

MINUTES OF MEETING
UTAH STATE BOARD OF REGENTS
UTAH STATE UNIVERSITY, LOGAN, UTAH

September 15, 2005

Regents Present

Nolan E. Karras, Chair
Jed H. Pitcher, Vice Chair
Jerry C. Atkin
Daryl C. Barrett
Bonnie Jean Beesley
Janet A. Cannon
Rosanita Cespedes
Katharine B. Garff
David J. Grant
Meghan Holbrook
James S. Jardine
Michael R. Jensen
Gaby Bradford Kingery
Josh M. Reid
Sara V. Sinclair
Marlon O. Snow

Regents Excused

David J. Jordan

Office of the Commissioner

Richard E. Kendell, Commissioner
David L. Buhler, Associate Commissioner for Public Affairs
Joyce Cottrell, Executive Secretary
Amanda Covington, Director of Communications
David S. Doty, Assistant Commissioner and Director of Policy Studies
Brian Foisy, Assistant Commissioner for Financial Services
Kimberly Henrie, Budget Officer
Phyllis C. Safman, Assistant Commissioner for Academic Affairs
Mark H. Spencer, Associate Commissioner for Finance and Facilities/Executive Director, UHEAA
Lucille T. Stoddard, Associate Commissioner for Academic Affairs
Kevin Walthers, Assistant Commissioner for Finance and Facilities
Lynne Ward, Assistant Commissioner and Executive Director, UESP
Gary S. Wixom, Assistant Commissioner for CTE and Special Projects

Institutional Representatives

University of Utah

Michael K. Young, President
Paul T. Brinkman, Associate Vice President for Budget and Planning
Arnold B. Combe, Vice President for Administrative Services
Michael Perez, Associate Vice President for Facilities
Raymond F. Gesteland, Vice President for Research
Laura Snow, Special Assistant to the President/Secretary to the University
Charles A. Wight, Assistant Vice President for Academic Affairs and Undergraduate Studies

Utah State University

Stan L. Albrecht, President
Noelle Cockett, Interim Provost
Glenn Ford, Vice President for Business and Finance
Juan Franco, Vice President for Student Services
Darrell Hart, Assistant Vice President for Facilities
Richard W. Jacobs, Budget Director
Stanley Kane, Director of Facilities Planning
Clinton G. Moffitt, Assistant Vice President for Finance/Controller
Sydney Peterson, Chief of Staff
Cody Bingham, Student
Quinn Millett, Student Body President
Spencer Watts, Student

Weber State University

F. Ann Millner, President
Brad Mortensen, Assistant Vice President for Support and Auxiliary Services
Norm Tarbox, Vice President of Administrative Services

Southern Utah University

Steven D. Bennion, President
Abe Harraf, Provost
Dorian Page, Associate Vice President and Treasurer

Snow College

Michael T. Benson, President

Dixie State College

Lee G. Caldwell, President
Donna Dillingham-Evans, Interim Academic Vice President
Frank B. Lojko, Director of Government Relations, Institutional Research & the Hurricane Education Center

College of Eastern Utah

Ryan L. Thomas, President

Utah Valley State College

Val Peterson (Acting President), Vice President for Administration and External Affairs
Linda Makin, Director of Budgets
J. Karl Worthington, Associate Vice President of Academic Affairs

Salt Lake Community College

Cynthia A. Bioteau, President
Richard Bouillon, Marketing Manager
Julie Ann Curtis, Assistant Vice President for Academic Services

Don Porter, Vice President for Administrative Services
David Richardson, Vice President for Academic Services
J. Gordon Storrs, Master Planning Coordinator

Utah College of Applied Technology

Darrell K. White, Interim President
Linda Fife, President, Salt-Lake Tooele ATC
Jared Haynes, Vice President for Academic and Student Services

Representatives of the Media

Steve Speckman, *Deseret Morning News*
Shinika Sykes, *Salt Lake Tribune*

Others

Steve Allred, Office of the Legislative Fiscal Analyst
Kent D. Beers, Division of Facilities Construction and Management
Carrie Flamm, Executive Director, Utah Student Association
Kim Hood, Governor's Office of Planning and Budget
Ken Nye, Deputy Director, Division of Facilities Construction and Management
Spencer Pratt, Office of the Legislative Fiscal Analyst

Capital Development Projects for 2006-2007

Following lunch with the Utah State University Board of Trustees and meetings of the Board Committees, Vice Chair Pitcher called to order the Committee of the Whole at 2:40 p.m. He announced that the only item on the agenda for this session was approval of the USHE capital facilities projects (see Tab N). Institutional Presidents gave presentations on their respective projects as follows:

University of Utah

Neuroscience and Biomedical Technology Research Building
Restoration of Exterior of Park Building

Utah State University

Agriculture/Classroom Replacement Building
Land Purchase and Relocation of Innovation Campus

Weber State University – Classroom Building/Chiller Plant

Southern Utah University – Addition to Science Center

Snow College – College-County Library and Classroom Building

Dixie State College – Addition to Science Building

College of Eastern Utah – Fine Arts Replacement Building

Utah Valley State College – Digital Learning Center

Salt Lake Community College – Digital Design and Community Center/Student Life Center

After running the Qualification and Prioritization (Q&P) process, the recommended rankings were:

1. WSU
2. USU (Replacement Building)
3. UVSC
4. SLCC
5. DSC
6. CEU
7. SUU
7. Snow
9. UU (Research Building)
10. UU (Park Building)
11. USU (Relocation)

Associate Commissioner Spencer reviewed the Q&P process and summary of project costs. He pointed out that the relocation of USU's agricultural functions cannot be ranked because it does not fit within Q&P categories. However, the Legislature had already approved and funded the first phase of the project and it is appropriate for the Regents to endorse it. Dr. Spencer noted that the UCAT capital projects were also shown for the Regents' information, although they are approved by the UCAT Board of Trustees.

A few of the projects were the subject of extensive discussion. Of particular interest was CEU's Fine Arts Building. President Thomas remarked that this was the ninth consecutive year in which he had requested funding for this facility. In the interim, the expected cost had increased from \$11 million to \$16 million. President Thomas said private donors had pledged \$11.5 million for the project, so his funding request was for the remaining \$5 million.

Regent Grant recommended awarding P points for the total amount that had been pledged for the project. Associate Commissioner Spencer explained that P points for donations are based on the amount of firm money in-hand when the Q&P ranking is done. Regent Grant asked President Thomas when he expected to receive the money. President Thomas said he should have the money by the time the 2006 Legislature convenes. Chair Karras asked Associate Commissioner Spencer how the rankings would be affected if CEU's donated funds were considered at the higher rate. Dr. Spencer responded that if CEU's full donation were counted, their project would be ranked #2.

Chair Karras asked if the University of Utah's Neuroscience and Biomedical Technology Research Building would normally be considered in the Regents' ranking process, since it is considered part of the USTAR Initiative. He said he would prefer to have that facility on a separate list so that it did not compete with the other System projects. Regent Grant asked if the Park Building Restoration could be done over two years and funded with capital improvements money. President Young agreed that the restoration could be done in two phases. However, he cautioned that the deterioration is accelerating and the cost of restoring it will escalate accordingly.

President Bioteau asked why student money was assigned points as "other funding." Associate Commissioner Spencer said revenue from student fees has not been considered on a state-funded building. Vice President Porter pointed out that the funds had been accumulating to retire the bond on the Student Center. Dr. Spencer said he would review the bond covenant to see if it specified how the fees could be used.

(Were they committed to the Student Center on the Redwood Road Campus, and could they be committed to a Student Center at the South City Campus?) Assistant Commissioner Walthers pointed out that if student fees were to be considered, every institution could receive additional points for taking SLCC's approach. Non-state funds should be funds external to the system.

President Benson suggested that "Q" points be ranked in relation to the length of time a project had been an institution's top priority.

Regent Grant moved that the University of Utah's Research Building and the USU land purchase be removed from the Capital Development priority list in order to receive special consideration for funding, that the CEU project be ranked higher on the list if President Thomas can verify receipt of the donated funds, and that the Park Building Restoration also be moved higher on the priority list. Regent Atkin seconded the motion. Regent Barrett asked that the motion be amended to request phased funding from AR&I funds for the Park Building. Regents Grant and Atkin agreed to the amendment.

Commissioner Kendell agreed that there may be merit in considering duration of the request in the ranking process, but it was not done this year. He urged caution in taking projects off the list with the expectation that they will be funded in other ways and asked that CEU's ranking not be changed until President Thomas had received the money.

President Albrecht acknowledged that it was not realistic to assume that the USU Agriculture/ Classroom Building would be funded this year. The Agriculture relocation must be funded this year, however. He recommended that the ranking of the USU and UVSC projects be reversed.

Regent Holbrook requested clarification of the existing motion. Regent Grant clarified that the USU relocation would be ranked as a co-#1, the two University of Utah projects would be removed from the list and considered with special USTAR and Capital Improvement (AR&I) funding, CEU would be ranked behind Weber if President Thomas can verify that he has the cash in hand, followed by the USU Agriculture Building, UVSC Digital Learning Center, etc. **Regent Atkin withdrew his second to Regent Grant's motion. Regent Garff then seconded the motion. Chair Karras asked that the motion include the statement that the final priority list be subject to review of the Board Chair or Commissioner's staff. Regent Grant agreed with that stipulation. Regent Atkin seconded the amended motion. Vote was taken, and the motion carried.**

Regent Barrett moved that the USU and UVSC projects be reversed in the rankings. Regent Grant seconded the motion. Commissioner Kendell recommended that the Regents retain the rankings (by not re-ranking CEU and not reversing the USU and UVSC rankings) until we know the Legislature's appetite for funding capital facilities. **Regents Barrett and Grant withdrew their motion and second, respectively.**

Regent Jensen said it was significant that President Albrecht had agreed to relinquish his project and yield to UVSC. The Presidents' agreement and cooperation is commendable.

Chair Karras reviewed the next day's activities and urged all of the Regents to remain for the full meeting. **Regent Barrett moved that the meeting be recessed until the following day. The motion was seconded by Regent Holbrook and carried.**

September 16, 2005

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Kevin Walthers, Assistant Commissioner for Finance and Facilities
Lynne Ward, Assistant Commissioner and Executive Director, UESP
Gary S. Wixom, Assistant Commissioner for CTE and Special Projects

Institutional Representatives

University of Utah

A. Lorris Betz, Senior Vice President for Health Sciences
Paul T. Brinkman, Associate Vice President for Budget and Planning
Arnold B. Combe, Vice President for Administrative Services
Michael Perez, Associate Vice President for Facilities
Raymond F. Gesteland, Vice President for Research
Laura Snow, Special Assistant to the President/Secretary to the University
Charles A. Wight, Assistant Vice President for Academic Affairs and Undergraduate Studies
Kimberly Wirthlin, Vice President for Government Relations

Utah State University

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David Cowley, Director of Facilities Business Services
Glenn Ford, Vice President for Business and Finance
Juan Franco, Vice President for Student Services
Darrell Hart, Assistant Vice President for Facilities
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David Richardson, Vice President for Academic Services
J. Gordon Storrs, Master Planning Coordinator

Representatives of the Media

Denise Albiston, *Herald Journal*
Steve Speckman, *Deseret Morning News*
Shinika Sykes, *Salt Lake Tribune*

Others

Steve Allred, Office of the Legislative Fiscal Analyst
Julee Attig, Jacobsen Construction
Randa Bezzant, Governor's Office of Planning and Budget
Kent D. Beers, Division of Facilities Construction and Management
Barbara Bruno, Herman Miller, Inc.
Carrie Flamm, Executive Director, Utah Student Association
Kim Hood, Governor's Office of Planning and Budget
Thomas Jensen, Architectural Nexus
Jackie McGill, Spectrum Engineers
Ken Nye, Deputy Director, Division of Facilities Construction and Management
Spencer Pratt, Office of the Legislative Fiscal Analyst
Rick Stock, Architectural Nexus

Chair Karras reconvened the Committee of the Whole at 8:07 a.m. and called the meeting to order. He introduced USU Professor Norm Jones and invited him to speak about the Educated Persons Conference. Dr. Jones announced the 8th Educated Persons Conference would be held November 11 in Salt Lake City. He invited everyone to attend the conference.

2006 Meeting Schedule

Chair Karras referred to the proposed 2006 Board of Regents' Meeting Schedule behind Tab P, which had previously been circulated to the Regents and Presidents. **The schedule was approved as presented.**

Reports of Board Committees

Academic, CTE and Student Success (Programs) Committee

Program Review Policy (Tab A). Chair Jardine said the committee had discussed the 1980 version of policy R411 as well as the 1998 revision which delineated responsibility for program review to Boards of Trustees. As that process has evolved, there is a sense that the reviews may not be uniform across the system in a way that is beneficial or appropriate to the Regents. From a Regent perspective, it is very important that

program reviews be encouraged, supported, focused and disciplined, but the greatest benefit will occur in the process being conducted appropriately at the institutional level. Reviews by external participants also provide new perspectives. At the end of the review, the appropriate Dean, Department Chair and Division Chair meet to discuss the review in great detail, and a written report is presented to the Board of Trustees and subsequently to the Regents. The committee agreed that the process should include a "best practices" sharing of views by the Chief Academic Officers (CAOs) in order to know what is practical. The committee asked Associate Commissioner Stoddard and her staff to work with the CAOs to develop appropriate revisions to the policy.

Chair Karras expressed concern about cost effectiveness. He said one example of cost effectiveness would be the availability of jobs in the program in which graduates earn their degrees. Chair Jardine said he would be comfortable asking that cost effectiveness be considered by the CAOs and included in the policy as a criterion. President Bennion pointed out that part of a student's college experience is the ability to get a job, but a college education has other important benefits. Many of our students will change careers over their lifetimes.

Chair Jardine said when the Program Review Committee looks at a new program proposal, they include student demand and labor force demand as well as fiscal notes. They also request three-year follow-up reports to ascertain whether the demands have been met. He noted that this was not an action item.

Institutional Reviews Summary (Tab B). Chair Jardine said the agenda included reviews of a number of programs at the University of Utah, Weber State University, and Salt Lake Community College. The committee determined the reviews should be tied to accreditation reviews as often as possible. Institutional representatives were asked to give brief highlights of their respective programs, and the Regents were pleased with the reports. SLCC noted that they were watching their Aviation Technology/Professional Pilot program carefully because some concerns had been raised. Chair Jardine said in his 17 years as a Trustee or Regent, only one program had been put on probation. Rather, programs are eliminated as a result of program reviews and institutional scrutiny. Spikes of excellence appeared in program reviews, such as the University of Utah's Modern Dance Program, which is ranked first in the nation in its graduate program and third in the undergraduate program. He remarked that the greatest benefit of the program review process is in the peer-to-peer review with external reviewers.

Regent Jensen called attention to the remarkable 37% increase in enrollment in SLCC's Physics program over the past five years. Chair Karras requested that future reports all include the number of students (FTEs) in each program. Regent Cespedes asked if the reports presented to the Regents could follow a standard format so they could be understood more easily. Chair Jardine agreed this process would be beneficial to the Regents. He asked what and how many details the Regents would like to have included in the reviews. Current policy does not give clear direction of what is required in the reviews and what kind of information the Regents should receive. Regent Jordan pointed out that the measures of quality for one program would probably not be the same as for another program. Not everything is comparable; there are always qualitative measures of quality that will not lend themselves to easy comparisons. The Regents must rely in the more detailed work being done by the Trustees to be assured of institutional vigor.

Utah State University – Doctor of Audiology Third-Year Report (Tab C). Chair Jardine recalled the program had been approved three years ago because standards required by the industry had changed. USU's biggest challenge was that they had anticipated a large amount of funding external to the institution which did not materialize, so they had to pursue other avenues for funding. Enrollment met expectations, and the committee was satisfied with the program's success.

Southern Utah University – Bachelor of Science Degree in Athletic Training Third-Year Report (Tab D). Chair Jardine noted the predicted demand had been fulfilled, although there had been a slight change in the program. The original three-year program with eight students per year had changed to a two-year program with twelve students. The program has experienced significant demand and good placement, and the committee was satisfied with its progress.

Weber State University/Utah Valley State College – Bachelor of Applied Technology Degree Third-Year Report (Tab E). Chair Jardine said a proposal had been presented to the Regents two years ago for a four-year Bachelor of Applied Technology (BAT) Degree for students with an Associate of Applied Technology (AAT) Degree. There has been no student enrollment in the BAT program. The committee asked WSU, UVSC and UCAT officials to submit recommendations about whether to terminate the previously approved programs, with the understanding that those recommendations would not be considered before a decision had been made regarding the future of the AAT Degree.

Utah College of Applied Technology – Associate of Applied Technology (AAT) Degrees (Tab F). Chair Jardine said the PRC had recently been presented with two new AAT degree proposals. Because a discussion about AAT degrees generally had not been resolved, the PRC determined to review the larger issue of AAT degrees in general, rather than the specific programs presented for approval. Commissioner Kendell expressed his concern to the committee about the role of AAT degrees and whether that blurs the definition and boundaries between UCAT institutions and community colleges. The PRC then invited President White and representatives of three UCAT campuses to discuss the importance of degrees.

The legislation creating the Utah College of Applied Technology included a statement that UCAT would be able to offer AAT degrees. The three AAT programs now offered do not appear much different from the AAS degrees offered by community colleges. UCAT serves 55,000 (head count) students. To date only 80 students have graduated with AAT degrees. The Program Review Committee decided to get additional information and ultimately move forward a general proposal on AAT degrees. Having done that, they will consider the two new program proposals on their merit. Subsequently, a decision can be made on the BAT degree. Chair Jardine reflected this would be a major discussion topic for all of the Regents.

Commissioner Kendell agreed this was a very important policy issue for the state. Given the fact that there is not a huge demand for the BAT degrees, he suggested no further development in the BAT degree programs until the AAT issue had been resolved.

President Millner requested clarification: Should the institutions counsel students into other programs? Regent Jordan asked the two institutions if it would be a hardship if the Regents were to place a moratorium on BAT program proposals until the investigation had been concluded. Vice President Peterson and President Millner said they could easily counsel students into other programs. President Millner asked if this was a statewide decision or a regional decision. Chair Jardine said it would start on a statewide level. Although the

Regents will consider this issue as a system, that does not preclude regional arrangements. Regent Jordan clarified that the institutions could continue what they were already doing on AAT degrees, with the realization that the statewide discussion may alter regional agreements.

Commissioner Kendell reported that he had met with President White and the UCAT campus presidents earlier in the week and outlined his concerns in great detail. These are state issues. The BAT and AAT degrees are system issues and should be resolved at that level. He acknowledged that there are regional differences, but regional plans are purely conceptual. He urged the Regents to focus on the "design" of UCAT and not to "build" until a clear idea has been determined.

Chair Karras thanked Chair Jardine for his report and for the committee's recommendation on these important issues.

Finance, Facilities and Accountability Committee

University of Utah – 2005-2006 Budget for University Hospitals and Clinics (Tab G). Chair Atkin said the committee had heard an excellent presentation by Rick Fullmer and Gordon Crabtree, hospital administrators. Although the operating margin is a little lower than preceding years, the UUHC continues to be fiscally sound. **Chair Atkin moved adoption of the UUHC proposed budget. The motion was seconded by Regent Holbrook and carried.**

Utah State University – Campus Master Plan (Tab H). Chair Atkin said University officials had provided updates to the Campus Master Plan. Vice President Ford called attention to pages 18-19 of the report, which outlined the institution's five-year development plan. A question arose in committee about the library. University officials plan to demolish the old library; the newly constructed Merrill-Cazier Library will be connected with the Science Technology Library. **Regent Grant moved approval of Utah State University's Campus Master Plan. The motion was seconded by Regent Jensen and carried.**

Southern Utah University – Authorizing Resolution, Pavilion/Stadium Facilities Expansion, Student Building Fee Refunding Note, Series 2005 (Tab I). Chair Atkin explained that University officials proposed to refinance their existing bonds at a lower interest rate through private placement. This has the advantage of lowered interest rates and a cost savings, reduced fees, and other benefits. **Regent Grant moved adoption of the Authorizing Resolution. The motion was seconded by Chair Atkin and adopted by the following vote:**

AYE

Jerry C. Atkin
Daryl C. Barrett
Bonnie Jean Beesley
Rosanita Cespedes
Katharine B. Garff
David J. Grant
Meghan Holbrook
James S. Jardine
Michael R. Jensen
David J. Jordan
Nolan E. Karras

Gaby Kingery
Jed H. Pitcher
Josh M. Reid

NAY

(None)

Salt Lake Community College – Property Purchase (Tab J). Chair Atkin said College officials wished to purchase a small parcel of property adjacent to the South City Campus at the appraised value of \$233,000. Funds for the purchase would come from one-time reserves in the physical plant fund which had been specifically set aside for property acquisition. **Chair Atkin moved approval of the purchase. The motion was seconded by Regent Holbrook and carried.**

UHEEA – Approving Resolution, SBR Student Loan Revenue Bonds, Series 2005AA (Tab K). Chair Atkin explained the regular process that takes place once or twice a year to finance the operation of buying student loans. Parameters of the resolution were shown on page 2 of the Commissioner's cover letter. Regent Beesley asked why the Series 2005AA-3 bonds had an expected rating of A when the others were rated AAA, and why the bonds were taxable. Associate Commissioner Spencer said they were taxable because we have exceeded the state cap on non-taxable bonds this year. Word had been received prior to the meeting that the ratings had improved cash flow and the \$25 million subordinated bond would not be needed, so all bonds will be rated AAA. **Chair Atkin moved adoption of the resolution. The motion was seconded by Regent Jensen and adopted by the following vote:**

AYE

Jerry C. Atkin
Daryl C. Barrett
Bonnie Jean Beesley
Rosanita Cespedes
Katharine B. Garff
David J. Grant
Meghan Holbrook
James S. Jardine
Michael R. Jensen
David J. Jordan
Nolan E. Karras
Gaby Kingery
Jed H. Pitcher
Josh M. Reid

(AYE)

NAY

(None)

Consent Calendar, Finance, Facilities and Accountability Committee (Tab L)
UofU and USU Capital Facilities Delegation Reports. **Chair Atkin moved approval of the delegation reports. The motion was seconded by Regent Holbrook and carried.**

Dixie State College – Property Purchase. Chair Atkin explained that the College wants to acquire property for additional housing. This will provide more affordable housing for married couples than might

otherwise be available. **Chair Atkin moved approval of the purchase with the following stipulations: The purchase would be subject to final review and approval by the Commissioner, following a 45-day due-diligence period and a purchase agreement providing for a refundable deposit. The motion was seconded by Regent Holbrook and adopted.**

Review of Institutional Five-Year Plans (Tab M). Chair Atkin reported that the committee had not had time to discuss this item. He suggested that all Regents review this information because it outlined what each institution is planning for the next five years. He requested a report from the Commissioner's staff to make the data more meaningful for the Regents to understand.

Capital Development Priorities (Tab N). Chair Karras asked the Regents to revisit the Q&P priority list. He requested that USU's land purchase be taken off the list, although it will still be a top priority for the Regents. The subsequent ranking then became:

1. WSU Classroom Building/Chiller Plant
2. CEU Fine Arts Center (subject to verification of donor funds)
3. USU Agriculture/Classroom Replacement Building
4. UVSC Digital Learning Center
5. SLCC Digital Design & Communication Center/South City Campus Student Life Center
6. DSC Science Building Addition
7. SUU Science Center Addition
7. Snow College-Sanpete County Library and Classroom Building

Chair Karras noted that both of the University of Utah's projects had been removed from the list because the Park Building would be eligible for AR&I funding, and the new Neuroscience Building would be funded through a USTAR economic development initiative. President Albrecht clarified that USU's project was not a land purchase but an expansion. Regent Jordan asked why USU's relocation did not fit into the Q&P process. Associate Commissioner Spencer explained that it was for agricultural research space, which doesn't fit well within standard classroom/lab criteria. President Albrecht pointed out that the Legislature had funded half of the project last year. Legislative leadership is aware that the project must be completed this year.

Chair Karras said President Thomas had left early to consult with the donors for the CEU facility. Commissioner Kendell had explained to him that there is a very short time period in which this needs to be resolved. If funds do not materialize, CEU's project will revert to its original ranking (#6).

"Other Funds" Capital Development Projects for 2006-2007 (Tab O). Chair Karras reviewed the list of non-state funded projects. Associate Commissioner Spencer stated that the list required the Regents' approval before it is presented to the Legislature because State funding was being requested for operations and maintenance (O&M) for some of the projects. **Regent Holbrook moved approval of the non-state funded projects. The motion was seconded by Regent Barrett.** Regent Jordan remarked that the O&M request for UVSC's Performing Arts Center seemed disproportionately high. Associate Commissioner Spencer said he would double-check the formula. **Vote was taken on the motion, which carried.**

Chair Karras thanked Chair Atkin for his report and the work of his committee.

State Board of Education/State Board of Regents Resolutions

Commissioner Kendell referred to the resolution behind Tab Q and said he and Chair Karras had been working with the State Board of Education and Governor's Office on a K-16 initiative to address the most pressing issues in the state's educational systems. A number of people have looked at the resolution and asked that additional individuals be involved. Commissioner Kendell suggested that the proposed Alliance begin with the recommended membership, and that the resolution be modified to read, ". . . the Alliance would consist of **at least** the following members. . ." This would enable others to be brought into the Alliance as necessary, for a limited period of time or for full involvement. Chair Karras added that the State Board of Education would be voting on a similar resolution at its next meeting.

Regent Holbrook moved adoption of the Resolution, as amended. The motion was seconded by Regent Atkin and carried unanimously.

USTAR Presentation

Overview. Commissioner Kendell introduced Dr. Jack Brittain, Dean of the David Eccles School of Business at the University of Utah and head of the planning committee, who provided an overview of the Utah Science, Technology and Research (USTAR) Initiative. Dr. Brittain's slide presentation can be downloaded from the USTAR web site at <http://www.ustaredi.org/news.html>; "Board of Regents presentation 9/16/05."

Dr. Brittain explained that USTAR is a continuation of an Economic Development Initiative developed by business leaders in 2004. The long-term decline of Utah's salaries, as compared with the United States average, coupled with the downturn in employment in technology, led to the development of the USTAR Initiative. USTAR is an economic development initiative, and higher education has multiple roles in economic development: educating the workforce, economic outreach, and the research being done at our research universities, along with the new companies resulting from that research.

In the past five years, a total of \$29.5 billion has been committed to economic research nationally. Thirty-two states are currently investing in university research for economic development. Dr. Brittain noted that USTAR is aligned with the Governor's Economic Cluster Initiative. USTAR focuses on research investments at the research universities and the support of high technology entrepreneurs and businesses throughout the state. Effective private sector and government support is vital for its success.

Two approaches have been identified for this initiative – a Research Model (Capacity Building) and a Market Model (Outreach/Broker). USTAR is structured around both approaches. It was recommended that the State of Utah take a modern approach in both areas by investing in new research teams and Technology Innovation Centers. The Small Business Administration has identified Provo, Logan and Salt Lake City as "nexus" cities for entrepreneurship. Dr. Brittain reflected that it was no coincidence that these are the cities in Utah with research universities. Many new companies, as well as 6000 professional careers, have resulted from research generated at Utah's universities. Dr. Brittain noted that salaries coming from these developing companies are in the \$80,000 range.

The 2004 USTAR proposal requested \$25 million per year in ongoing investment in research teams, of which \$4 million has been funded; \$25 million in Technology Innovation Centers, of which \$3 million has been appropriated for research equipment at the University of Utah; and \$250 million to be invested in research infrastructure, of which \$350,000 has been funded to develop an investment prospectus. The 2006 proposal is for \$21 million in new ongoing funding to support 25 new research teams at USU and the University of Utah, \$175 million in infrastructure support at the two research universities, and \$2.6 million in ongoing funding, to be appropriated to the Utah System of Higher Education to support Technology Innovation Centers.

Regent Jordan pointed out that the other colleges and state universities could also be helpful because the presidents are all involved with their local Chambers of Commerce.

Technology Innovation Centers. Commissioner Kendell thanked Dr. Brittain for his presentation. He pointed out USTAR is a specialized initiative with two major objectives: (1) substantially increase the research and development capacity of our research universities, and (2) connect research universities to regional colleges, communities, and entrepreneurs throughout the state.

The USTAR Technology Commercialization Planning Team surveyed 30 states and narrowed their findings to come up with a few states that have been the most successful. The Team asked what those states were doing that would be helpful for advancing the commercialization process in Utah. After extensive research, the Team then made the following recommendations:

1. Create a Utah Innovation Network (UIN) with the following key elements:
 - A. Web-based connectivity and services
 - B. Entrepreneurial outreach and mentoring
 - C. Brokerage of existing resources and providers, combined with support for regional economic development initiatives
2. Establish five (5) Regional Innovation Centers to be the backbone of the Innovation Network
3. The Innovation Centers should be staffed by experienced, entrepreneurial professionals.
4. The Innovation Centers should be closely connected to Utah's research universities but should also be responsive to regional economic development initiatives undertaken by USHE's teaching colleges and universities.
5. The Innovation Centers should leverage existing assets, utilize existing resources, and align with the State's overall economic development plan.
6. The Utah Innovation Network should be organized as a non-profit 501(c)(3) foundation under the State Board of Regents and rolled out in planned stages.
7. The proposed start-up budget for the Utah Innovation Network and Regional Innovation Centers is \$2,614,000.

Commissioner Kendell said the CEO of the foundation would hire experienced regional directors. He used the image of "circuit riders" to broker ideas on a statewide basis. The idea is to focus on leveraging existing economic assets. The start-up costs could be higher, perhaps as much as \$5 million. Dr. Kendell said the key to the success of this venture is to hire the right people, not to construct new physical facilities. The money would flow through USTAR to the 501(c)(3) foundation. The foundation's board of directors would be made up of key leaders throughout the state who would assume the fiscal responsibility.

USHE Budget Priorities for 2006-2007

Associate Commissioner Spencer referred to Replacement Tab R in the Regents' folders and said that Priorities 1 and 2 were budget priorities common for every institution, whereas priorities 3-6 were institution-specific. Commissioner Kendell referred to Item 6, Economic Development Initiatives. He noted that the budget categories reflected the strategic directions discussed in April when the Board met in St George. Regional initiatives will be part of the budget.

Regent Barrett expressed her support for budgeting according to the strategic direction themes. She asked if other initiatives were being developed to take the place of the Engineering and Nursing Initiatives which were nearing completion. Commissioner Kendell said he hoped the State would continue its interest in the Nursing and Engineering Initiatives. He will discuss the format for the regional initiatives with the USHE presidents. In addition, other economic development initiatives not related to USTAR still need to be addressed.

General Consent Calendar

On motion by Regent Atkin and second by Regent Beesley, the following items were approved on the Regents' General Consent Calendar (Tab T):

- A. Minutes – Minutes of the Regular Meeting of the State Board of Regents on August 18-19, 2005, in Salt Lake City, Utah
- B. Grant Proposals (on file in the Commissioner's Office)
- C. Grant Awards
 1. University of Utah – National Park Service; "Assistance for the University of Utah Museum of Natural History;" \$4,930,000. Sarah B. George, Principal Investigator.
 2. University of Utah – National Center for Res Resources; "Extramural Research Facilities Construction;" \$3,783,855. Ronald J. Pugmire, Principal Investigator.
 3. University of Utah – State of Utah/Legislature; "2004-2005 State of Utah Legislature, USTAR General Fund Appropriation (Brain Institute Equipment Funding); \$3,000,000. A. Lorris Betz, Principal Investigator.

4. Utah State University – USDA Cooperative State Research Service; “Implementation of Western Region Sustainable Agriculture Research and Education (SARE) Proposal;” \$2,682,719. V. Rasmussen, Principal Investigator.
- D. Policy Revisions – Revisions to Policies R831, *Minimum Requirements for Non-Faculty Staff Grievances Policy*, R841, *Minimum Requirements for Disciplinary Sanctions of Staff Personnel Policy*, and R845, *Guidelines for Payment in Lieu of Notice Policy*.

Report of the Commissioner

Erroneous Statistic. Commissioner Kendell said he wanted to correct an erroneous statistic. In the Governor’s Education Summit, the Governor’s Deputy for Public Education had cited a *Congressional Quarterly* report indicating that Utah leads the nation in per-capita spending for higher education. This figure included federal research and grants and student tuition, as well as sales and services. Commissioner Kendell clarified that State expenditures are tax revenues. Utah is actually 35th in the nation in per-capita spending of tax revenues for higher education. The Commissioner clarified this statistic with Governor Huntsman and his deputy and Assistant Commissioner Walthers contacted the editors of *Congressional Quarterly* to correct their misconception.

Notable Achievements. Commissioner Kendell referred to the Report of Notable Achievements at the USHE institutions. Since there was not time to review them individually, he asked the Regents to take note of the good things our institutions are doing.

Higher Education Appropriations Subcommittee Meeting. Commissioner Kendell reminded the Regents and Presidents that the Legislative Higher Education Appropriations Subcommittee would be meeting on SLCC’s Redwood Road Campus on September 22. The committee has adopted the same themes that the Regents developed for strategic planning. The meeting will be held in the Oak Room on the second floor of the student Center, beginning at 9:00 a.m. and ending at approximately 1:00 p.m. Chair Karras pointed out that higher education has unprecedented support from our committee co-chairs. He urged the Regents to attend if possible, even if they could only be there for an hour or two.

Report of the Chair

Chair Karras said he was excited about the future of higher education. He urged the Regents and Presidents to visit with those around them and tell them that the Regents are focusing on what is best for the entire state.

Joint Meeting of the State Board of Regents and State Building Board

Joining the Regents and Presidents were the following representatives of the State Building Board and DFCM staff:

State Building Board

DFCM Staff

Kerry Casaday, Vice Chair
Steve Bankhead
Katherina Holzhauser
Manuel T. Torres
Richard Ellis, *Ex officio*

Keith Stepan, Director
Kenneth Nye, Deputy Director
Kent Beers, Program Director
Shannon Lofgreen, Secretary to the Board
Dana Edwards, VBS Program Coordinator

D'Arcy Dixon-Pignanelli, Executive Director, Department of Administrative Services
Randa Bezzant, Policy Analyst, Governor's Office of Planning and Budget
Steven Allred, Fiscal Analyst

Chair Karras asked everyone at the table to introduce themselves. He also recognized the presence of Representative D. Gregg Buxton, co-chair of the Legislative Capital Facilities Appropriations Subcommittee, and welcomed him to the meeting.

Capital Development Projects. Chair Karras introduced the USHE capital development projects and explained the process by which they had been prioritized. Associate Commissioner Spencer reviewed USHE enrollment projections. He referred to the summary on page 7 of the attachment and said this was the lowest enrollment growth ever predicted. He then explained the process for establishing "Q" points and "P" points.

Chair Karras said the Q&P formula (1) measures space standards to ensure the most important needs are addressed, (2) focuses on maintaining buildings and preserving structures, and (3) levels the playing field so that all requests can be considered on a standard basis. He went on to explain that UCAT reports to another committee and uses another process. The Commissioner's staff is trying to incorporate UCAT into the Regents' Q&P process.

Director Stepan said the projections would help the Building Board plan future state facilities. The Building Board and DFCM staff are working with UCAT on a process to evaluate their facilities and needs. Mr. Stepan said the Building Board's process weighed the projects differently but used some of the Regents' key criteria elements. Representative Buxton said it sometimes seemed like comparing apples and oranges, especially when it comes to leased space of UCAT facilities.

Associate Commissioner Spencer reviewed the items to be funded with capital improvement (AR&I) funds (deferred maintenance). He noted that the system's top three priority projects were replacement buildings. DFCM staff had been consulted in establishing life safety points. He reviewed the Q&P priority list adopted by the Regents the previous afternoon and pointed out that the Regents had taken the University of Utah's projects off the list. The Park Building should be funded with AR&I funds and the research facility through the USTAR Initiative. The remaining items were ranked as follows:

1. WSU – Classroom Building/Chiller Plant
2. CEU – Fine Arts Replacement (subject to verification of donor funds)
3. USU – Agriculture/Classroom Replacement Building
4. UVSC – Digital Learning Center
5. SLCC – Digital Design & Communication Center/South City Campus Student Life Center
6. DSC – Science Building Addition
7. SUU – Science Center Addition

7. Snow College-County Library and Classroom Building

Chair Karras pointed out that the Q&P process had advanced the CEU project to #2 ranking, subject to funds availability. If verification of donor funds is not received in a timely manner, that project will revert to its original rank. The presidents explained their projects briefly and responded to questions from members of the State Building Board. It was suggested that it would be helpful if the Building Board could see the full Q&P scoring for each project, along with appropriate comments.

Mr. Bankhead remarked that the schools with older buildings ranked higher than those with enrollment growth needs. He referred to the second slide of the handout as well as institutional projections. Last year, Building Board members received a summary of capital facilities appropriations for the past 20 years as well as anticipated allocations for the next 20 years. It was interesting to note that the institutions receiving the most capital facilities funding were those with the lowest projected enrollment growth. He felt the process gives undue weighting to facilities with life safety concerns and does not address long-term growth.

Commissioner Kendell agreed that growth must be balanced against the criteria. However, we must also deal with the reality of growth vs. the popular rate of growth. He urged everyone to consider real numbers and FTE counts in projecting growth. Assistant Commissioner Walthers said it was important to remember that percentage of growth is skewed by the base number of students. The Q&P formula is based on raw student growth. The process also weights heavily the factor of donated funds.

Regent Jardine acknowledged that these are hard choices for the Regents, and it is difficult to make comparisons. The Regents appreciate the perspective of the Building Board and welcome suggestions for improving the Q&P process.

Chair Casaday emphasized that the Building Board does not view the Q&P process as being flawed. Chair Karras asked him to briefly explain their scoring process. Deputy Director Nye reviewed the handout explaining how the Building Board evaluates requests for capital facilities projects. He noted that construction costs have increased by 15-20 percent in the past year. The Building Board considers higher education's priorities in conjunction with other state facilities (prisons, K-12 schools, etc.). He suggested that higher education consider adjusting the Q&P process regarding space shortage and not use two-point increments.

The Commissioner noted that higher education makes a great effort to determine ranking on a mathematical basis. Other factors have been suggested, such as funding older buildings first, funding projects based on the length of the request, funding institutions with the greatest growth, funding projects with vital functions such as new chillers, etc. We will take another look at this process next spring and remain open to other factors which might be considered. Chair Casaday asked if a member of the State Building Board or DFCM staff could be present at that meeting.

Regent Jordan asked if there should be two different standards. Commissioner Kendell agreed that the processes should have more in common. Ms. Holzhauser said she did not mind that there were two processes, but she did want to know the details of the Regents' ranking process so that all factors could be considered in making a decision.

Institutional Five-Year Plans. Chair Karras said the institutions would present their five-year plans to the State Building Board at their October 5 meeting. He asked if members of the Building Board would like to discuss the institutional plans at the present time. There was a general preference to have those discussions in October.

Chair Casaday asked about the USTAR Initiative and how it might affect capital requests. Chair Karras explained that the business community would request legislative funding for the Initiative. The Requests agreed to remove the University's Neuroscience and Biomedical Technology Research Building from the Q&P priority list so it could be considered for funding as part of the USTAR Initiative.

Director Stepan asked about the possibility of funding the project through revenue bonds. Commissioner Kendell said there had been a variety of proposals for funding this initiative. Higher education views USTAR as being about the state's economy and would prefer to keep it separate and maintain the integrity of our higher education request. Chair Karras suggested that USTAR promoters from within the business community be invited to make a presentation to the State Building Board.

Director Stepan discussed the cost of inflation for building construction. The cost estimates on the Q&P list will have to be increased by approximately 15-25 percent for next spring before they are presented to the Legislature. Outside consultants are being used to prepare the most accurate estimates.

Chair Karras expressed the Regents' appreciation for the opportunity to meet with the State Building Board.

Adjournment

The meeting adjourned at 12:20 p.m.

Joyce Cottrell CPS
Executive Secretary

Date Approved