, Regent Atkin, seconded by Regent Mantes, moved that staff review "best practices" in early retirement programs, specifically benchmarking against private industry, public education, and state employees, and recommend ways to move USHE toward those best practices.

c. Facilities / Space Utilization

Tab E

Associate Commissioner Spencer referenced three attachments providing information on future

requests for new buildings and the cost of maintenance and repair of existing buildings. Regents requested a 10 year plan for square feet of space needed to accommodate anticipated growth. Regents also requested a study of benchmarks for appropriate amount of square feet per FTE student.

d. Five-Year Scenarios

Tab F

Assistant Commissioner Mortensen presented five-year scenarios to determine USHE funding needs. With some modification, the scenarios were endorsed for presentation at the next Board meeting.

e. USHE "Report Card"

Tab G

Associate Commissioner Spencer requested feedback from the committee on recent attempts to develop a quick-reference Report Card. With some modification, the Report Card was endorsed for use in the USHE as a quick-reference accountability document. Regents indicated that the next issue will be "so what?" as a result of having a report card.

Meeting adjourned at 3:50 pm.

January 8, 2003

MEMORANDUM

TO: State Board of Regents  
FROM: Cecelia H. Foxley  
SUBJECT: University of Utah – Notification of Intent to Initiate a New Long Range Development Plan

Issue

Officials of the University of Utah wish to inform the Board of Regents of their intent to initiate a new Long Range Development Plan (LRDP) which will become the Master Plan for the campus. The University received approval early in January 2003 from its Board of Trustees and the State Building Board to update its Master Plan.

Background

The University of Utah's Long Range Development Plan (LRDP) was developed in 1997 to guide campus growth and development for the next five-year period. The LRDP is a comprehensive policy and land use plan developed with the assistance of consultants and with extensive involvement of many members of the institutional community. The University now proposes to initiate a similar process to update the 1997 LRDP.

A Land Use Plan from the current LRDP is attached. University officials will be available to discuss the LRDP process and any other questions the Regents may have.

Recommendation

This is an information item only. No Regent action is necessary.

Cecelia H. Foxley, Commissioner

CHF/MHS  
Attachments

January 8, 2003

MEMORANDUM

TO: State Board of Regents  
FROM: Cecelia H. Foxley  
SUBJECT: Utah State University Lease-Purchase of Co-Generation and Central Chiller Equipment

Issue

Regent Policy R587 authorizes the Commissioner to approve acquisitions of equipment on a lease-purchase basis. Substantial lease-purchases are presented as information to the Board.

Background

Utah State University's new Central Energy Plant and utility tunnels were designed to accommodate the addition of an electrical generation unit, central water chilling units, and chilled water distribution. It was recognized during the planning phase that these were important and probable enhancements to the Energy Plant. Since USU now utilizes steam throughout the year, it is energy efficient to utilize the residual heat from electrical generation to supplement the heating system. This process is known as co-generation. Electrical generation normally uses 13,000 British Thermal Units (BTUs) of energy to generate a kilowatt hour (Kwh) of electricity. With co-generation, the energy assigned for electrical generation reduces to 5,500 BTUs/Kwh. The remaining 7,500 BTUs of energy are recovered out the turbine discharge into steam production.

Conversion to centralized chilling from a distributed (one building - one chiller) relationship to centralized chilling has both economic and operational benefits. There are better costs for chilled water through greater energy efficiency and better protection from chilled water outages through a central chiller plant. Now that much of the campus is operated year-round, the shut-down/start-up process of individual building units has become extremely labor intensive. In addition, many chillers at individual building sites are approaching the end of their projected useful life.

The University desires to pay for the project using lease-purchase financing over a twenty-two year period. The source of funds will be the projected annual savings of approximately \$1.2 million from the onsite generation of power and heat. The University sent Request for Proposals (RFPs) to seven vendors, four of whom responded with a proposal. The vendor selected has offered a fixed financing rate of 3.95 percent for twenty-two years.

State Board of Regents  
January 8, 2003  
Page 2

The proposed lease-purchased was approved by the Utah State University Board of Trustees in November 2002. University officials will be available at the January Board of Regents meeting to answer questions.

Recommendation

No action is needed. This is an information item only.

Cecelia H. Foxley, Commissioner

CHF/MHS  
Attachment



## MEMORANDUM

January 9, 2003

TO: Utah State Board of Regents

FROM: Cecelia H. Foxley

SUBJECT: Report of 12/18/2002 Special Legislative Session – Base Budget Reductions and One-time Restorations

### Issue

As a result of continued state revenue shortfalls, Governor Leavitt called the Legislature into Special Session on December 18, 2002, to address a projected \$117 million in state revenue shortfalls for FY 2002-2003. This agenda item reports the action of the Special Session related to the Utah System of Higher Education. One result of this action is that the Regents received an appropriation of \$4 million in one-time state tax funds, accompanied with the discretion to determine the allocation of these funds. The Commissioner has consulted with the institutional Presidents and the Executive Committee of the Board on this matter. A recommendation concerning the one-time, \$4 million allocation will be hand-carried to the Regents meeting on January 17, 2003.

### Background

Beginning March 2001, issues began to materialize concerning state revenue collections and their emerging insufficiency to fulfill appropriated obligations. Since that time, formal Executive or Legislative action to increase bonding, reduce or delay state expenditures, or plug the shortfall with one-time revenue has occurred on seven occasions.

The most recent round of rebalancing the state budget occurred during the December 18<sup>th</sup> Special Legislative Session. On a Legislative interim day traditionally used to adopt revenue estimates and preliminarily discuss issues surrounding the next year's budget, the Legislature set to the task of reducing \$117 million from the current year's budget. To make up the base revenue shortfall in FY 2002-2003 that is projected to continue in FY 2003-2004, the Legislature reduced operating budgets from state agencies by \$66 million. One-time funds from other state sources were used to restore fully or partially the ongoing cuts for the current fiscal year only, mitigating the impact of significant budget reductions half-way into the fiscal year.

Since the conclusion of the Special Session, Governor Leavitt exercised his line item veto authority by eliminating budget reductions for Department of Corrections, Courts, and Department of Public Safety line items totaling \$7.8 million. As a result, the state budget for the current fiscal year remains out of balance, and will be addressed as part of the 2003 General Session. In addition, revenue collections continue to be monitored by state officials to determine if further budget reductions for the current year are

State Board of Regents  
September 4, 2002  
Page 2

necessary. Either of these two factors has the potential to affect further Higher Education budgets in FY 2002-2003.

The Legislative action concerning Higher Education – including all 10 USHE institutions and the Utah Education Network -- can be summarized in three steps, shown in Attachment 1. First, \$12 million was reduced proportionately from ongoing revenues beginning in FY 2002-2003 and continuing into FY 2003-2004. Two slight exceptions to an exactly proportionate distribution are at the University of Utah and the Statewide Student Financial Aid line item. In total, this equates to a 1.9% ongoing tax funds reduction. Second, the Legislature restored \$5 million in one-time funds proportionately to each institution. The net result of this action is a current year tax funds reduction of 1.1%. Finally, an additional \$4 million in one-time funds was restored to Higher Education as an appropriation to the State Board of Regents with the accompanying intent language:

It is the intent of the Legislature that the Board of Regents exercise its discretion and distribute \$4,000,000 of this appropriation to higher education institutions. In determining how much, if any, to distribute to an institution, the Board of Regents shall consider: the mission of the institution; the impact of budget cuts on students; and the needs identified by the institution.

During the past four to five years, the Regents' Funding Mechanism Task Force has recommended that the Regents assume a greater role in determining the allocation of funds by having funds first appropriated to the Regents. Although the Legislature has for some time appropriated programmatic funds to the Regents for distribution to institutions, such as the Higher Education Technology Initiative, Engineering and Computer Science Initiative, or Utah Academic Library Consortium, this \$4 million appropriation is the first time Regents have been given authority to directly allocate discretionary funding to institutions, within the guidelines of the Legislative intent language. Though the current circumstance -- allocating limited one-time funds more than half way into a fiscal year to help alleviate deeper budget cuts -- may not be the desired situation the Task Force had envisioned for exercising this authority, this first-time opportunity for the Regents is considered an important initial step in the desired direction.

#### Commissioner's Recommendation

At this time, this item is for information only. A supplement containing a recommendation for the distribution of the \$4 million is still being developed and will be hand-carried to the meeting.

---

Cecelia H. Foxley, Commissioner

CHF/MHS/BLM  
Attachment

## Utah System of Higher Education

December 20, 2002

## December 2002 Budget Reductions for FY 2003 and FY 2004

	Ongoing Base Appropriations FY 02-03	HB 6001 Ongoing Reductions FY 02-03 and FY 03-04		HB 6001 One-time Proportionate Add-backs FY 02-03		HB 6001 One-time Regents Add-backs FY 02-03		Net Reductions FY 02-03	
<b>2 &amp; 4 Year Institutions</b>									
University of Utah	205,576,300	(4,130,600)	-2.01%	1,720,700	0.84%		0.00%	(2,409,900)	-1.17%
Utah State University	123,838,900	(2,352,900)	-1.90%	980,400	0.79%		0.00%	(1,372,500)	-1.11%
Weber State University	55,227,400	(1,049,300)	-1.90%	437,200	0.79%		0.00%	(612,100)	-1.11%
Southern Utah University	26,055,900	(495,100)	-1.90%	206,400	0.79%		0.00%	(288,700)	-1.11%
Snow College	15,190,500	(288,600)	-1.90%	120,300	0.79%		0.00%	(168,300)	-1.11%
Dixie State College	15,988,400	(303,800)	-1.90%	126,700	0.79%		0.00%	(177,100)	-1.11%
College of Eastern Utah	11,852,900	(225,100)	-1.90%	93,700	0.79%		0.00%	(131,400)	-1.11%
Utah Valley State College	39,872,500	(757,600)	-1.90%	315,600	0.79%		0.00%	(442,000)	-1.11%
Salt Lake Community College	53,672,900	(1,019,800)	-1.90%	424,900	0.79%		0.00%	(594,900)	-1.11%
SBR and Statewide Programs	18,753,000	(365,500)	-1.95%	152,600	0.81%	4,000,000	21.33%	3,787,100	20.19%
<b>Subtotal - 2 &amp; 4 Year Institutions</b>	<b>566,028,700</b>	<b>(10,988,300)</b>	<b>-1.94%</b>	<b>4,578,500</b>	<b>0.81%</b>	<b>4,000,000</b>	<b>0.71%</b>	<b>(2,409,800)</b>	<b>-0.43%</b>
<b>Utah College of Applied Technology</b>									
Bridgerland	6,884,200	(130,800)	-1.90%	54,500	0.79%		0.00%	(76,300)	-1.11%
Central	1,386,800	(26,400)	-1.90%	11,000	0.79%		0.00%	(15,400)	-1.11%
Davis	6,759,400	(128,400)	-1.90%	53,500	0.79%		0.00%	(74,900)	-1.11%
Dixie	728,200	(13,900)	-1.91%	5,800	0.80%		0.00%	(8,100)	-1.11%
Mountainland	1,912,800	(36,300)	-1.90%	15,100	0.79%		0.00%	(21,200)	-1.11%
Ogden Weber	7,490,300	(142,300)	-1.90%	59,300	0.79%		0.00%	(83,000)	-1.11%
Salt Lake/Tooele	1,736,000	(33,000)	-1.90%	13,700	0.79%		0.00%	(19,300)	-1.11%
Southeast	739,900	(14,100)	-1.91%	5,900	0.80%		0.00%	(8,200)	-1.11%
Southwest	1,135,500	(21,500)	-1.89%	9,000	0.79%		0.00%	(12,500)	-1.10%
Uintah Basin	3,588,900	(68,200)	-1.90%	28,400	0.79%		0.00%	(39,800)	-1.11%
UCAT Administration	371,500	(7,100)	-1.91%	3,000	0.81%		0.00%	(4,100)	-1.10%
UCAT Development	1,589,900	(30,200)	-1.90%	12,600	0.79%		0.00%	(17,600)	-1.11%
UCAT Equipment	860,700	(16,400)	-1.91%	6,800	0.79%		0.00%	(9,600)	-1.12%
UCAT Custom Fit	3,150,400	(59,900)	-1.90%	24,900	0.79%		0.00%	(35,000)	-1.11%
<b>Subtotal - UCAT</b>	<b>38,334,500</b>	<b>(728,500)</b>	<b>-1.90%</b>	<b>303,500</b>	<b>0.79%</b>	<b>0</b>	<b>0.00%</b>	<b>(425,000)</b>	<b>-1.11%</b>
<b>Utah Education Network</b>	<b>\$14,904,100</b>	<b>(\$283,200)</b>	<b>-1.90%</b>	<b>\$118,000</b>	<b>0.79%</b>		<b>0.00%</b>	<b>(165,200)</b>	<b>-1.11%</b>
<b>GRAND TOTAL</b>	<b>619,267,300</b>	<b>(12,000,000)</b>	<b>-1.94%</b>	<b>5,000,000</b>	<b>0.81%</b>	<b>4,000,000</b>	<b>0.65%</b>	<b>(3,000,000)</b>	<b>-0.48%</b>

## MEMORANDUM

January 10, 2003

TO: State Board of Regents

FROM: Cecelia H. Foxley

SUBJECT: Results of Student Hearings on Second-tier Tuition Increases for 2003-2004

### Issue

At the November 8, 2002 meeting in Ephraim, Regents and Presidents discussed the process for setting second-tier tuition increases for the 2003-2004 academic year. Presidents outlined potential ranges for second-tier increases and indicated that student hearings would be held before the January 17, 2003 meeting. This agenda item provides a summary report on institutional second-tier tuition proposals resulting from the required hearings. Regents are asked to approve preliminary second-tier ranges for five institutions and single percentages for four others so that these actions can be reported to the Legislature during the upcoming General Session.

### Background

Setting tuition for 2003-2004 marks the third year Regents have utilized a two-tier process for setting tuition. This process creates a first-tier tuition increase that is the same percentage for all institutions. It is utilized as a dedicated credit for the plan of financing in the appropriations act for the state appropriated budget. The second-tier increase is dedicated to specific needs at each institution. Regents have also adopted the policy position of adjusting graduate tuition on a program-by-program basis. Any proposals of this nature for 2003-2004 will be considered in March.

At the November 8, 2002 meeting, Regents established a first-tier tuition increase of 4.5 percent for all USHE institutions for 2003-2004, setting aside the revenue from 0.5 percent of this increase at each institution for need-based financial aid. At that time Presidents committed to conduct student hearings, as required by Regent Policy R511 – *Tuition Disclosure and Consultation*, and Utah Code Annotated 53B-7-101.5—*Proposed Tuition Increases – Notice – Hearings*, prior to the January 17 meeting. To date all institutions have conducted these hearings with the exception of the University of Utah, which is holding its hearing today (January 9, 2003).

Attachment 1 summarizes the second-tier tuition proposals for each USHE institution. It shows current tuition rates, the second-tier proposal, the total tuition increase including first- and second-tier, and the amount and uses of projected second-tier revenue. While most institutions indicated a range of increase at the November 8 meeting, the University of Utah, Utah State University, Weber State University,

State Board of Regents  
January 9, 2003  
Page 2

and Southern Utah University have narrowed in on specific percentages for their second-tier proposals. Each institution is within the preliminary range indicated to the Regents on November 8, with the exception of SUU, which is proposing a 19 percent second-tier increase, instead of the 4.5 to 7 percent range initially reported.

Continued concern over the availability of state revenues heightens the importance of second-tier tuition revenue as a necessary financial instrument to maintain the availability of quality instruction at USHE institutions. To assist in Regent consideration of these proposals, Attachment 2 provides data on the Consumer Price Index (Table 1), Higher Education Price Index (Table 2), WICHE states' tuition increases (Table 3), National tuition increases (Table 4), historical USHE tuition increases (Table 5), the impact of tuition increases on revenue and students (Tables 6 and 7), and tuition and fee amounts at other similar public institutions in the 15 Western Interstate Cooperative for Higher Education (WICHE) states and eight Rocky Mountain states (Tables 8 through 11). Related to this information, the Employers' Education Coalition report makes a recommendation for Higher Education to "raise tuition to levels consistent with comparable schools in surrounding states..."

Regents are asked at this time to take action on the second-tier proposals at the January meeting. The past two years these decisions have been postponed until March, after the conclusion of the Legislative Session. Through this process, USHE officials can inform Legislators more fully regarding tuition increases for 2003-2004 during the General Session. Tuition and fee increases for USHE institutions for 2003-2004 will be finalized at the March 14, 2003 meeting. It should be noted that the percentages and ranges are set preliminarily at this time with the understanding that significant changes in appropriated tax fund levels could require reconsideration of these amounts when tuition is finalized in March.

#### Commissioner's Recommendation

It is the recommendation of the Commissioner that the Regents, review and discuss the proposed second-tier tuition increases for 2003-2004, outlined in Attachment 1, and if satisfied that all increases are necessary and appropriate, adopt these proposals as preliminary second-tier increases, with the understanding that increases will be finalized at the March 14, 2003 Board meeting.

---

Cecelia H. Foxley, Commissioner

CHF/MHS/BLM  
Attachments

## USHE 2003-2004 Tuition Increase

**Benchmark Inflation and Tuition Increase Information**

November 2002

Table 1. General Inflation Indicator

**Consumer Price Index, July 1992 to September 2002**

	7/92 to 7/93	7/93 to 7/94	7/94 to 7/95	7/95 to 7/96	7/96 to 7/97	7/97 to 7/98	7/98 to 7/99	7/99 to 7/00	7/00 to 7/01	7/01 to 7/02	9/01 to 9/02
Academic Year Increase	2.8%	2.8%	2.8%	3.0%	2.2%	1.7%	2.1%	3.7%	2.7%	1.5%	
Most Recent 12-months (September to September)											1.5%

Source: Bureau of Labor Statistics. Consumer Price Index--Urban (Not Seasonally Adjusted) July to July. November 2002 (www.bls.gov).

Table 2. Higher Education Inflation Indicator

**Higher Education Price Index, July 1992 to July 2002**

	7/92 to 7/93	7/93 to 7/94	7/94 to 7/95	7/95 to 7/96	7/96 to 7/97	7/97 to 7/98	7/98 to 7/99	7/99 to 7/00	7/00 to 7/01	7/01 to 7/02
Academic Year Increase	2.9%	3.4%	2.9%	2.9%	3.1%	3.5%	2.4%	4.1%	4.8%	3.8%

Source: Research Associates of Washington. Higher Education Price Index. June 2001; Higher Education Price Index, FY 2002 Increase Estimate. June 2002.

Table 3. Regional Tuition Indicator

**WICHE Region Tuition & Fee Increases at Public Institutions, 1992-93 to 2002-03**

	92-93	93-94	94-95	95-96	96-97	97-98	98-99	99-00	00-01	01-02	02-03
<b>Four-year Institutions</b>											
Resident Undergrad.	12.4%	9.3%	9.5%	3.8%	3.8%	4.2%	2.1%	2.0%	2.4%	5.2%	5.3%
Resident Graduate	13.0%	11.2%	10.7%	6.3%	3.7%	4.4%	3.6%	1.4%	3.7%	5.2%	5.3%
Nonresident Undergrad.	7.2%	6.7%	7.6%	4.6%	5.2%	4.2%	3.0%	2.8%	2.8%	4.5%	8.9%
Nonresident Graduate	7.8%	6.6%	7.6%	5.9%	4.6%	3.4%	3.2%	2.9%	3.5%	4.5%	7.6%
<b>Two-year Institutions</b>											
Resident	8.9%	8.5%	7.4%	4.7%	5.7%	5.1%	4.0%	5.2%	4.7%	5.0%	7.8%
Nonresident	8.7%	7.9%	8.0%	4.2%	5.7%	4.1%	3.3%	3.2%	3.9%	3.2%	5.5%

Source: WICHE. Tuition and Fees in Public Higher Education in the West 2002-2003. November 2002 (forthcoming).

Table 4. National Tuition Indicator

**National Average Tuition Increases at Public Institutions, 1999-2000 to 2002-2003**

	99-00	00-01	01-02	02-03
<b>Research Universities</b>				
Resident Undergrad.	3.5%	5.0%	6.5%	9.6%
Resident Graduate	4.0%	5.1%	6.2%	n/a
Nonresident Undergrad.	4.5%	4.6%	6.1%	n/a
Nonresident Graduate	4.8%	5.0%	6.1%	n/a
<b>Comprehensive Institutions</b>				
Resident Undergrad.	3.6%	4.7%	7.0%	9.6%
Resident Graduate	4.1%	5.2%	7.2%	n/a
Nonresident Undergrad.	3.8%	4.2%	6.7%	n/a
Nonresident Graduate	4.5%	4.4%	6.7%	n/a
<b>Community Colleges</b>				
Resident	2.9%	5.9%	5.0%	7.9%
Nonresident	4.7%	2.4%	4.6%	n/a

1999-00 through 2001-2002 Sources: Washington Higher Education Coordinating Board. Tuition and Fee Rates: A National Comparison. 2000, 2001, and 2002.

2002-03 Source: The College Board. Trends in College Pricing 2002. October 2002

# Benchmark Inflation and Tuition Increase Information

Table 5. Tuition Increase History

## USHE Resident and Nonresident Tuition Increases, 1992-93 to 2002-2003

	92-93	93-94	94-95	95-96	96-97	97-98	98-99	99-00	00-01	01-02 <sup>(2)</sup>	02-03 <sup>(2)</sup>
<b>Resident Increases</b>											
UU	6.0%	7.0%	5.0%	6.0%	0.0%	3.8%	2.7%	3.0%	4.0%	6.8%	9.6%
USU	6.0%	7.0%	7.0%	6.0%	0.0%	3.8%	2.7%	3.0%	4.0%	9.0%	9.5%
WSU	6.0%	7.0%	7.0%	6.0%	0.0%	3.8%	2.7%	3.0%	4.0%	7.0%	9.0%
SUU	6.0%	7.0%	7.0%	6.0%	0.0%	3.8%	2.7%	3.0%	5.8%	7.5%	9.0%
Snow	4.0%	4.0%	5.8%	5.0%	0.0%	3.8%	2.7%	3.0%	4.0%	5.5%	9.5%
Dixie	3.0%	4.0%	4.0%	0.0%	0.0%	3.8%	2.7%	3.0%	4.0%	5.5%	5.0%
CEU	4.0%	4.0%	5.5%	5.0%	0.0%	3.8%	2.7%	3.0%	4.0%	5.5%	8.0%
UVSC	4.0%	4.0%	4.0%	3.0%	0.0%	3.8%	2.7%	3.0%	4.0%	12.5%	19.5%
SLCC	3.0%	4.0%	4.0%	3.0%	0.0%	3.8%	2.7%	3.0%	4.0%	5.5%	9.0%
USHE Average <sup>(1)</sup>	4.7%	5.3%	5.5%	4.4%	0.0%	3.8%	2.7%	3.0%	4.2%	7.2%	9.8%
<b>Nonresident Increases</b>											
UU	8.2%	11.4%	7.6%	6.1%	0.0%	3.8%	2.7%	3.0%	4.0%	6.8%	6.8%
USU	6.0%	12.7%	11.3%	-2.0%	5.6%	3.8%	2.7%	3.0%	4.0%	9.0%	9.0%
WSU	10.0%	13.1%	14.0%	0.0%	0.0%	3.2%	2.8%	3.0%	4.0%	7.0%	7.0%
SUU	10.0%	15.2%	20.1%	0.0%	0.0%	3.8%	2.7%	3.0%	5.8%	5.5%	5.5%
Snow	44.6%	20.6%	5.8%	0.0%	0.0%	3.8%	2.7%	3.1%	4.0%	5.5%	5.5%
Dixie	18.1%	11.1%	14.7%	1.3%	0.0%	3.8%	2.7%	3.0%	4.0%	5.5%	5.5%
CEU	10.0%	15.0%	14.0%	8.5%	0.0%	3.8%	2.8%	6.3%	4.0%	5.5%	5.5%
UVSC	8.7%	8.6%	10.7%	4.0%	0.0%	3.8%	2.7%	3.0%	4.0%	12.5%	12.5%
SLCC	6.7%	7.3%	6.8%	5.0%	0.0%	3.7%	2.7%	3.0%	4.0%	5.5%	5.5%
USHE Average <sup>(1)</sup>	13.6%	12.8%	11.7%	2.5%	0.6%	3.7%	2.7%	3.4%	4.2%	7.0%	7.0%

(1) Simple Average.

(2) Percentage increases represent increases that apply to greatest number of students at the institution, and do not include differential increases for some students or programs.

Table 6. Tuition Increase Revenue Impact

## Impact of 1% and 4.5% Tuition Increase on Tuition Revenue

	UU	USU	WSU	SUU	Snow	Dixie	CEU	UVSC	SLCC	USHE
Revenue w/ 1% Increase	\$866,800	\$463,500	\$287,600	\$106,500	\$34,700	\$63,100	\$26,100	\$354,200	\$257,400	\$2,459,900
Revenue w/ 4.5% Increase	\$3,900,500	\$2,085,200	\$1,294,300	\$479,100	\$117,100	\$196,600	\$101,100	\$1,593,900	\$1,158,100	\$10,925,900

Table 7. Tuition Increase Rate Impact

## Impact of 1% and 4.5% Tuition Increase on Full-time Tuition Rates

	UU	USU	WSU	SUU	Snow	Dixie <sup>(1)</sup>	CEU	UVSC <sup>(1)</sup>	SLCC	USHE <sup>(2)</sup>
<b>Resident Undergraduate</b>										
02-03 Full-time Rate	\$2,742	\$2,324	\$1,947	\$1,888	\$1,253	\$1,320	\$1,296	\$1,842	\$1,564	\$1,419
1% Increase	\$27	\$23	\$19	\$19	\$13	\$13	\$13	\$18	\$16	14
4.5% Increase	\$123	\$105	\$88	\$85	\$56	\$59	\$58	\$83	\$70	64
<b>Resident Graduate <sup>(3), (4)</sup></b>										
02-03 Full-time Rate	\$2,228	\$2,289	\$1,846	\$2,034						2,099
1% Increase	\$22	\$23	\$18	\$20						21
4.5% Increase	\$100	\$103	\$83	\$92						95
<b>Nonresident Undergraduate</b>										
02-03 Full-time Rate	\$9,600	\$7,689	\$6,815	\$6,882	\$5,472	\$5,746	\$5,428	\$6,448	\$5,474	\$5,292
1% Increase	\$96	\$77	\$68	\$69	\$55	\$57	\$54	\$64	\$55	53
4.5% Increase	\$432	\$346	\$307	\$310	\$246	\$259	\$244	\$290	\$246	238
<b>Nonresident Graduate <sup>(3), (4)</sup></b>										
02-03 Full-time Rate	\$7,864	\$8,012	\$6,462	\$7,574						7,478
1% Increase	\$79	\$80	\$65	\$76						75
4.5% Increase	\$354	\$361	\$291	\$341						337

(1) Lower division rates only listed for Dixie and UVSC. Dixie's upper division equals SUU; UVSC's upper division equals WSU.

(2) Simple Average.

(3) General graduate tuition rates only, differential graduate tuition rates not included.

(4) Graduate tuitions may be less than undergraduate because a full-time load for a graduate student (10 credits) is less than an undergraduate (15 credits).

**USHE 2003-2004 Tuition Increase  
WICHE and Rocky Mountain State Public Tuition and Fees Comparisons for 2002-2003**

November 2002

**Table 8. Resident Undergraduate Tuition and Fees Comparisons**

USHE Institution	Comparison Group	WICHE State Comparisons <sup>(1)</sup>							Rocky Mountain State Comparisons <sup>(2)</sup>						
		Rank <sup>(3)</sup> in Comparison Group	USHE Institution Tuit/Fees	Comparison Group Max. Tuit/Fees	Comparison Group Min. Tuit/Fees	Comparison Group Avg. <sup>(4)</sup> Tuit/Fees	Utah Institution % of Max.	Utah Institution % of Avg.	Rank <sup>(3)</sup> in Comparison Group	USHE Institution Tuit/Fees	Comparison Group Max. Tuit/Fees	Comparison Group Min. Tuit/Fees	Comparison Group Avg. <sup>(4)</sup> Tuit/Fees	Utah Institution % of Max.	Utah Institution % of Avg.
UofU	Doct/Research	24 of 40	\$3,325	\$4,566	\$1,870	\$3,449	73%	96%	10 of 19	\$3,325	\$4,033	\$2,490	\$3,068	82%	108%
USU	Doct/Research	34 of 40	\$2,899	\$4,566	\$1,870	\$3,449	63%	84%	16 of 19	\$2,899	\$4,033	\$2,490	\$3,068	72%	94%
WSU	Mstr & Bacc.	27 of 55	\$2,427	\$4,042	\$1,744	\$2,596	60%	93%	10 of 16	\$2,427	\$3,547	\$2,184	\$2,641	68%	92%
SUU	Mstr & Bacc.	31 of 55	\$2,359	\$4,042	\$1,744	\$2,596	58%	91%	13 of 16	\$2,359	\$3,548	\$2,184	\$2,641	66%	89%
Snow	Two-Year	80 of 236	\$1,523	\$2,610	\$330	\$1,029	58%	148%	28 of 69	\$1,523	\$2,078	\$352	\$1,312	73%	116%
Dixie <sup>(5)</sup>	Two-Year	74 of 236	\$1,612	\$2,610	\$330	\$1,029	62%	157%	22 of 69	\$1,612	\$2,078	\$352	\$1,312	78%	123%
CEU	Two-Year	73 of 236	\$1,630	\$2,610	\$330	\$1,029	62%	158%	21 of 69	\$1,630	\$2,078	\$352	\$1,312	78%	124%
UVSC <sup>(6)</sup>	Bacc.	14 of 15	\$2,196	\$4,042	\$2,050	\$2,930	54%	75%	7 of 7	\$2,196	\$3,031	\$2,196	\$2,599	72%	84%
SLCC	Two-Year	55 of 236	\$1,890	\$2,610	\$330	\$1,029	72%	184%	4 of 69	\$1,890	\$2,078	\$352	\$1,312	91%	144%

**Table 9. Resident (General) Graduate Tuition and Fees Comparisons**

USHE Institution	Comparison Group	WICHE State Comparisons <sup>(1)</sup>							Rocky Mountain State Comparisons <sup>(2)</sup>						
		Rank <sup>(3)</sup> in Comparison Group	USHE Institution Tuit/Fees	Comparison Group Max. Tuit/Fees	Comparison Group Min. Tuit/Fees	Comparison Group Avg. <sup>(4)</sup> Tuit/Fees	Utah Institution % of Max.	Utah Institution % of Avg.	Rank <sup>(3)</sup> in Comparison Group	USHE Institution Tuit/Fees	Comparison Group Max. Tuit/Fees	Comparison Group Min. Tuit/Fees	Comparison Group Avg. <sup>(4)</sup> Tuit/Fees	Utah Institution % of Max.	Utah Institution % of Avg.
UofU	Doct/Research	33 of 40	\$3,085	\$7,854	\$1,776	\$4,248	39%	73%	13 of 19	\$3,085	\$4,538	\$1,776	\$3,311	68%	93%
USU	Doct/Research	32 of 40	\$3,195	\$7,854	\$1,776	\$4,248	41%	75%	12 of 19	\$3,195	\$4,538	\$1,776	\$3,311	70%	96%
WSU	Mstr & Bacc.	21 of 45	\$2,651	\$6,507	\$1,822	\$3,155	41%	84%	6 of 10	\$2,651	\$4,448	\$2,328	\$3,008	60%	88%
SUU	Mstr & Bacc.	23 of 45	\$2,496	\$6,507	\$1,822	\$3,155	38%	79%	8 of 10	\$2,496	\$4,448	\$2,328	\$3,008	56%	83%

Source: WICHE. Tuition and Fees in Public Higher Education in the West 2002-2003. November 2002 (forthcoming).

**Notes:**

- (1) WICHE states include Alaska, Hawaii, Washington, Oregon, California, Idaho, Nevada, Arizona, New Mexico, Utah, Colorado, Wyoming, Montana, North Dakota, and South Dakota.
- (2) Rocky Mountain states include Idaho, Nevada, Arizona, New Mexico, Utah, Colorado, Wyoming, and Montana.
- (3) USHE institutions are ranked within the comparison group, with a ranking of "1" being the highest tuition and fee level.
- (4) Simple average.
- (5) Lower division rate only listed for Dixie. Dixie's upper division equals SUU.
- (6) Lower division rate only listed for UVSC. UVSC's upper division equals WSU. UVSC is in the second-year of a phase-in to move to WSU's lower division rate. For the first time, in 2002-2003 UVSC is compared to other Baccalaureate institutions.



**USHE 2003-2004 Tuition Increase  
WICHE and Rocky Mountain State Public Tuition and Fees Comparisons for 2002-2003**

November 2002

**Table 10. Nonresident Undergraduate Tuition and Fees Comparisons**

USHE Institution	Comparison Group	WICHE State Comparisons <sup>(1)</sup>							Rocky Mountain State Comparisons <sup>(2)</sup>						
		Rank <sup>(3)</sup> in Comparison Group	USHE Institution Tuit/Fees	Comparison Group Max. Tuit/Fees	Comparison Group Min. Tuit/Fees	Comparison Group Avg. <sup>(4)</sup> Tuit/Fees	Utah Institution % of Max.	Utah Institution % of Avg.	Rank <sup>(3)</sup> in Comparison Group	USHE Institution Tuit/Fees	Comparison Group Max. Tuit/Fees	Comparison Group Min. Tuit/Fees	Comparison Group Avg. <sup>(4)</sup> Tuit/Fees	Utah Institution % of Max.	Utah Institution % of Avg.
UofU	Doct/Research	29 of 40	\$10,182	\$18,637	\$8,082	\$12,248	55%	83%	14 of 19	\$10,182	\$18,637	\$8,199	\$11,059	55%	92%
USU	Doct/Research	38 of 40	\$8,199	\$18,637	\$8,082	\$12,248	44%	67%	19 of 19	\$8,199	\$18,637	\$8,199	\$11,059	44%	74%
WSU	Mstr & Bacc.	48 of 55	\$7,295	\$13,611	\$3,678	\$9,484	54%	77%	15 of 16	\$7,295	\$13,611	\$6,802	\$9,089	54%	80%
SUU	Mstr & Bacc.	47 of 55	\$7,344	\$13,611	\$3,678	\$9,484	54%	77%	14 of 16	\$7,344	\$13,611	\$6,802	\$9,089	54%	81%
Snow	Two-Year	78 of 236	\$5,742	\$8,055	\$500	\$5,092	71%	113%	33 of 69	\$5,742	\$7,761	\$500	\$4,892	74%	117%
Dixie <sup>(5)</sup>	Two-Year	60 of 236	\$6,038	\$8,055	\$500	\$5,092	75%	119%	24 of 69	\$6,038	\$7,761	\$500	\$4,892	78%	123%
CEU	Two-Year	76 of 236	\$5,762	\$8,055	\$500	\$5,092	72%	113%	32 of 69	\$5,762	\$7,761	\$500	\$4,892	74%	118%
UVSC <sup>(6)</sup>	Bacc.	14 of 15	\$6,802	\$12,264	\$6,475	\$8,438	55%	81%	7 of 7	\$6,802	\$10,330	\$6,802	\$8,821	66%	77%
SLCC	Two-Year	74 of 236	\$5,800	\$8,055	\$500	\$5,092	72%	114%	30 of 69	\$5,800	\$7,761	\$500	\$4,892	75%	119%

**Table 11. Nonresident (General) Graduate Tuition and Fees Comparisons**

USHE Institution	Comparison Group	WICHE State Comparisons <sup>(1)</sup>							Rocky Mountain State Comparisons <sup>(2)</sup>						
		Rank <sup>(3)</sup> in Comparison Group	USHE Institution Tuit/Fees	Comparison Group Max. Tuit/Fees	Comparison Group Min. Tuit/Fees	Comparison Group Avg. <sup>(4)</sup> Tuit/Fees	Utah Institution % of Max.	Utah Institution % of Avg.	Rank <sup>(3)</sup> in Comparison Group	USHE Institution Tuit/Fees	Comparison Group Max. Tuit/Fees	Comparison Group Min. Tuit/Fees	Comparison Group Avg. <sup>(4)</sup> Tuit/Fees	Utah Institution % of Max.	Utah Institution % of Avg.
UofU	Rsrch & Doc.	32 of 40	\$9,570	\$18,637	\$8,484	\$12,453	51%	77%	14 of 19	\$9,570	\$18,637	\$9,273	\$11,416	51%	84%
USU	Rsrch & Doc.	30 of 40	\$9,909	\$18,637	\$8,484	\$12,453	53%	80%	16 of 19	\$9,909	\$18,637	\$9,273	\$11,416	53%	87%
WSU	Mstr & Bacc.	44 of 45	\$7,974	\$16,828	\$7,550	\$10,590	47%	75%	9 of 10	\$7,974	\$14,901	\$7,550	\$9,641	54%	83%
SUU	Mstr & Bacc.	43 of 45	\$8,036	\$16,828	\$7,550	\$10,590	48%	76%	8 of 10	\$8,036	\$14,901	\$7,550	\$9,641	54%	83%

Source: WICHE. Tuition and Fees in Public Higher Education in the West 2002-2003. November 2002 (forthcoming).

**Notes:**

- (1) WICHE states include Alaska, Hawaii, Washington, Oregon, California, Idaho, Nevada, Arizona, New Mexico, Utah, Colorado, Wyoming, Montana, North Dakota, and South Dakota.
- (2) Rocky Mountain states include Idaho, Nevada, Arizona, New Mexico, Utah, Colorado, Wyoming, and Montana.
- (3) USHE institutions are ranked within the comparison group, with a ranking of "1" being the highest tuition and fee level.
- (4) Simple average.
- (5) Lower division rate only listed for Dixie. Dixie's upper division equals SUU.
- (6) Lower division rate only listed for UVSC. UVSC's upper division equals WSU. UVSC is in the second-year of a phase-in to move to WSU's lower division rate. For the first time, in 2002-2003 UVSC is compared to other Baccalaureate institutions.

## 2003-2004 Second-tier Tuition Proposals

	Type of Student	2002-2003 Annual Tuition	2nd-tier increase		Total Increase		2003-2004 Annual Tuition	2nd-tier Revenue	
			\$/year	%	\$/year	%		\$	Use of Revenue
U of U	1. All Students	\$2,742	\$192	7.0%	\$315	11.5%	\$3,057	1. \$350,000 - Student financial aid 2. \$4,550,000 - Departmental allocations for enrollment growth and compensation to be determined after Legislative actions are completed.	<u>\$4,900,000</u> TOTAL
USU	1. Undergraduates	\$2,324	\$116	5.0%	\$221	9.5%	\$2,545	<u>One-time 2002-2003 Allocation</u> 1. \$700,000 - University library enhancements 2. \$1,000,000 - New student information system 3. \$66,200 - Supplemental instruction, Rhetoric Associates 4. \$239,700 - Increase sections of bottleneck courses <u>\$2,005,900</u> TOTAL  <u>Ongoing 2003-2004 Allocation</u> 1. \$1,755,900 - 25.5 new faculty, including 7.25 to match Engineering Initiative 2. \$250,000 - 6 FTE for advisors for First-Year Advising Center <u>\$2,005,900</u> TOTAL	
	2. Graduates	\$2,289	\$57	2.5%	\$160	7.0%	\$2,449		
WSU	1. All Students	\$1,946	\$97	5.0%	\$185	9.5%	\$2,131	1. <i>TBD</i> - Salaries 2. <i>TBD</i> - Faculty for additional courses 3. <i>TBD</i> - Additional student services	<u>\$1,387,300</u> TOTAL
SUU	1. Resident Students	\$1,888	\$359	19.0%	\$444	23.5%	\$2,332	<u>Student Retention and Recruitment</u> 1. \$171,000 - Four new student advisors 2. \$50,000 - Student success course 3. \$42,500 - Student recruitment 4. \$42,500 - Marketing <u>\$306,000</u> Subtotal <u>Faculty/Staff Retention and Development</u> 1. \$85,000 - Faculty/staff retention 2. \$169,500 - Faculty/staff development 3. \$60,000 - One additional faculty position <u>\$314,500</u> Subtotal <u>Provide Student Support</u> 1. \$250,000 - Student information systems 2. \$160,000 - Student employment 3. \$42,500 - Additional financial aid 4. \$190,000 - Additional summer course offerings 5. \$200,000 - Make up for enrollment reduction <u>\$842,500</u> Subtotal <u>\$1,463,000</u> TOTAL	
	2. Non-resident Students	\$6,882	\$502	7.3%	\$814	11.8%	\$7,696		
Snow	1. All Students	\$1,252						1. <i>TBD</i> - Salary equity for faculty and staff	<u>\$50,000</u> LOW RANGE TOTAL <u>\$125,000</u> HIGH RANGE TOTAL
	Low Range		\$25	2.0%	\$81	6.5%	\$1,333	2. <i>TBD</i> - Increase course sections	
	High Range		\$63	5.0%	\$119	9.5%	\$1,371	3. <i>TBD</i> - Convert adjunct faculty to full-time	

# 2003-2004 Second-tier Tuition Proposals

	Type of Student	2002-2003 Annual Tuition	2nd-tier increase		Total Increase		2003-2004 Annual Tuition	2nd-tier Revenue	
			\$/year	%	\$/year	%		\$	Use of Revenue
DSC	1. Lower Division	\$1,320							
	Low Range		\$40	3.0%	\$99	7.5%	\$1,419	1.	<i>TBD</i> - Offset ongoing reductions for adjunct faculty
	High Range		\$66	5.0%	\$125	9.5%	\$1,445	2.	<i>TBD</i> - Additional faculty for growing enrollment
	2. Upper Division	\$1,800							
	Low Range		\$90	5.0%	\$171	9.5%	\$1,971		<u>\$245,000</u> LOW RANGE TOTAL
High Range	\$126	7.0%	\$207	11.5%	\$2,007		<u>\$320,000</u> HIGH RANGE TOTAL		
CEU	1. All Students	\$1,296							
	Low Range		\$19	1.5%	\$78	6.0%	\$1,374	1.	<i>TBD</i> - Faculty and staff salaries
	High Range		\$52	4.0%	\$110	8.5%	\$1,406		<u>\$32,000</u> LOW RANGE TOTAL
								<u>\$86,000</u> HIGH RANGE TOTAL	
UVSC	1. Lower Division	\$1,842							
	Low Range		\$147	8.0%	\$230	12.5%	\$2,072	1.	<u>\$1,000,000</u> - Convert adjunct faculty to salaried
	High Range		\$184	10.0%	\$267	14.5%	\$2,109	2.	\$600,000 - Adjunct faculty pay increase
	2. Upper Division to Equal WSU Rate	\$1,946							
	Low Range		\$97	5.0%	\$185	9.5%	\$2,131	3.	\$400,000 - Technology support
High Range							4.	\$150,000 - Library staffing and acquisitions	
								5.	\$250,000 - Student services staff for advising, financial aid, etc.
								6.	<u>\$200,000</u> - Convert hourly staff to salaried
									<u>\$2,600,000</u> LOW RANGE TOTAL
									<u>High Range Additions</u>
								7.	\$300,000 - Additional adjunct faculty to salaried
								8.	\$200,000 - Additional adjunct pay increase
								9.	\$100,000 - More technology support
								10.	\$50,000 - Additional library staffing/acquisitions
								11.	<u>\$50,000</u> - Additional student services staff
									<u>\$3,300,000</u> HIGH RANGE TOTAL
SLCC	1. All Students	\$1,564							
	Low Range		\$39	2.5%	\$109	7.0%	\$1,673	1.	<u>\$128,700</u> - Need and merit-based student aid
	High Range		\$63	4.0%	\$133	8.5%	\$1,697	2.	\$57,000 - Student Express Coordinator
								3.	\$67,000 - Assessment Center
								4.	\$275,000 - 5 full-time faculty
								5.	\$94,000 - 2 full-time advisors
								6.	<u>\$21,700</u> - VICA, DEX, MESA
									<u>\$643,400</u> LOW RANGE TOTAL
									<u>High Range Additions</u>
								7.	\$55,000 - 1 additional full-time faculty
								8.	\$23,300 - Additional VICA, DEX, MESA
								9.	\$45,000 - Service learning specialist
								10.	\$37,000 - Evening enrollment services
								11.	\$37,000 - Science Lab Aid - Jordan Campus
								12.	\$45,000 - Financial Aid Advisor
								13.	\$65,000 - Library Needs
								14.	<u>\$78,700</u> - Printing of Class Schedules
									<u>\$1,029,400</u> HIGH RANGE TOTAL

January 9, 2003

MEMORANDUM

TO: State Board of Regents

FROM: Cecelia H. Foxley

SUBJECT: USHE Priorities for the 2003 Legislative Session, including the Governor's Recommendations and a Review of the Regents' 2003-2004 Budget Request

Issues

As we prepare for the upcoming 2003 Legislative Session which begins on Monday, January 20, 2003, Chair Nolan Karras will give us an overview of the challenges we face. Within this context, the Governor's budget recommendations for higher education for 2003-2004 will be reviewed, and the Regents will continue their discussion of the USHE 2003-2004 budget request.

Background

During recent Board of Regents meetings, Chair Karras has expressed his view of the importance of higher education for individuals, for a healthy economy of the state, and for the nation's position in a larger global economy. He has also reminded us as a System of Higher Education of the need to continue to become even more efficient and effective in the use of state funds and tuition revenues, particularly in this time of fiscal constraints, and to demonstrate increased accountability to policy makers and citizens.

Fully aware of the fiscal challenges and with a desire to keep education—both public education and higher education—as two of his top priorities, Governor Michael Leavitt has made his 2003-2004 budget recommendations for higher education. Attachment 1 contains a summary of the Governor's recommendations and compares those with the Regents' request. Of particular note is the recommendation of the Governor that the majority of the new funds be allocated as a block grant to be distributed in accordance with Board priorities. He also made specific recommendations for the Engineering Initiative and the New Century Scholarship Program.

While the Board of Regents gave preliminary approval to the USHE 2003-2004 Budget Request on November 8, 2002 (see Attachment 2), they did not finalize action on Category IV of the Budget Formula—"Core Support - USHE Core Issues"—which includes a number of special areas of need requiring systemwide attention. The Regents approved an 18 percent allocation of the formula (which is approximately \$9.7 million) to this category, but did not have sufficient time for discussion of the core issues and the possible allocation of the funds. Possible criteria to consider during a discussion of these core issues are: (1) statewide programmatic impact, (2) state economic development, (3) unique institutional circumstances, (4) student success, and (5) financial aid to help offset tuition increases.

Commissioner's Recommendation

It is the recommendation of the Commissioner that the Regents discuss and approve allocations within Category IV of the Funding Formula, make other refinements as appropriate, and give final approval to the USHE 2003-2004 Budget Request.

Cecelia H. Foxley, Commissioner

CHF/MHS  
Attachments

**Utah System of Higher Education**  
**Operating Budget Request Summary (Tax Funds Only)**  
 FY 2003-2004, FY 2002-2003 Supplementals

**FY 2003-2004 STATE TAX FUNDS BASE BUDGET**

**\$566,455,400**

**ONGOING FORMULA INCREASES**

<b>Utah Higher Education Funding Formula</b>		<b><u>\$54,329,600</u></b>
I. New Student Support [5,674 FTE Students -- 60% of the Unfunded 9,460 FTE Students]	41%	\$22,250,500
II. Existing Student Support [4% Base Factor] <sup>(1)</sup>	36%	\$19,470,500
III. Public Service, Research, and other Non-Instruction Programs [4% Compensation] <sup>(2)</sup>	5%	\$2,815,800
IV. Core Support -- USHE Core Issues	18%	\$9,792,800
A. Engineering and Computer Science Initiative		\$2,000,000
B. Nursing Initiative		\$2,000,000
C. Technology		\$2,000,000
D. Libraries		\$892,800
E. Student Financial Aid -- UCOPE		\$2,000,000
F. Funding Equity		\$700,000
G. Student Success		\$200,000

**ONGOING BASE ADJUSTMENTS**

I. Base Adjustments -- Facilities Operation and Maintenance		<b><u>\$3,982,300</u></b>
II. Base Adjustments -- Standard Mandated Costs		<b><u>\$9,208,700</u></b>
A. Americans with Disabilities Act Accommodations		\$450,000
B. Fuel and Power		\$6,339,900
C. Water and Sewer Rate Changes		\$456,100
D. Student and Exchange Visitor Information System (SEVIS)		\$322,200
E. Postage Rate Increases		\$230,500
F. Student Financial Aid Base Maintenance -- Federal Match		\$175,000
G. New Century Scholarships		\$227,400
H. Utah Engineering & Computer Science Loan Forgiveness Program		\$500,000
I. Internal Service Fund Adjustments -- Central Motor Pool		\$52,900
J. Internal Service Fund Adjustments -- Property & Liability Insurance		\$454,700
III. Base Adjustments -- Health and Dental Insurance Increases <sup>(3)</sup>		<b><u>\$4,495,000</u></b>

**Notes:**

- (1) Existing Student Support includes a 4% compensation increase for all instructional employees plus a 4% increase to non-compensation budgets. In addition to the amount shown, a 4% tuition increase would provide another \$9,711,900 in this area.
- (2) The requested amount represents a 4% compensation increase for all state-funded public service and research (non-instructional) employees.
- (3) The amount for Health and Dental Insurance Increases is the state tax funds share of a 10% increase in these costs. Although a 4% increase for health and dental is included in the formula, the 10% amount is identified to display the total cost to state tax funds of a 10% health and dental increase. The objective is to provide a mechanism for USHE employees to receive the same compensation increases as other state employees.

**Utah System of Higher Education  
Operating Budget Request Summary (Tax Funds Only)**

FY 2003-2004, FY 2002-2003 Supplementals

**ONE-TIME INCREASES**

<b><u>One-time Core Support Enhancements</u></b>	<b><u>\$8,050,000</u></b>
A. Technology	\$3,300,000
B. Engineering and Computer Science Initiative	\$2,000,000
C. Nursing Initiative	\$2,000,000
C. Libraries	\$750,000

**SUPPLEMENTAL INCREASES**

<b><u>Supplemental increases</u></b>	<b><u>\$4,914,800</u></b>
A. Fuel and Power	\$4,847,400
B. New Century Scholarships	\$67,400

**FUNDING TOTALS**

<b><u>Ongoing Increases</u></b>	<b><u>\$72,015,600</u></b>
A. Utah Higher Education Funding Formula	\$54,329,600
B. Other Ongoing Increases	\$17,686,000
	Ongoing Request Percent Increase 12.7%
<b><u>One-time Increases</u></b>	<b><u>\$8,050,000</u></b>
<b><u>Supplemental Increases</u></b>	<b><u>\$4,914,800</u></b>

## Operating Budget Comparisons (Tax Funds Only)

## FY 2003-04 and FY 2002-03 Supplementals

## Board of Regents Request and Governor's Recommendation

	Board of Regents	Governor Leavitt	
	Amount	Amount	Above/ (Below) SBR
<b>Utah Higher Education Funding Formula</b>			
New Student Support [5,674 FTE Students]	\$22,103,600	\$0	(\$22,103,600)
Existing Student Support	19,470,500	0	(19,470,500)
Other Non-instruction Compensation	2,815,800	0	(2,815,800)
Core Support - Engineering and Computer Science	2,000,000	2,000,000	0
Core Support - Nursing Initiative	2,000,000	0	(2,000,000)
Core Support - Technology	2,000,000	0	(2,000,000)
Core Support - Libraries	824,400	0	(824,400)
Core Support - UCOPE	2,000,000	0	(2,000,000)
Core Support - Funding Equity	700,000	0	(700,000)
Core Support - Student Success	200,000	0	(200,000)
Governor Leavitt's Block Grant	0	16,339,500	16,339,500
Subtotal - Formula Ongoing Increases	54,114,300	18,339,500	(35,774,800)
<b>Ongoing Base Adjustments</b>			
Operations and Maintenance	3,982,300	0	(3,982,300)
ADA Accommodations	450,000	0	(450,000)
Fuel and Power	6,339,900	0	(6,339,900)
Water and Sewer Rate Changes	456,100	0	(456,100)
Student and Exchange Visitor Information System	322,200	0	(322,200)
Postage Rate Increase	230,500	0	(230,500)
Student Financial Aid -- Federal Match	175,000	0	(175,000)
New Century Scholarships	227,400	125,000	(102,400)
Utah Engineering and Computer Science Loan Program	500,000	0	(500,000)
Internal Service Funds - Motor Pool	52,900	0	(52,900)
Internal Service Funds - Property and Liability Insurance	454,700	0	(454,700)
Health and Dental Increases	4,495,000	see Note 1	(4,495,000)
State Retirement Rate Increases	0	see Note 1	0
Subtotal - Ongoing Base Adjustments	17,686,000	125,000	(17,561,000)
<b>Total Ongoing Increases</b>	<b>\$71,800,300</b>	<b>\$18,464,500</b>	<b>(\$53,335,800)</b>
<b>One-time Increases</b>			
Technology	\$3,300,000	\$0	(\$3,300,000)
Engineering and Computer Science Initiative	2,000,000	0	(2,000,000)
Nursing Initiative	2,000,000	0	(2,000,000)
Libraries	750,000	0	(750,000)
<b>Total One-time Increases</b>	<b>\$8,050,000</b>	<b>\$0</b>	<b>(\$8,050,000)</b>
<b>Supplemental Increases</b>			
Fuel and Power	\$4,847,400	\$0	(\$4,847,400)
New Century Scholarship	67,400	50,000	(17,400)
<b>Total Supplemental Increases</b>	<b>\$4,914,800</b>	<b>\$50,000</b>	<b>(\$4,864,800)</b>

**Notes:**

(1) Included in the Governor's Block Grant is funding for the state tax funds portion of a 2.5% compensation increase equal to \$11.7. This is equivalent to the recommended state employee compensation package. The state employee compensation package includes salary increases, 8% increases in health and dental, and 12% increases in Utah Retirement Systems employer contribution rates.



January 9, 2003

MEMORANDUM

TO: State Board of Regents  
FROM: Cecelia H. Foxley  
SUBJECT: Report of Public Affairs Committee

Issue

The Regents' Public Affairs Committee has recently been reorganized with additional members. The Committee is chaired by Regent David J. Jordan, with George Mantes as Vice Chair, and Kim Burningham, Khay Douangdara, Sara Sinclair, Marlon Snow, and Maria Sweeten, as members. The Committee met on November 26, with Associate Commissioner for Public Affairs David Buhler, to discuss their role, and ways they can help the Board, System, and Institutions improve communication with the Legislature and the Public. The attached memorandum is a report outlining the Committee's recommendations for calendar year 2003 which Regent Jordan will discuss with the Board and the Presidents at the January 17 Regents' meeting.

Commissioner's Recommendation

It is recommendation of the Commissioner that after discussion and any appropriate revisions, the Regents accept and approve the report and recommendations of the Public Affairs Committee.

Cecelia H. Foxley, Commissioner

CHF:db  
Attachment

January 8, 2003

MEMORANDUM

TO: State Board of Regents

FROM: David J. Jordan, Public Affairs Committee Chair

SUBJECT: Minutes of 11/26/02 Meeting of the SBR Public Affairs Committee

The Regents' Public Affairs Committee (consisting of Regents David Jordan, Chair, George Mantes, Vice Chair, Kim Burningham, Khay Douangdara, Sara Sinclair, Marlon Snow, and Maria Sweeten) and Associate Commissioner David Buhler met on November 26, and makes the following report to the full Board for their consideration and approval.

1- Mission of the Public Affairs Committee

"The mission of the Public Affairs Committee is to help craft and communicate messages that reflect Regent priorities and initiatives and to mobilize constituencies in support of Utah Higher Education."

2- First Steps

- A. Identify Regent Priorities for 2003 Legislative Session.
- B. Increase communication and facilitate dialogue between Regents, Institutional Trustees, and Legislators.
- C. Communicate Priorities through talking points and Utah Higher Education Update.

3- Implementation for 2003 Session

- A. Support "Higher Ed Day on the Hill" as an opportunity to involve Regents, Trustees, Alums, and students to highlight the importance of Higher Education to Legislators.
- B. Involve Trustees in communication with Legislators whom they know.
- C. Send weekly email during legislative session to all Trustees as well as Regents to improve communication.
- D. Encourage greater attendance by Regents at Legislative Appropriation Subcommittee Meetings. (Make assignments so one or two Regents, in addition to Chair/Vice Chair, attend each meeting.)

4- After-Session Objectives

- A. Host all legislators for dinner once a year at the Institution nearest to them. These Legislative dinners would include:
- Area Legislators
  - SBR Chair and Vice Chair
  - Commissioner and Associate Commissioner for Public Affairs
  - Regents on Institutional Review Team for that Institution
  - President of Institution
  - Trustees
  - Any other Regents who wish to attend.

Legislative Dinners would be scheduled for September, October, and November of 2003, and could be held on the day of Institutional Review by Regents.

- B. Include all Trustees (not limit to Chairs and Vice Chairs) on email distribution of the Summary of each Board of Regents Meeting, to improve communication between Regents and Trustees.
- C. Consider ways to improve packaging of Higher Education messages through better utilization/ coordination of internal resources such as the Public Relations/Communications departments at institutions (or students/faculty Academic Communications Departments) with the Commissioner's Office. Communication will include mechanisms to receive input from community and constituent groups.
- D. The Public Affairs Committee will meet periodically to review its goals and objectives and to provide input to the Commissioner's Office on the implementation of its goals.

January 9, 2003

MEMORANDUM

TO: State Board of Regents

FROM: Cecelia H. Foxley

SUBJECT: Report of Employers' Education Coalition, *Assuring Our Children's Future*

The Employers' Education Coalition, a group of Utah business people, chaired by Fraser Bullock, has issued its report regarding public education and higher education entitled "Assuring Our Children's Future." Regent Charlie Johnson, Utah State University Trustee Dinesh Patel, and former Weber State University President Paul Thompson represented higher education on this Coalition.

While drafts of their report have been released, we are awaiting the final printed version, which we hope to put in Regents' and Presidents' folders for the January 17 Board meeting. Regent Johnson will give a brief oral report to the Regents at the meeting.

Cecelia H. Foxley, Commissioner

CHF:jc

January 9, 2003

MEMORANDUM

TO: State Board of Regents

FROM: Cecelia H. Foxley

SUBJECT: Luncheon Meeting with the Legislative Higher Education Appropriations Subcommittee

We are pleased that members of the Higher Education Appropriations Subcommittee will be joining us for lunch during the January 17 Board meeting. This provides us with an opportunity to become better acquainted with the new members and to begin sharing with them some of our System information and challenges prior to the 2003 Legislative Session.

Attached is a list of the Subcommittee membership.

Cecelia H. Foxley, Commissioner

CHF:jc  
Attachment

January 8, 2003

TO: State Board of Regents  
FROM: Cecelia H. Foxley  
SUBJECT: General Consent Calendar

It is the recommendation of the Commissioner that the Regents approve the following items on the General Consent Calendar:

1. Minutes
  - A. Approval of the Minutes of the Regular Meeting of the Utah State Board of Regents held November 8, 2002, at Snow College in Ephraim, Utah (Attachment 1)
  - B. Approval of the Minutes of the Special Meeting of the Utah State Board of Regents held December 12, 2002, by teleconference (Attachment 2)
  - C. Approval of the Minutes of the Special Meeting of the Utah State Board of Regents held December 16, 2002, at The Gateway in Salt Lake City, Utah (Attachment 3)
2. Grant Proposals - Approval to submit the following proposals:
  - A. University of Utah – Public Health Service/National Eye Institute; “University of Utah, Core Vision Research Grant;” \$2,905,670. Eric M. Lasater, Principal Investigator.
  - B. University of Utah – Public Health Service/National Institute of Drug Abuse; “Analytical Services Center for Medications Development Program;” \$5,353,295. Rodger L. Foltz, Principal Investigator.
  - C. University of Utah – National Institute/Arth/Musc/Skin; “Study of the Efficacy of Glucosamine and Glucosamine/Chondroitin Sulfate in Knee Osteoarthritis;” \$3,297,896. Daniel O. Clegg, Principal Investigator.
  - D. University of Utah – National Science Foundation; “Advance Institutional Transformation Award at the University of Utah;” \$3,187,421. Joann S. Lighty, Principal Investigator.
  - E. University of Utah – Public Health Service, “Identification of Melanoma Predisposition Loci;” \$3,272,845. Lisa Cannon-Albright, Principal Investigator.
  - F. University of Utah – Public Health Service; “Eosinophils, Asthma, and Topical Anesthetics;” \$2,669,060. Gerald J. Gleich, Principal Investigator.
  - G. University of Utah – Public Health Service; “The Human Genetics of Susceptibility to Herpes Simplex Virus Diseases;” \$2,330,971. John D. Kriesel, Principal Investigator.

- H. University of Utah – Public Health Service/National Institute of Mental Health; “Utah Autism Research Center, Optimal Treatment Strategy in Patients with Repaired ToF;” \$9,303,961. William M. McMahon, Principal Investigator.
- I. University of Utah – National Science Foundation; “Proposal to Operate and Analyze Data from the High Resolution Fly’s Eye Detector, Part 3;” \$10,270,116. Pierre V. Sokolsky, Principal Investigator.
- J. University of Utah – Boehringer Ingelheim Pharmaceuticals; “Phase II...Safety of Oral 25 Mg, 50 Mg, 75 Mg OPC-6535 & Placebo in the Treatment of Patients with Chronic Obstructive Pulmonary Disease;” \$2,169,966. Richard E. Kanner, Principal Investigator.
- K. University of Utah – HRSA/Bur Primary Health Care; “Cancer Treatment Equipment Grant, CFDA 93.887;” \$2,953,462. Stephen M. Prescott, Principal Investigator.
- L. University of Utah – National Science Foundation; “Integrated Product/Service Design and Process Development for High Technology Industries;” \$3,044,533. Rohit Verma, Principal Investigator.
- M. University of Utah – National Science Foundation; “NSF 02-148. NSEC-Maufactured Processes: Environmental Nanosciences & Engineering;” \$15,978,450. Mohammed Siddiqui, Principal Investigator.
- N. University of Utah – National Science Foundation; “IGERT: Learning Through Teaching in an Industrially-Relevant Bioelectronics Program. An NSF 02-145/Pre-Proposal;” \$2,949,937. V. John Mathews, Principal Investigator.
- O. University of Utah – National Science Foundation; “IGERT: Molecular Devices for Biochips. Ann NSF 02-145;” \$2,608,239. Mark S. Miller, Principal Investigator.
- P. University of Utah – Public Health Service; “Determinants of Susceptibility and Progression of Ali.RFA HL-02-014;” \$2,600,000. John R. Hoidal, Principal Investigator.
- Q. University of Utah – Public Health Service/National Institute on Aging; “Genetic Epidemiology of Aging in Utah Pedigrees. Formerly Pid 2001041-Acct. #59302200-Contract #R01ag18734;” \$6,114,356. Steven C. Hunt, Principal Investigator.
- R. University of Utah – National Science Foundation; “IGERT: Integrating Stable Isotopes in Ecological and Environmental Sciences. Pre-Proposal. NSF 02-145;” \$2,947,375. James R. Ehleringer, Principal Investigator.
- S. University of Utah – Public Health Service; “Integrating Cancer Syndrome Identification and Gene Discovery;” \$3,091,221. Richard A. Kerber, Principal Investigator.

- T. University of Utah – National Institutes of Health; “Determinants of Susceptibility and Progression of Acute Lung Injury;” \$19,105,190 (\$2,600,000 during the first year). Dr. John R. Hoidal, Principal Investigator.
- U. Utah State University – Missile Defense Agency; “RAMOS Task Order 12;” \$3,578,209. Thomas Humpherys, Principal Investigator.
- V. Utah State University – Jet Propulsion Lab; “Next Generation Sky Survey (NGSS);” \$39,561,976. Scott H. Schick, Principal Investigator.
- W. Utah State University – Duke University; “Epidemiology of Alzheimer’s Dementia in Cache County, Utah;” \$1,381,433. Maria C. Norton, Principal Investigator.
- X. Utah State University – Missile Defense Agency; “RAMOS Joint Preliminary Design Review Task Plan 6;” \$1,700,000. Thomas Humpherys, Principal Investigator.
- Y. Utah State University – Missile Defense Agency; “RAMOS Joint Preliminary Design Review Task Plan 6;” \$2,078,000. Thomas Humpherys, Principal Investigator.
- Z. Utah State University – National Science Foundation; “Building Evaluation Capacity of Stem Projects;” \$1,500,000. Blaine Worthen, Patria de Lancer-Julnes James T. Dorward, and George Julnes, Co-Principal Investigators.
- AA. Utah State University – Lockheed Missiles and Space Company, Inc.; “Tactical Input Segment Sustainment;” \$1,049,715. Niel S. Holt, Principal Investigator.
- BB. Utah State University – Space Exploration Technologies, Inc.; “Mars Oasis;” \$1,134,036. Pat Patterson, Principal Investigator.
- CC. Utah State University – National Aeronautics & Space Administration; “Space Communications Project: Adaptation of the IEEE 802.11 Standards and Commercial off the Shelf (COTS) Components for Inter-Satellite Communications of Nanosatellite Constellations;” \$1,215,215. Todd K. Moon, Principal Investigator.
- DD. Utah State University – National Science Foundation; “Advance-US: Applying a Successful Business Model to a University;” \$2,998,953. Ronda Callister, Principal Investigator.
- EE. Utah State University – National Science Foundation; “IGERT: USU Integrated Program in High Performance Computing;” \$1,162,573. Robert Spall, Principal Investigator.
- FF. Utah State University – National Science Foundation; “IGERT: Water as Thematic and Engaging Rational for Integrative Graduate Education and Research Traineeship Program;” \$3,523,673. David G. Tarboton, Principal Investigator.



- GG. Utah State University – Hewlett Foundation; “Three-Track Engineering;” \$1,249,962. Randy Haupt, Principal Investigator.
  - HH. Utah State University – National Institutes of Health; “CH . . O Hydrogen Bonds;” \$1,275,000. Steve Scheiner, Principal Investigator.
  - II. Utah State University – TRW; “SPOSS: Scintillation Phenomenology Orbital Support Sensor;” \$3,321,404. J. Steven Hansen, Principal Investigator.
  - JJ. Utah State University – National Institutes of Health; “Detection of Food and Waterborne Pathogens by Novel Technologies;” \$1,685,812.75. Bart Weimer, Principal Investigator.
  - KK. Utah State University – National Science Foundation; “Global Biosecurity and the Glassy-Winged Sharpshooter;” \$1,701,120. Mike White, Principal Investigator.
  - LL. Utah State University – Missile Defense Agency; “RAMOS Joint Preliminary Design Review Task Plan 6;” \$1,500,000. Thomas Humpherys, Principal Investigator.
  - MM. Utah State University – Raytheon; “Advanced Reconnaissance Compression Hardware (Arch) Card Suite for Shared Reconnaissance Pod (Sharp) Program; \$1,576,027. Niel S. Holt, Principal Investigator.
  - NN. Utah Valley State College – National Science Foundation; “Science & Health Equipment, REU – Undergraduate Student Research in Biology;” \$935,240. Jim Price, Principal Investigator.
  - OO. Utah Valley State College – Title III; “Computer Infrastructure Across Campus;” \$2,000,000. Curtis Pendleton and Janis Raje, Principal Investigators.
  - PP. Utah Valley State College – Department of Justice; “VAWO: Grants to Reduce Violent Crimes Against Women on Campus;” \$750,000. Curtis Pendleton and Janis Raje, Principal Investigators.
  - QQ. Utah Valley State College – Department of Commerce; “TOPS Grant: Computer Infrastructure for Distance Learning Activities;” \$750,000. Curtis Pendleton and Tom Neilson, Principal Investigators.
  - RR. Utah Valley State College – National Science Foundation; “Regional Center for People with Disabilities to Promote Involvement in Science, Math, Engineering, and Technology Majors;” \$4,000,000. (Proposal is being planned for resubmission with other institutions of higher education and organizations/agencies.) David Jordan and Curtis Pendleton, Principal Investigators.
3. Proposed Policy R136, *Language Proficiency in the Utah System of Higher Education*. Utah Code 63-13-1.5 was enacted by Statewide Initiative A in 2000. It requires the State Board of Regents to

make rules governing the use of foreign languages in the higher education system. These rules must support the principles that (1) non-English speaking children and adults should become able to read, write, and understand English as quickly as possible; (2) foreign language instruction should be encouraged; and (3) formal and informal programs in English as a Second Language should be initiated, continued, and expanded. Policy R136 will be submitted to the Administrative Rules process, also. (Attachment 4)

4. Proposed Revisions to the Board's Policies and Procedures Manual, Section 6, Student Financial Aid. The Board has delegated the management of most higher education student financial aid programs, in addition to the student loan programs, to its subsidiary board, the Utah Higher Education Assistance Authority (UHEAA) Board of Directors. Section 6 of the Policies and Procedures Manual has been revised to eliminate old SBR policies no longer needed and to include policies adopted and maintained by the UHEAA Board. As part of this revision, the policy delegating authority to the UHEAA Board has been renumbered from R610 to R601 to reflect the expansion of UHEAA's role beyond student loans. The revised Section 6 can be viewed at: <http://www.utahsbr.edu/policy/contents.htm#Section 6>.
6. Executive Session(s) — Approval to hold an executive session or sessions prior to or in connection with the meetings of the State Board of Regents to be held March 14, 2003, at the Board of Regents' offices to consider property transactions, personnel issues, litigation, and such other matters permitted by the Utah Open and Public Meetings Act.

Cecelia H. Foxley, Commissioner

CHF:jc  
Attachments

**MINUTES OF MEETING  
UTAH STATE BOARD OF REGENTS  
SALT LAKE COMMUNITY COLLEGE  
November 8, 2002**

**C O N T E N T S**

	<u>Page</u>
Roll Call	1
MEETING OF THE COMMITTEE OF THE WHOLE	
Preliminary Proposed Tuition Increases for 2003-2004	3
Student Presentation	5
2003 USHE Priorities and Renaming of Board Committees	7
DFCM Presentation on Condition Assessment Program, Facility Audit Program, and Computerized Maintenance Management Systems (CMMS)	10
Report of the Chair	11
Report of the Commissioner	12
Reports of Board Committees	
<u>Academic, Applied Technology &amp; Student Success Committee</u>	
Policy R401, <i>Approval of New Programs, Program Additions, or Program Changes</i>	12
Proposed Policy R312, <i>Institutional Categories, Accompanying Criteria, and             Institutional Missions and Roles</i>	12
Exceptions to the Moratorium on New Programs	13
Information Calendar	13
Consent Calendar	13
<u>Finance, Facilities and Accountability Committee</u>	
Snow College – Campus Master Plan	13
Southern Utah University – Revenue Bond for Student Housing	13
Snow College – Revenue Bond for Multi-Events Center at the Richfield Campus	14
Tuition for UCAT AAT Degree Students in General Education Courses and Proposed Revisions to Policy R510, <i>Tuition and Fees</i>	15
State Building Board Capital Development Recommendations	15
Fall 2002-2003 Enrollment Report	15

UHEAA Board of Directors Report	15
Consent Calendar	15
General Consent Calendar	16
Minutes of September Meeting	16
Grant Proposals	16
Proposed Policy R254, <i>Secure Area Hearing Rooms</i>	17
Proposed Revisions to Policy R341, <i>Computing Systems Programs</i>	17
Proposed Revisions to Policy R513, <i>Tuition Waivers and Reductions</i>	17
Executive Session(s)	18
Utah College of Applied Technology – First Annual Report	18
Adjournment	20

MINUTES OF MEETING  
UTAH STATE BOARD OF REGENTS  
SNOW COLLEGE, EPHRAIM, UTAH  
November 8, 2002

Regents Present    Regents Excused

Nolan E. Karras, Chair

Pamela J. Atkinson, Vice Chair

Linnea S. Barney

Daryl C. Barrett

Kim R. Burningham

L. Brent Hoggan

James S. Jardine

Michael R. Jensen

Charles E. Johnson

David J. Jordan

E. George Mantes

John B. Norman, Jr.

Jed H. Pitcher

Marlon O. Snow

Maria Sweeten

David J. Grant

Sara V. Sinclair

Office of the Commissioner

Cecelia H. Foxley, Commissioner

David Buhler, Associate Commissioner for Public Affairs

Joyce Cottrell, Executive Secretary

Linda Fife, Assistant Commissioner for Programs

Brad Mortensen, Assistant Commissioner for Finance and Facilities

Chalmers Gail Norris, Associate Commissioner for Student Financial Aid

Phyllis C. Safman, Assistant Commissioner for Academic Affairs

Mark H. Spencer, Associate Commissioner for Finance and Facilities

Deanna D. Winn, Associate Commissioner for Academic Affairs

Gary S. Wixom, Assistant Commissioner for Applied Technology Education and Special Projects

INSTITUTIONAL REPRESENTATIVES

University of Utah

David W. Pershing, Senior Vice President for Academic Affairs

Paul T. Brinkman, Associate Vice President for Budget and Planning

John G. Francis, Associate Vice President for Undergraduate Studies

Michael G. Perez, Associate Vice President for Administrative Affairs

Laura Snow, Special Assistant to the President

Bill Edwards, Student Body President

Utah State University

Kermit L. Hall, President

Stan Albrecht, Executive Vice President and Provost

Richard W. Jacobs, Director, Budget Office

Jack Payne, Vice President for Extension

Weber State University

F. Ann Millner, President

Norman C. Tarbox, Jr., Vice President for Administrative Services

Southern Utah University

Steven D. Bennion, President

Abe Harraf, Provost

Dorian G. Page, Associate Vice President for Administrative and Financial Services

Gregory Stauffer, Vice President for Administrative and Financial Services

Snow College

Michael T. Benson, President

Larry Christensen, Vice President for Administrative Services

Diane Murphy-Martin, Education Advisor

Rick Wheeler, Interim Vice President for Academic Affairs

Dixie State College

Robert C. Huddleston, President

Max H. Rose, Vice President of Academics

Ben Joe Markland, Student Body President

College of Eastern Utah

Ryan L. Thomas, President

Utah Valley State College

Lucille T. Stoddard, Interim President

Bradley J. Cook, Vice President for Academic Affairs

Elaine E. Englehardt, Vice President for Scholarship and Outreach

Douglas E. Warner, Vice President for Finance and Human Resources

Ryan Vogel, Student Body President

Salt Lake Community College

H. Lynn Cundiff, President

Judd H. Morgan, Interim Vice President for Administrative Services

Melissa Christiansen, Student

Tony Dowse, Student

Jamie Judy, Student

Ryan Kemp, Student

Scott Stratton, Student

Utah College of Applied Technology

Gregory G. Fitch, President

Representatives of the Media

Brandy Lee, *WSU Signpost*

Jake Parkinson, *University Daily Chronicle*

Kirsten Stewart, *Salt Lake Tribune*

Twila Van Leer, *Deseret News*

Others

Leonard Blackham, Utah State Senate

Race Davies, Governor's Office of Planning and Budget

Benjamin J. Fisher, Utah Student Association

Boyd Garriott, Office of the Legislative Fiscal Analyst

Debbie Headden, Office of the Legislative Fiscal Analyst

Kelly Murdock, Wells Fargo Public Finance

Kenneth G. Nye, Program Director, Capital Development, DFCM

Chair Karras called the meeting of the Committee of the Whole to order at 9:35 a.m. He welcomed President Millner to her first Board meeting as President of Weber State University and excused Regents Jensen and Sinclair. He announced that Regent Kim Burningham had been elected to receive the Carl Perkins Humanitarian Award. Chair Karras congratulated him and expressed the Board's appreciation to Regent Burningham for his service to higher education. Regent Jordan congratulated Regent Burningham on his recent re-election to the State Board of Education. Chair Karras thanked President Benson for the wonderful activities the previous day surrounding his investiture.

Preliminary Proposed Tuition Increases for 2003-2004

Commissioner Foxley referred to Agenda Tab A and said no action would be taken on tuition increases until the students had made their presentation. She said it is always difficult to think of taxing our students more; however, the Regents are charged to bring forward to the Legislature and the Governor their recommendation for revenue based on tuition. The Utah System of Higher Education went to a two-tiered tuition approach a few years ago. The first tier is a uniform, across-the-board increase for all institutions except UCAT. The second tier is from individual institutions after input and recommendations from their students. Commissioner Foxley reminded the Regents that the second-tier tuition monies stay with the individual institutions. Additional increases for special graduate programs are also institution-specific.

As everyone knows, the fiscal situation this year is very uncertain. Revenue projections indicate that we could be in the same situation as last year with the potential for additional budget cuts. The economy of the entire country has not rebounded as quickly as everyone hoped. With tuition increases comes an additional need for financial aid. In Utah we also look at availability of resources in Utah families, which are larger than the national average, with some having more than one family member attending college simultaneously.

In this meeting the Regents will be asked to set the parameters for the first-tier tuition increase. Commissioner Foxley asked the Presidents to share their plans for a second-tier increase. She said she had consulted with Assistant Attorney General Bill Evans to see if, in his opinion, the Board could go with a tight range throughout the Legislative Session and still be within the spirit of the "Truth in Tuition" legislation. He has indicated that he thought this would be acceptable. After revenues are known, the final decision will be made about tuition increases.

After a thorough discussion with the Council of Presidents, the Commissioner's recommendation was for a 4½ percent first-tier increase with one-half percent to go toward need-based financial aid at the institutions. A regional comparison done by the Western Interstate Commission on Higher Education (WICHE) showed that Utah's tuition is still at a reasonable level when compared with other western states, although community college tuition is still comparatively high. Institutional hearings will be held on the campuses prior to the January Board meeting. The Regents would like to be fair to the students who have already experienced tuition increases in the past several years and still be realistic about what is needed to keep our institutions open.

Regent Grant said he was not opposed to the action; however, he was troubled that some students were expected to help pay for others who could not afford it. He said tuition is not the place for financial aid. Commissioner Foxley pointed out that there were other places in the budget where financial aid is included; this is only a small piece and comes at the recommendation of the students, both last year and this year. If Utah had an adequately funded financial aid program, this would not be necessary. Every time tuition is increased, there are students who can no longer afford to pay tuition. Regent Jordan said he agreed with Regent Grant's sentiment but disagreed with burden shifting. Expecting students to pay for other students' education is a regressive tax. He expressed his appreciation to the students for their willingness to shoulder the responsibility which is not fairly theirs.

Regent Johnson said the issue of tuition had been discussed extensively with the Education Coalition. Many states were studied, revealing different policies. Utah has a low tuition and low financial aid policy in comparison with other states. The Coalition's discussion was about moving toward more financial aid. The university tuition levels are lower than average. The broad-based feeling from a public policy standpoint, and from a business standpoint, is that the more citizens we educate, the better off we all will be. This shift of burdens is a fair way of doing that. If we are going to continue to increase tuition dramatically, we should continue to increase financial aid availability.

Commissioner Foxley asked to hear from some of the student leaders. UVSC Student Body President and UCSP Vice President Ryan Vogel distributed a handout prepared by the Utah Student Association and read the following excerpt:

"The students of Utah are in strong opposition to the proposed tuition hike and the disconcerting trend of perpetual increases – making higher education in the state of Utah more unaffordable and inaccessible. The students request that 1% of any increase be allocated to financial aid to alleviate some of the problem with the disproportionate cost increase. The students also request that caps be



implemented for second-tier tuition to avoid unrealistically high one-year hikes that we have witnessed in the past couple of years."

Ryan said the students were very concerned with multiple years of double-digit tuition increases during a time of recession. UCSP President Bill Edwards said students were concerned on all campuses. He enrolled at the University of Utah in Fall 1999 and is now paying over \$500 more annually for his tuition. Students who live from paycheck to paycheck are having a difficult time making ends meet. If education is made unaffordable and inaccessible, it will hurt our economy. He pointed out that Utah's tuition is comparable with other states in the region when factors unique to Utah are taken into consideration. Tuition in Utah has been known as being affordable and accessible. This is something in which we should take pride because it improves the quality of life in the state. Since 1992, financial aid has decreased dramatically. He called attention to a graph on the back of the students' handout which demonstrated the dramatic trend away from affordability.

Ryan said if this were a one-year experience, students would not be opposed to the increase. However, over three years this could be a 50 percent increase altogether. Regent Jardine asked, "Are the students opposed to any increase in tuition?" Bill replied, "Yes." Regent Atkin said the Regents agree in principle with the student's concerns, but they are not always successful in receiving adequate funding. Education is funded partly from taxpayers and partly from students. If our institutions are not adequately funded by the Legislature, the Regents have to either ask for increased tuition from students, increase class sizes, cut classes or programs, or limit enrollment. He asked which of these options was preferable from the students' standpoint. Bill said the students feel helpless as they realize that this trend toward larger tuition increases is going to continue.

Regent Snow remarked that the burden for student tuition is often borne by the parents. Vice Chair Atkinson said at a recent WSU Commencement, President Thompson had asked all graduates who were working to stand. Over 90 percent of the students stood. The majority of our students receive little, if any, help from their parents. They are working full-time and also taking a partial or full load of classes. Students have to choose between paying rent or paying tuition, and they get creative. Many do not have a choice, so they drop some classes and work longer hours. Students from moderate-income families are also experiencing a hardship.

Chair Karras asked the Regents if they felt the 4½ percent increase was reasonable. Regent Jardine said in order for the Regents how to evaluate a tuition increase, it would be helpful to know the amount or percentage the Presidents were considering for second-tier increases.

Regent Douangdara asked what would be the lowest percentage of increase the Regents would consider. Chair Karras said the assumption is that higher education will get a lower allocation from the Legislature. The Regents need to know how much tuition is necessary to help the institutions survive. To be fully funded, we would need \$97 million. A 4½ percent increase would be only about one percent of that amount.

Commissioner Foxley asked the Presidents what they were considering for their second-tier tuition increases. Their responses were:

Dixie: 3% plus \$35 fee increase for Banner conversion.  
WSU: 5-7%  
UVSC: 8-10% (WSU's increase plus 3%)  
SLCC: 2½ -4% with ½% to go toward student financial aid  
UofU: 5-7%  
USU: 5-7%  
CEU: 1½-4%  
UCAT: 5¢ (to \$1.00 to \$1.05 per membership hour)  
SUU: 3½-7%  
Snow: 3-5% plus \$15 fee increase for Student Center conversion

Most of the Presidents indicated that their second-tier tuition increases would be going toward compensation or hiring additional faculty and staff. Regent Grant asked about UCAT. President Fitch said the tuition increase would only apply to adult learners, not to secondary students in the public school system.

Bill Edwards said he felt strongly about one percent of any tuition increase going to student financial aid. He asked if the students could receive any assurance that there will not be dramatic second-tier increases. The concern is that the ranges for second-tier tuition were in addition to the 4½ percent first-tuition already recommended. Commissioner Foxley said some institutions will be adding one-half percent in the second tier for financial aid purposes. Regent Jardine pointed out that the second-tier increases allow the student leaders to have dialogue about where the money will be going.

Regent Pitcher asked about the conversion to Banner software. Commissioner Foxley said the need had been identified to be paid from second-tier tuition by some institutions. The technology piece is included in the overall budget request to address some of the conversion. Chair Karras pointed out that the conversion will take several years.

**Regent Grant moved that the first-tier tuition be increased by 4 percent with nothing to go toward financial aid. The motion died for lack of a second. Regent Atkin moved the Commissioner's recommendation of a 4½ percent increase with one-half percent to go to student financial aid. The motion was seconded by Regent Pitcher.**

Regent Jardine said the students had a valid point about one percent of their tuition increase going toward student financial aid. Because of the differing levels of financial aid at the various institutions, he suggested that the Presidents be allowed to consider the additional one-half percent with their students. He also asked that the Regents make a long-term goal of making as much financial aid as possible available for the students' benefit. **Regent Douangdara moved to amend the motion to a 4½ percent increase with one percent to go to student financial aid. The motion died for lack of a second.**

Regent Jordan said he was opposed to the motion and suggested a first-tier tuition increase of 3½ percent with one-half percent for financial aid and any additional increases to come from second-tier tuition. Regent Douangdara said the students would agree with this suggestion. Regent Johnson said the Regents have a responsibility to set tuition, and they need to fulfill their statutory responsibility. The second-tier increases will remain at the institutions.

Commissioner Foxley said that the first-tier tuition increase last year was 3½ percent, with one-half percent going to financial aid. Had our funding formula been implemented, the multiplying factor would be 3 percent. Also, tuition increases now include a compensation piece. This year, with a more uncertain economic environment and unfunded growth, the first-year tuition increase should not be less than last year's increase. There are increased costs which must be paid. We have already made budget cuts and may have to make additional cuts. We now expect the state to do their part in helping to fund these programs and these students.

Vice Chair Atkinson said more student aid will be needed. Many generous individuals donate money for individual students. Knowing how our costs are increasing and our emphasis on quality, we have to have the money to maintain quality. She reminded the Regents that 25 percent of the tuition increase goes toward salary increases for faculty and staff. The Presidents know the students' situation and are very creative in stretching their revenues. She suggested asking individuals who can afford to help to donate more money to our campuses. The ramification of insufficient funding is that quality will be affected.

**A motion to close debate was made and carried. Vote was taken on the motion to approve a 4½ percent first-tier tuition increase with one-half percent to go toward student financial aid. The motion carried with four opposing votes.**

Regent Jardine asked for a report on financial aid at each of the institutions at the end of the second-tier process.

#### 2003 USHE Priorities and Renaming of Board Committees

Chair Karras quoted Stephen R. Covey who said that 80 percent of value added in this economy is knowledge-based. He said we need a rallying cry to our citizens about the importance of higher education. He referred to the handout entitled "Higher Education Matters." Vice Chair Atkinson referred to Tab B and said it had come to the point where the areas of Formula Funding, Student Success/Quality/Accountability, and Institutional Roles and Missions were requiring involvement from the Board committees. The Executive Committee decided it made sense to rename the committees and to fold into them the work of the three major task forces. These issues will also become key responsibilities and priorities within the committees. The Funding Task Force will be incorporated into the Finance and Facilities Committee, which will be renamed the Finance, Facilities and Accountability Committee. The Institutional Missions and Roles Task Force and Student Success Task Force will be included in the other committee, which will be renamed the Academic, Applied Technology, and Student Success Committee.

Vice Chair Atkinson said the committee titles would be taken seriously. The committee work will reflect the renamed titles. Both committees will have more accountability, and this will prioritize the work of the Board more accurately. **Regent Atkin moved that the committees be renamed as described by Vice Chair Atkinson. The motion was seconded by Regent Grant and carried unanimously.**

Commissioner Foxley said the priorities shown on the handout are the priorities represented in the Regents' budget request. She referred to the first paragraph under "Background" in the Commissioner's cover letter to Replacement Tab C: "Statute requires Regents to weigh three factors in adopting a budget request: (1) the need for additional higher education funding in the state, (2) equitable distribution of funding among institutions, and (3) the financial ability of the state to pay for such services." Unfunded enrollment and this year's growth, if put into the formula, would be for \$93 million. The COP discussed this issue and recommended funding 60 percent of the formula. Unfortunately, we cannot afford to fully fund our institutions. Funding them at 60 percent would cost \$71 million, a 12.7 percent increase. This includes the compensation component.

Commissioner Foxley referred to Table 2a under Replacement Tab C which showed the distribution of the formula. The allocation would be distributed with 40.8 percent to fund new student growth, 36 percent to fund existing enrollment (with a 4 percent tuition increase), 5.2 percent for public service, research, and other non-instruction programs, and 18 percent for system core support. The Commissioner then referred to Table 1, Financing Calculation Summary, which showed a net total of \$54 million. Table 4 showed those items commonly referred to as "below the line," which included ongoing base adjustments or mandated costs not included in the formula. Those costs total \$71 million.

The Commissioner referred to the information in the folders on the nursing shortage and the nursing initiative. The nursing shortage is national and is particularly severe in Utah. Talented students cannot get into our nursing programs because of lack of funding to hire adequate faculty. The technology portion includes some funding for the Banner software conversion and other technology needs.

Regent Johnson stressed the critical need to have Regent involvement in the funding process. This involves accountability of the Regents.

Regent Barrett asked how the priorities were set. Commissioner Foxley said the budget priorities were major issues by institution which were presented at the last Board meeting. They are common areas where the institutions need funding. The Presidents looked at all of the needs and determined which were most pressing.

Commissioner Foxley referred to Table 5 which showed the dollar allocation based on the formula. Pages 7-25 showed the institutional allocations. Chair Karras said the question was what percentage should be applied to the budget. Regent Jordan asked if we were likely to get more money if the percentage of funding enrollment growth was increased and the money allocated to salary increases was decreased. We are trying to indicate a system concern, which is that we are concerned about all students, not just new students, and balancing existing students with new students. Our message should be consistent that we think that both groups of students are important. Chair Karras noted we were experiencing historic growth.

The Regents need to stand behind the formula and fund all enrollments. The rest of our costs continue to increase.

Commissioner Foxley explained the 4 percent multiplier in student support: If there is a compensation increase, one-fourth of it must be paid from student tuition. If there is no compensation increase, the money is still needed to fund ongoing programs and students. President Stoddard said UVSC supports the funding formula although the College is experiencing a very rapid enrollment growth. In fact, UVSC will be damaged with this formula. Chair Karras said the money needs to be allocated by the Regents for needs which aren't getting funded through the Legislature. Until we know the revenue projections, we will not know how much money we might receive. We will be competing with Medicaid, the Capital restoration and other important projects.

Regent Johnson pointed out that the Regents' statutory responsibility is to show the Legislature what is needed in view of the expected resources of the state. The Board is trying to fulfill its statutory responsibility of maintaining balance. Regent Barrett said when the Regents are asking the students to pay more, they need to also ask the state to share in that burden of paying for higher education. Chair Karras agreed that the Regents need to make it very clear that it is not fair to raise tuition by 4 percent if the state decreases higher education funding.

Vice Chair Atkinson said a variety of groups had looked at alternative revenue sources. Some suggestions were very creative without increasing personal income taxes. She emphasized the importance of the nursing initiative, which was acute a couple of years ago; now it is critical. It is higher education's role to educate nurses. In a number of states the Legislature has come up with nursing initiatives and funding for nursing scholarships. Reports coming from hospitals which are short of nurses show more complications and poorer outcomes of treatments because of the lack of nurses. She encouraged the Regents and Presidents to consider alternative revenues.

**Regent Mantes moved approval of the budget proposal as presented. The motion was seconded by Regents Jordan and Sweeten. Chair Karras noted that the Regents would be approving \$9.7 million under Category IV, Core Support - USHE Issues, with the Board revisiting the categories in concept. Regent Mantes accepted this as part of the motion. The motion carried.**

Regent Jordan asked if the material in the students' handout could be incorporated into the "Higher Education Matters" discussion paper. Regent Atkinson asked that the Executive Summary of "Slamming Shut the Doors to College" be sent to the Regents. Commissioner Foxley said the Regents cannot tell the Legislature where additional funds should be raised. However, we need to get a message to our partners in the Legislature and the Governor that additional revenues should be raised. Regent Johnson moved that a message be conveyed from the Regents that funding for higher education is inadequate, that additional resources and/or reprioritizing of resources within the state budget are needed. The motion was seconded by Regents Barrett and Atkin. The motion carried.

The Committee of the Whole recessed to Board committees at 11:15 a.m.

DFCM Presentation on Condition Assessment Program, Facility Audit Program,  
And Computerized Maintenance Management Systems (CMMS)

Following the meetings of Board committees, Chair Karras recognized Joe Jenkins, Director of the State Department of Facilities Construction and Management (DFCM) and welcomed him to the luncheon meeting. Mr. Jenkins noted that there is great need for building maintenance in Utah, including higher education facilities. The state has a statutory requirement that 1.1 percent of the replacement value of facilities be put into AR&I funding for capital improvements. In last year's budget, that figure was cut to .9 percent, and the same thing may be done this year. This amounts to \$10.5 million in lost allocation for facilities. Private institutions provide for more than double that amount for deferred maintenance. Our state facilities are rapidly falling behind.

DFCM has implemented the use of "Facility Focus," software which all state agencies, including higher education, have been asked to use. This will provide a database of every state-owned facility and operating system in a central location. DFCM staff hopes to have every state facility on this program in the next two or three years. In determining the Computerized Maintenance Management System (CMMS) implementation, DFCM staff developed a schedule to test the system on a few of the institutions to make sure the system was workable before implementing it with all facilities. Vice Chair Atkinson asked how those priorities were determined. Mr. Beers said the Alcohol Beverage Control (ABC) had turned the delegation of maintaining their buildings over to DFCM. All of the facilities managed by DFCM are currently online, including the ABC facilities. The smaller higher education institutions were chosen first. It will be necessary to increase the DFCM staff to bring all of the higher education facilities online. DFCM is not demanding that the institutions use the Facility Focus software; there are other good software programs, and some of the institutions already have them. DFCM has bought the license for the entire state so it is free to all state institutions.

Kent Beers and Jeff Reddoor presented a slide show presentation on the condition assessment program (Tab Q). They discussed the Facilities Condition Needs Index (FCNI), which showed the repairs needed for a building as a percentage of replacement cost. Scores of USHE facilities were shown at the bottom of page 4. When a facility has an FCNI score of 150 percent, it becomes more cost effective to demolish and replace the building than to repair it.

Mr. Jenkins said immediate needs for higher education facilities total \$135 million. The total AR&I allocation for the entire state is \$40 million. A message must be conveyed to the Legislature and others that O&M and AR&I must be funded or we will continue to get further and further behind, and the costs to the state will be considerably more in the future. Putting more money into capital improvements will save money in the long run. However, when buildings do not meet health safety and welfare standards, they should be replaced.

Chair Karras asked what the next step should be. Mr. Jenkins said DFCM cannot carry this burden alone. The Regents need to decide on the most important needs for higher education. The Legislature tends to look at short-term needs rather than long-term needs. This must be corrected. Two years ago the Building Board indicated we would not build any new facilities until we start taking care of our existing buildings. We

are now building new facilities again. Sixty percent of the state's facilities budget is for higher education buildings.

Commissioner Foxley expressed her appreciation for the support of DFCM and the State Building Board when AR&I issues have come before the Legislature. Unfortunately, this competes with other needs for funding. Chair Karras said it is illogical to keep building new facilities rather than maintaining our existing facilities simply because it is easier to get funding for a new building than to get maintenance funding for existing buildings. Regent Jardine asked if other states were in similar circumstances. Mr. Jenkins said every state is in the same situation of human needs competing with building needs for state resources. Regent Mantes asked what percentage is added to the funding of new buildings and set aside for O&M. Mr. Jenkins said that is not done any more. That amount is determined by the Capital Facilities Appropriations Subcommittee.

Chair Karras expressed his appreciation to Mr. Jenkins and the DFCM staff for their hard work and advocacy of higher education. He thanked Brian Plumb, Food Services Manager, for the excellent catering during the two days and expressed his appreciation to Marci Larsen for her hard work in coordinating the presidential inauguration and Board meeting.

#### Report of the Chair

Chair Karras said the "Higher Education Matters" document was the first effort for a talking paper where Regents, Presidents and Trustees would deliver a consistent message. He welcomed input, saying we cannot ignore education. Students who come up through the public education system need to be well educated and well prepared for higher education or vocational training. The economic engine of the state is knowledge-based. We need to do a better job of talking about the impacts of education. There is an obvious correlation between education and income. Although our freshman classes may be smaller, our overall enrollments are up because people are coming back for more education and training.

Chair Karras said accountability is a big issue. He emphasized the mission of UVSC, for example. We need to be increasingly accountable and vigilant in maintaining our institutional missions and avoid duplication. We cannot afford educational creep. Regarding a funding formula, Chair Karras said we were better off to have control of higher education in the hands of the Regents than to try to have it individually legislated and have only partial control. He welcomed input on putting this information in the best format as a talking paper. The Public Affairs Committee will help present our message to the Legislature and the general public.

#### Report of the Commissioner

Commissioner Foxley referred to the information in the Regents' folders. The Measuring Up 2002 report came out after the September Board meeting. The Commissioner referred to the Utah Report Card.

The high grade for preparation reflects well on public education. The footnote on page 56 to allow for students going on two-year missions was put on the Completion section but not in the Participation section. Affordability has remained about the same in Utah, but other states have improved, causing Utah's grade to drop. We need to do a better job on completion. An average first-time full-time student in Utah completes a bachelor's degree in six years. The Student Success Task Force has been looking at the reasons we are not retaining students more effectively. Why are our completion rates not higher? The Task Force recommended that the nationally known consulting firm of Noel-Levitz be contacted. Drs. Lee Noel and Lana Low have agreed to come to Utah in early January to do an assessment for the System as a whole.

The Commissioner reviewed the other items in the folders. She reminded the Regents and Presidents of Weber's Winter Commencement on December 13 at 2:00 p.m. Former President Paul Thompson will be given an honorary doctorate and will be the commencement speaker. He will be returning to a teaching role next fall. Commissioner Foxley asked the Regents who planned to attend that ceremony to let President Millner know.

#### Reports of Board Committees

##### Academic, Applied Technology and Student Success Committee

Policy R401, Approval of New Programs, Program Additions, or Program Changes (Tab D). Chair Jardine said the emphasis in the policy was on the two-year follow-up of all approved programs. The policy has been completely rewritten and was presented to the Regents as an information item in the September meeting. Major changes to the policy were shown on the Commissioner's cover letter. He clarified that independent consultants can be retained if deemed necessary by the committee or the Board. The committee thoroughly reviewed the proposed policy and recommended its approval with the following changes: (1) clarification of language regarding a decision to hire external reviewers/consultants, (2) addition of language regarding an institution's faculty preparedness to disseminate the proposed programs, and (3) minor editing changes. **Chair Jardine moved approval of policy R401, including the above changes. The motion was seconded by Vice Chair Atkinson and carried unanimously.**

Proposed Policy R312, Institutional Categories, Accompanying Criteria, and Institutional Missions and Roles (Tab E). Chair Jardine said after thorough discussion, the committee recommended that the Commissioner's recommendation be amended to add "as a discussion draft" after "...and give preliminary approval." The committee also recommended changing Section 312.7 to "Community Colleges: Type IV." Chair Jardine asked the Presidents for their comments by January 7 so they could be incorporated into the agenda material for the January 17 Board meeting. **Chair Jardine moved approval of policy R312 as a preliminary discussion draft. The motion was seconded by Regent Barrett.** President Benson requested clarification: Should the Presidents discuss their mission roles with their trustees and come back with comments or concerns by January 7? Chair Jardine said there was general agreement in the committee that the deadline was not as important as "getting it right." Also, each institution has been asked to submit its mission statement, either its current mission statement or its proposed mission statement. Regent Snow agreed that it was important that the Boards of Trustees be in agreement with the institutional roles and



missions. Chair Karras reminded the Presidents of the need to avoid unnecessary duplication. **Vote was taken on the motion to approve the discussion draft, which carried unanimously.**

Exceptions to the Moratorium on New Programs (Tab F). Chair Jardine explained that a third category, Urgent Need, had been proposed to give the institutions more flexibility. To have program proposals considered under this category, they must also address Category I, Demonstrate Cost Savings and Efficiencies. **Chair Jardine moved approval of Category III to the reviewing exceptions to the moratorium on new programs. The motion was seconded by Regent Atkin and carried unanimously.**

Information Calendar, Academic, Applied Technology and Student Success Committee (Tab G). The only item on the Information Calendar was UVSC's proposed name change of the Department of Philosophy and Humanities. Chair Jardine said the committee had requested that proposed name changes be listed in the Information Calendar as succinctly as possible.

Consent Calendar, Academic, Applied Technology and Student Success Committee (Tab H). Chair Jardine said UVSC was proposing to break out its Culinary Arts Institute into a separate unit because it would simplify the accreditation process. He moved approval of that request. The motion was seconded by Regents Atkin and Snow and carried unanimously.

#### Finance, Facilities and Accountability Committee

Snow College - Campus Master Plan (Tab I). Chair Pitcher said the Performing Arts Building on the Ephraim Campus and the Multi-events Center in Richfield were currently under construction. The College also has plans for a football stadium. **Regent Grant moved approval of the Snow College Campus Master Plan. The motion was seconded by Chair Pitcher and carried.**

Southern Utah University - Revenue Bond for Student Housing (Tab J). Chair Pitcher noted that the summary of financing for this bond was shown on Attachment 1. The principal of the bond is not to exceed \$12 million, including up to \$10 million for on-campus student housing. Bond counsel is Ballard Spahr, and Wells Fargo will underwrite the bonds. Since the bonds will likely be sold after January 1, they are identified as Series 2003 bonds. The transaction has been approved by the SUU Board of Trustees. **Chair Pitcher moved adoption of the authorizing resolution for the revenue bonds, with the understanding that final pricing, structuring and execution of the bonds will be performed by the Chair or Vice Chair of the Board or the Chair of the Finance, Facilities and Accountability Committee. The motion was seconded by Regent Snow and adopted by the following vote:**

YEA: Jerry C. Atkin  
Pamela J. Atkinson  
Daryl C. Barrett  
Khay Douangdara  
David J. Grant  
L. Brent Hoggan  
James S. Jardine

Charles E. Johnson  
David J. Jordan  
Nolan E. Karras  
E. George Mantes  
Jed H. Pitcher  
Marlon O. Snow  
Maria Sweeten

NAY: (None)

Snow College - Revenue Bond for Multi-Events Center at the Richfield Campus (Tab K). Chair Pitcher said the committee had enjoyed a lively discussion on this agenda item. The \$2.5 million project will be built with funds from the school district, city, county, and private donations. Associate Commissioner Spencer referred to it as a "project by committee" and said an agreement is in place about who is going to maintain the facility. Snow College will have this responsibility, but they do not have adequate O&M funding. Of the \$500,000 needed, \$167,000 is in place. Operating revenues may or may not be sufficient to pay the O&M funding, and President Benson will look at alternative solutions. The committee had spoken at length about this ongoing challenge. President Benson said he would be meeting with the County Commission the following Monday. Snow College's obligation is \$2.5 million; however, other entities are claiming pieces of this building, and Snow's piece is very small. The building is 90 percent complete and has been many years in the making. Chair Karras said the Board needed to approve the bond but had indicated their concern. He noted that DFCM had not been involved in the building. There will be more discussions about the facility later. He asked the Board not to tie President Benson's hands. **Chair Pitcher moved approval of the bond. The motion was seconded by Regent Hoggan and carried with the following vote:**

YEA: Jerry C. Atkin  
Pamela J. Atkinson  
Daryl C. Barrett  
Khay Douangdara  
David J. Grant  
L. Brent Hoggan  
James S. Jardine  
Charles E. Johnson  
David J. Jordan  
Nolan E. Karras  
E. George Mantes  
Jed H. Pitcher  
Marlon O. Snow  
Maria Sweeten

NAY: (None)

Tuition for UCAT AAT Degree Students in General Education Courses and Proposed Revisions to Policy R510, Tuition and Fees (Tab L). Chair Pitcher said there was agreement on the \$65 per credit hour fee for UCAT students, based on an average credit for tuition. There was also agreement for one uniform fee for all nine institutions. Vice Chair Atkinson asked if arrangements would be made for low-income students to receive financial aid for these fees. **Chair Pitcher moved approval of a uniform, per-credit-hour tuition rate of \$65 for UCAT AAT Degree students taking general education courses at other USHE institutions and a one-time application fee of \$30. The motion was seconded by Regent Snow. The motion carried, which included approval of the revisions to policy R510.**

State Building Board Capital Development Recommendations (Tab M). Chair Pitcher referred to Attachment 1, which compared the Regents' priorities with the State Building Board priorities. The item was for information only and required no action.

Fall 2002-2003 Enrollment Report (Tab N). Chair Pitcher noted that enrollment in USHE institutions had increased by 3.6 percent over last year. Enrollment is close to the 20-year average. Five institutions experienced growth this fall and four did not. Growth was primarily in the urban Wasatch Front institutions and at Dixie State College.

UHEAA Board of Directors Report (Tab O). Chair Pitcher said Associate Commissioner Norris had presented a comprehensive report to the committee. He encouraged all of the Regents to read the report, which was presented for information only. Mr. Norris said approximately half of our students need assistance to get through college.

Consent Calendar, Finance, Facilities and Accountability Committee (Tab P). On motion by Chair Pitcher and second by Regent Atkin, the following items were approved on the committee's consent calendar:

1. OCHE Monthly Investment Report
2. UofU and USU Capital Facilities Delegation Reports
3. UofU - Property to be Liquidated

Chair Pitcher said the committee had reviewed its "to do list" which included health care, early retirement, capital facilities, and standardization. He said it was a great committee, which was up to the challenge of meeting these commitments.

#### General Consent Calendar

Regent Hoggan pointed out the \$40 million grant to USU's General Propulsion Laboratories and the \$15 million and \$11 million grants for the University of Utah. **Regent Hoggan moved approval of the General Consent Calendar, with commendation to the institutions. The motion was seconded by**

**Regent Grant and carried unanimously.** The following items were approved on the General Consent Calendar:

1. Minutes – Approval of the Minutes of the Regular Meeting of the Utah State Board of Regents held September 12-13, 2002, at Utah State University in Logan, Utah (Attachment 1)
2. Grant Proposals - Approval to submit the following proposals:
  - A. University of Utah – Public Health Service; “Enhanced Surveillance for Newly Vaccine Preventable Disease;” \$3,049,693. Carrie L. Byington, Principal Investigator.
  - B. University of Utah – Huntsman Foundation; “Huntsman Cancer Institute, Cost Reimbursable;” \$15,000,000. Stephen M. Prescott, Principal Investigator.
  - C. University of Utah – National Institutes of Health; “Surveillance, Epidemiology and End Results (Seer) Program;” \$11,296,573. Charles L. Wiggins, Principal Investigator.
  - D. University of Utah – National Science Foundation; “Advance: Institutional Transformation Award at the University of Utah;” \$3,187,421. JoAnn Lighty, Principal Investigator.
  - E. Utah State University – Department of Justice; “Youth and Families With Promise;” \$1,045,800. Thomas R. Lee, Principal Investigator.
  - F. Utah State University – National Aeronautics & Space Administration (NASA); “Geostationary Imaging Fourier Transform Spectrometer (GIFTS);” \$5,000,000. Gail Bingham, Principal Investigator.
  - G. Utah State University – Missile Defense Agency; “Ramos Joint Preliminary Design Review Task Plan 6” (awarded 8/16/02); \$1,000,000. Thomas Humpherys, Principal Investigator.
  - H. Utah State University – Missile Defense Agency; “Ramos Joint Preliminary Design Review Task Plan 6” (awarded 8/30/02); \$1,000,000. Thomas Humpherys, Principal Investigator.
  - I. Utah State University – Whatcom County; “Phase III Technical Studies for WRIA 1 Watershed Management Project;” \$2,160,061. Thomas Hardy, Principal Investigator.
  - J. Utah State University – US Navy; “Time Critical Sensor Image/Data Processing Task Order #3;” \$1,196,039. Niel S. Holt, Principal Investigator.
  - K. Utah State University – US Navy; “Response to Time Critical Sensor Image/Data Processing Task;” \$1,998,934. Niel S. Holt, Principal Investigator.

- L. Utah State University – National Science Foundation; “Building Evaluation Capacity of Stem Projects;” \$1,500,001. Blaine Worthen, Principal Investigator.
  - M. Utah State University – The William and Flora Hewlett Foundation; “Three-Track Engineering;” \$1,249,962. Randy Haupt, Principal Investigator.
  - N. Utah State University – Jet Propulsion Laboratory; “The Next Generation Sky Survey (HGSS);” \$39,561,976. Scott Schick, Principal Investigator.
  - O. Utah State University – National Science Foundation; “ADVANCE-US: Applying a Successful Business Model to a University;” \$2,998,953. Ronda Callister, Principal Investigator.
  - P. Utah State University – Lockheed Martin; “TIS Sustainment;” \$1,049,715. Niel Holt, Principal Investigator.
  - Q. Utah State University – National Science Foundation; “IGERT: USU Integrated Program in High Performance Computing;” \$1,162,573. Robert Spall, Principal Investigator.
  - R. Utah State University – National Science Foundation; “IGERT: Water as Thematic and Engaging Rational for Integrative Graduate Education and Research Traineeship Program;” \$3,523,673. David Tarboton, Principal Investigator.
3. Proposed Policy R254, *Secure Area Hearing Rooms*. It is proposed that this policy be approved to implement the provisions of SB 64, *Secure Facilities Amendments*, as enacted by the 2002 Legislature. It authorizes a USHE institution to establish a secure area to protect a hearing room, provides guidelines for such secure areas, and lists criminal and institutional sanctions available to enforce compliance with the secure areas. (Attachment 2)
  4. Proposed Revisions to Policy R341, *Computing Systems Programs*. It is proposed that this policy be revised to reflect current practice in statewide planning, coordination, and cooperation to share and optimize computing resources and expertise in the Utah System of Higher Education. (Attachment 3)
  5. Proposed Revisions to Policy R513, *Tuition Waivers and Reductions*. It is proposed that Policy R513 be amended to exempt certain students, except specifically defined non-immigrant aliens under federal law, from paying the non-resident portion of total tuition if they meet specified requirements and have attended a Utah high school for three or more years and received a high school diploma or its equivalent in this state. (Attachment 4) The passage of Utah HB 144 permits institutions to charge resident tuition for these students, which is a valid benefit allowed under federal law according to a recent opinion of the Utah Attorney General’s Office
  6. Executive Session(s) — Approval to hold an executive session or sessions prior to or in connection with the meetings of the State Board of Regents to be held January 17, 2003, at the

University of Utah, to consider property transactions, personnel issues, litigation, and such other matters permitted by the Utah Open and Public Meetings Act.

### Utah College of Applied Technology - First Annual Report

Chair Karras said he was impressed continually that the Board had made the right decision to appoint Greg Fitch as the first President of the Utah College of Applied Technology. He invited Senator Blackham, who sponsored the bill which created UCAT, to comment.

Senator Blackham said the Legislature should support funding for what we have. If public education does not do its job, the budget pressure will be so high on the colleges that it will be impossible to fund. Vice Chair Atkinson said she serves on the ad hoc curriculum committee of the State Board of Education. That committee is looking at changing graduation requirements to include more English, mathematics and sciences, and to require not so much seat time as competency. They are also looking at more students taking math, science and English in the 11th and 12th grades. The third change the committee is considering is making the senior year more meaningful to high school students. Senator Blackham said he expected a bill in the 2003 Legislative Session to charge the high schools for the cost of remedial education. The public, business community, and higher education want accountability from public education.

President Fitch said UCAT's Annual Report had been sent to the Legislative Education Interim Committee and to key legislators. He said he had received no direction for the format or presentation of the report. President Fitch reviewed the Table of Contents and briefly explained what was contained in each section of the report. He noted that Section III of the report was a response to the Legislative Commerce and Revenue Committee. Section IV was directed primarily to the Legislature. Section V contained recommendations based on current operations.

President Fitch pointed out that UCAT has ten member colleges with a budget of \$38.5 million. It has the largest student head count in the state, with 60,000 head count and 7700 FTE. Yet the College's administration is made up of only 2.33 individuals. He expressed his appreciation for the support from the Commissioner and her staff.

Chair Karras referred to a discussion among some of the ATCs that they want to get into the general education area. He emphasized that "this is not a turf war." The Regents' and Legislature's intent was not to start a system of ten junior colleges. President Fitch's response was an emphatic "Absolutely not." UCAT is the technical college of the state. Member colleges can offer general education courses on campuses through shared facilities, but those courses come through USHE institutions who grant the credits. Regent Grant asked if ten separate boards of trustees were needed. President Fitch said the Legislators had felt it very important to recognize in legislation each of the stakeholders in all of the appropriate areas. The majority of the 138 UCAT board members come from business and industry. Members of the UCAT Board of Trustees truly look at the institutions of the entire state.

President Fitch clarified that regional boards are not trustees; they are regional boards. However, in suggested revisions to the legislation, he will be asking that they be called Boards of Directors. Regent

Jordan said he was concerned about calling them Boards of Directors. His suggestion was that it would make sense to ultimately evolve into a situation where there was only one governing board with the rest as advisory boards to the separate campuses. "Board of Directors" indicates governance responsibility. President Thomas, who serves on the Northwest Commission on Colleges, said the challenge was that the organizational structure is a piece of the accreditation review. One of UCAT's statutory obligations is to gain accreditation for UCAT.

President Fitch said the proposed changes to the legislation would be presented to the UCAT Board of Trustees on November 13. Regent Johnson said the Regents also have some responsibility over the legislation and suggested that the Board Executive Committee be authorized to review the proposed changes. The UCAT Board needs to understand that there is still one more review process. President Fitch noted the UCAT Board of Trustees answers to multiple groups. They have 60 percent responsibility to the State Board of Regents, 30 percent to the legislature (Commerce and Revenue Committee, State Building Board, etc.), 5 percent to the State Board of Education and 5 percent to business and industry.

President Fitch said he would forward to the Regents what is discussed in the November UCAT Board Meeting as well as alternative recommendations. He has been advised that for students to become eligible for financial aid under accreditation candidacy, these changes must be made. Some of the questions arising as a result of the accreditation process are (1) Who is in charge? and (2) Where is the main campus? Senator Blackham suggested getting key legislators together to discuss the proposed changes. He said he personally was agreeable to calling the governing boards Advisory Boards as long as the number and board make-up did not change. President Fitch responded that a key component to being recognized as a Board of Directors or Board of Trustees was local pride.

No changes were being proposed to the budgeting process of allocation. President Fitch said he had audited the entire UCAT system and cut several things which have occurred in the transition from public education to higher education. He called attention to the recommendations on pages 25-26 of the UCAT Annual Report. One recommendation was to develop a matrix for technical education. Assistant Commissioner Linda Fife and Mary Shumway from the State Office of Education have been working to determine what technical education is being provided in each area of the state. The matrix will identify all of the courses which are similar and where they are provided. An evaluation process will be developed to determine who is providing the best education. Dr. Fitch commented that Norm Bangerter, Chair of the UCAT Board of Trustees, had recently advised the regional presidents: "If someone else is doing it better than you are doing it, let them do it."

President Benson asked if a specialized version of Banner were available which UCAT could use. President Fitch said UCAT has a computer program which is being utilized by some of the ATCs. Open-entry, open-exit delivery provides unique challenges for programming. A complete analysis had been made of the needs of the entire state. Some of the audit responses highlight difficulties with the data collection issue.

Chair Karras asked about the accreditation issue of credit hours for Weber State University students. President Fitch said UCAT cannot give credit hours. Commissioner Foxley inquired about the possibility of having the Utah System of Higher Education or some of the other nine institutions grant the

AAT Degrees. President Fitch said that would be a solution to the accreditation problem, but it will impact the institutions which would be granting the degrees and may put the other institutions at risk.

Chair Karras said we need to reassure the public that the skills the students receive work toward getting their degrees if they choose to do so. This should include competency-based training. He asked President Fitch to let the UCAT Board know that the Regents have much concern about the ATCs expanding their roles and recommended that this issue be pursued to its fruition. Regent Johnson commended President Fitch for making his position clear from the beginning.

Regent Jordan suggested that Senator Blackham, half a dozen key legislators, Chair Karras, President Fitch, Commissioner Foxley, Vice Chair Atkinson, and Regent Johnson meet to discuss this issue. Chair Karras said he and Chair Bangerter had already agreed to meet. Vice Chair Atkinson said it became very obvious in the last UCAT Board meeting that President Fitch needs a lot of support. It is time to bring everything under control so that we work closely with the legislators, get rid of the backbiting, and give President Fitch a chance to do what he was hired to do. Chair Karras again commended President Fitch on the excellent job he has done. President Fitch, in turn, acknowledged the help of Assistant Commissioners Linda Fife, Gary Wixom, Brad Mortensen, UCAT Secretary Sandie Kronenberg, and other individuals on the Commissioner's staff.

#### Adjournment

Chair Karras thanked President Benson for his hospitality. President Benson thanked Marci Larsen and everyone who worked with her to make the two days' activities successful.

The meeting adjourned at 3:10 pm.

---

Joyce Cottrell CPS  
Executive Secretary

---

Date Approved



***DRAFT***

***R136, Language Proficiency in the Utah System of Higher Education***

---

**R136-1. Purpose**

To provide for the use of languages other than English for communications with non-English speakers, to promote English proficiency, and to encourage enhanced language training in the Utah System of Higher Education.

**R136-2. References**

**2.1.** Utah Code 53B-2-106 (Duties and Responsibilities of the President)

**2.2.** Utah Code 63-13-1.5 (Official State Language)

**R136-3. Policy**

**3.1. Official State Language** - English is the official language of Utah and is the sole language of the government. Pursuant to Utah Code 63-14-1.5 institutions and the Utah Higher Education Assistance Authority (UHEAA) may use languages other than English for communications with non-English speakers in accordance with this rule.

**3.2. Communications in Order to Encourage English Proficiency** - System institutions and UHEAA may use languages other than English to establish communications with non-English speakers. These communications may explain educational opportunities and institutional or UHEAA policies and procedures in order to encourage and support participation in institutional and UHEAA education, training and other related programs, including English proficiency training. Such communications shall promote the principle that non-English speaking children and adults should become able to read, write, and understand English as quickly as possible.

**3.3. Foreign Language Instruction** - System institutions and UHEAA shall continue to emphasize and support foreign language instruction as an integral and important function of Utah higher education.

**3.4. English as a Second Language Instruction** - System institutions and UHEAA shall support, initiate, continue and expand formal and informal programs in English as a Second Language.

---

(Proposed policy January 17, 2003.)