

STATE BOARD OF REGENTS MEETING
UNIVERSITY OF UTAH, SALT LAKE CITY, UTAH
A. RAY OLPIN STUDENT UNION
OCTOBER 29, 2010

CORRECTED Minutes

Regents Present

David J. Jordan, Chair
Bonnie Jean Beesley, Vice Chair
Brent Brown
Daniel W. Campbell
Rosanita Cespedes
France A. Davis
Katharine B. Garff
Gregory Haws
Meghan Holbrook
Nolan E. Karras
Robert S. Marquardt
Carol Murphy
William Prows
David E. Smith
Marlon O. Snow
Teresa Theurer
John H. Zenger

Regents Excused

Jerry C. Atkin
Jed H. Pltcher

Office of the Commissioner

William A. Sederburg, Commissioner of Higher Education
David L. Buhler, Associate Commissioner for Public Affairs
Joyce Cottrell, Executive Secretary
Jeff Aird, Intern
Holly Braithwaite, Director of Communications
Joseph Curtin, Director of Institutional Research and Analysis
Richard O. Davis, Deputy Executive Director, UHEAA
David Feitz, Executive Director, UHEAA, and Associate Commissioner
Ralph Hardy, Special Assistant to the Associate Commissioner
Elizabeth J. Hitch, Associate Commissioner for Academic Affairs
Melissa Miller Kincart, Assistant Commissioner for Outreach and Access
Cameron K. Martin, Associate Commissioner for Economic Development and Planning
Darren Marshall, Manager of Audit and Financial Services
Paul C. Morris, Assistant Commissioner for Budget and Planning
Phyllis C. Safman, Assistant Commissioner for Academic Affairs
Gregory L. Stauffer, Associate Commissioner for Finance and Facilities
Joseph Watkins, Executive Director, Utah Student Association
Gary S. Wixom, Assistant Commissioner for Academic Affairs

INSTITUTIONAL REPRESENTATIVES

University of Utah – Michael K. Young, President
Utah State University – Stan L. Albrecht, President
Weber State University – F. Ann Millner, President
Southern Utah University – Michael T. Benson, President
Snow College – Scott L. Wyatt, President
Dixie State College – Stephen D. Nadauld, President
Utah Valley University – Matthew S. Holland, President
Salt Lake Community College – Cynthia A. Bioteau, President

(Other institutional personnel were present. Those names are on file in the Commissioner's Office.)

Representatives of the Press

Brian Maffly, *Salt Lake Tribune*
Doug _____, KUER Intern

Other Guests

Spencer Pratt, Office of the Legislative Fiscal Analyst

Following a breakfast meeting with the University of Utah Board of Trustees, Chair Jordan called to order the Regents in Committee of the Whole at 9:20 a.m. He welcomed everyone to the University of Utah campus and excused Regents Atkin and Karras. Chair Jordan briefly reviewed the day's agenda.

Commissioner's Report

Commissioner Sederburg reported that the USHE budget request had been presented to Governor Herbert on October 27. UHEAA is in the process of refinancing \$1.2 billion (see Tab R) and has received a \$401,000 federal grant for refinancing, a student loan services job retention program, and for training UHEAA personnel for direct loan servicing. Dr. Sederburg also noted UESP had passed the \$3.5 billion level in investments. The Commissioner informed the Regents that regional breakfast and luncheon meetings had been scheduled with legislators prior to the 2011 General Session. He also asked the Regents and Presidents to note that the next Higher Education Day Luncheon in the Capitol Rotunda had been scheduled for Monday, February 28, 2011. He encouraged the Regents to be there, if possible.

Commissioner Sederburg reported briefly on recent actions of the Governor's Education Excellence Commission and noted the Commission had recommended seven items for action: (1) Restore optional all-day kindergarten, (2) plan for 90 percent proficiency in reading and math in 3rd and 6th grades, (3) adopt Common Core Standards for secondary schools, based on a college- and career-readiness curriculum, (4) expand current pilot testing program (in K-12), (5) recommend legislation for mission-based funding, (6) build upon and expand the Utah Cluster Acceleration Program (UCAP), and (7) build an online system for high school seniors to complete college general education requirements.

Dr. Sederburg reported that he was one of eight Utahns who attended a Complete College America academy earlier in the month. Common issues discussed by the consortium included remediation, structure and new models, reduced time, and performance funding. The Commissioner reported that academic majors' meetings had been completed, involving 350 faculty and advisors. Many of the meetings were held this year via IP Video. He also briefly reported on the progress of the UCAP program.

Commissioner Sederburg introduced Holly Braithwaite, the new Director of Communications, and welcomed her to the Utah System of Higher Education.

2010 Report of the 2020 Higher Education Plan

Commissioner Sederburg referred to the materials in Tab A, which was prepared in compliance with the Regents' statutory responsibility for statewide planning (Section 53B-6-101(2)). He said expectations were being met for the Governor's charge to higher education ("...present [me] with a report, due this fall, that shows how our colleges and universities plan to meet the growing need for students with associate's and bachelor's degrees to address the workforce demands of Utah employers in the 21st Century"). The Commissioner reported that the Salt Lake Chamber has made education one of its priorities. He reviewed the timeline between the Governor's charge and the plan's delivery date to the Governor.

The focus of the 2020 plan is meeting the Utah goal of having 66 percent of its citizens with some postsecondary credential (certificate or degree) by 2020. The plan has been posted to the Web at HigherEdUtah2020.org, and the general public has been invited to comment. The Commissioner reviewed the document, and pointed out the new institutional mission statements contained in the plan.

Regent Zenger thanked everyone who had worked on this plan, especially Associate Commissioner Martin. **He moved that the Commissioner's staff identify three or four action steps in each of the five areas already identified, as well as those steps that need special attention, and that the staff be directed to come back with recommendations and specific high priority action items, which Chair Jordan identified as those that most urgently need to be completed in 2011).** **Regent Campbell seconded the motion, which was adopted unanimously.** Regent Zenger also recommended that the Regents commit in January of each year to a revised, updated plan. He asked the Presidents to communicate with their important stakeholders – students, faculty, staff, trustees, etc., and encourage them to access the plan and provide feedback/reactions. Chair Jordan said the plan would come to the Regents in December for a formal vote. It should reflect our best effort at that point in time. He pointed out this is a work in progress. Commissioner Sederburg thanked the Presidents for their involvement in finalizing the mission statements of their respective institutions.

Information Technology Task Force Report

Dr. Stephen Hess, Chief Information Officer for the USHE as well as the University of Utah, referred to Tab B and said the task force's goal for 2020 was to leverage information technology to achieve the Regents'

goals. He stated that Utah cannot reach its 66 percent goal unless we modify how instruction is delivered. He referred to a book by Dr. Clayton Christensen about technology's ability to disrupt the classroom, and quoted from the book, "To survive, the universities and colleges must break with tradition, but to thrive, they must continue to do what they do best." Dr. Hess pointed out that in higher education, use of the Internet has doubled every year. He said there were ten new disruptive technologies which impact higher education, including social media, which is a \$20 trillion industry. He referred to users under the age of 45 as "digital natives" and to those over the age of 45 as "digital migrants." Dr. Hess said the Presidents would present their institutions' accomplishments in the December Board meeting.

Regent Karras remarked it was a very ambitious plan. Advocacy will be needed for its success. He asked if the 2020 plan in its current form included the right emphases on technology. Dr. Hess replied that the plan mostly includes the necessary emphases; it's a very good start. However, some up-front money will need to be invested. Chair Jordan asked Dr. Hess and his task force to make sure technology had been layered in to the 2020 plan.

Regent Marquardt asked how this plan would save money. President Millner replied Weber State University has been able to handle a greater number of students by putting some courses online. She pointed out that not all students have access to a computer with broadband access, even though they may be "digital natives." Regent Marquardt then asked if the face-to-faces were more or less expensive than online courses. President Millner said cost structures differ according to the specific courses. Efficiencies have allowed Weber to accommodate more students without greater expense. Several other Presidents commented. President Bioteau pointed out efficiencies occur when the institutions work as a system on shared courses. She asked the Regents to consider quality classes online and hybrid courses for online delivery.

Commissioner Sederburg commented that the two "sweet spots" were course completion and degree completion through technology. Technology is also the connecting point between K-12 and higher education in the coordinated approach toward the senior year of high school.

Chair Jordan thanked Dr. Hess for his report. The Regents were then recessed to their respective committees at 10:53 a.m.

During lunch, President Young presented his State of the University remarks. The meeting of the Committee of the Whole resumed at 1:40 p.m.

President Bioteau introduced Dr. Chris Picard, the new provost at Salt Lake Community College.

General Consent Calendar

On motion by Regent Snow and second by Regent Marquardt, the following items were unanimously approved on the Regents' General Consent Calendar (Tab Z):

- A. Minutes – Minutes of the Regular Board Meeting held August 26, 2010 at Southern Utah University in Cedar City, Utah
- B. Grant Proposals (on file in the Commissioner’s Office)
- C. Awards
 - 1. Utah State University – Utah Department of Transportation; “Federal Funding of a Tier II University Transportation Center”; \$1,093,492. Kevin Womack, Principal Investigator.
 - 2. Utah State University – U.S. Naval Research Laboratory; “Advanced Ground, Air, Space, Systems Integration (AGASSI) Task Order 3”; \$2,256,153. Darin Partridge, Principal Investigator.
 - 3. Utah State University – U.S. Department of Energy; “ARRA: The Snake River Geothermal Drilling Project: Innovative Approaches to Geothermal Exploration”; \$6,444,5498. John Shervais, Principal Investigator.
 - 4. Utah State University – National Institute of Food and Agriculture ; “Implementation of Western Region Sustainable Agriculture Research”; \$3,159,122. Phil Rasmussen, Principal Investigator.
 - 5. Utah State University – National Institute of Food and Agriculture ; “2010 Implementation of WSARE Professional Development Program”; \$1,084,175. Phil Rasmussen, Principal Investigator.
 - 6. Utah State University – National Institutes of Health; “ARRA: Progression of Dementia: A Population Study”; \$1,438,268. Joann Tschanz, Principal Investigator.
 - 7. Utah State University – U.S. Air Force Space and Missiles Command; “Space and Missile Command Subcontract to Northrop Grumman, Aug 2010 - Mar 2011”; \$3,970,173. Pat Patterson, Principal Investigator.
 - 8. University of Utah – National Institutes of Health/National Cancer Institute; “SEER” \$1,681,150. Antoinette MR Stroup, Principal Investigator.
 - 9. University of Utah – National Institutes of Health/National Heart, Lung and Blood Institute; “Cardiac Genome Analysis”; \$1,576,328. H. Joseph Yost, Principal Investigator.
 - 10. University of Utah – National Institutes of Health/National Library of Medicine; “Development of a Statewide MPI”; \$1,500,701. Scott P. Narus, Principal Investigator.
 - 11. University of Utah – Health Resources and Services Administration; “EMSC CDMCC”; \$1,500,000. J. Michael Dean, Principal Investigator.

12. University of Utah – Center for Disease Control and Prevention; “ERC Training Grant”; \$1,481,474. Kurt Timothy Hegmann, Principal Investigator.
13. University of Utah – National Institutes of Health/National Institute of Child Health and Human Development; “Genomic and Proteomic Network”; \$1,047,020. Michael W. Varner, Principal Investigator.
14. University of Utah – National Science Foundation; “Extending Campus Networks”; \$1,176,470. Steven Corbato, Principal Investigator.
15. University of Utah – U.S. Department of Energy/National Energy Technology Lab; “Site Char Geo Formations CO₂”; \$5,000,000. Brian J. McPherson, Principal Investigator.
16. University of Utah – National Institutes of Health/National Cancer Institute; “Telephone Linked Care”; \$1,286,549. B. Kathleen Mooney, Principal Investigator.
17. University of Utah – National Institutes of Health/National Institute of General Medical Science; “Conus Peptides and Their Receptor Targets”; \$1,778,571. Baldomero M. Olivera, Principal Investigator.
18. University of Utah – National Institutes of Health/National Institute of General Medical Science; “HIV/Host Interactions”; \$3,634,353. Wesley I. Sundquist, Principal Investigator.
19. University of Utah – Health Resources and Services Administration; “CMP Personalized Health Care”; \$1,584,000. Joyce A. Mitchell, Principal Investigator.
20. University of Utah – National Institutes of Health/National Heart Lung and Blood Institute; “Vascular Access”; \$1,114,245. Alfred K. Cheung, Principal Investigator.
21. University of Utah – National Institutes of Health/National Center for Research Resources; “Bioelectric Field Modeling, Simulation and Visualization”; \$1,098,758. Christopher R. Johnson, Principal Investigator.
22. University of Utah – National Park Service; “Assistance for the University of Utah Museum of Natural History”; \$1,000,000. Sarah B. George, Principal Investigator.
23. University of Utah – National Institutes of Health/National Institute on Deafness and Other Communication Disorders; “Safety in Vocalization”; \$1,077,103. Ingo Titze, Principal Investigator.
24. Utah State University – Naval Research Lab; “Advanced Ground, Air, Space, Systems Integration (AGASSI) Task Order 3”; \$1,039,048. Darin Partridge, Principal Investigator.

25. Utah State University – National Institute of Food and Agriculture; “Improved Organic Milk”; \$1,019,411. Jennifer MacAdam, Principal Investigator; Allen Young, Jong-su Eun, and Jennifer Reeve, Co-Principal Investigators.

Reports of Board Committees

Program/Planning Committee

Dixie State College – Bachelor of Science Degree in Music Education (Tab C). Chair Zenger moved approval of this program. The motion was seconded by Regent Davis and approved unanimously.

Three-Year Program Reviews (Tab D). Chair Zenger moved approval, with a second by Regent Theurer, of the following three-year program reviews:

- Utah State University
 - Agricultural Communication and Journalism
 - Bachelor of Science/Bachelor of Arts in International Business
- Dixie State College
 - Bachelor of Arts/Bachelor of Science in English
 - Bachelor of Arts/Bachelor of Science Medical Radiography AAS Degree

Chair Zenger reported that the committee had accepted and approved the Participation Task Force Report (Tab E). He moved that the Board approve the report. Regent Theurer seconded the motion. Chair Jordan pointed out that acceptance of the report included acceptance of the recommendations therein. Associate Commissioner Buhler stated that the recommendations included some action to be taken on the part of the Regents at future meetings. **Vote was taken on the motion, which was adopted unanimously.**

The following agenda items were discussed by the committee but not reported in Committee of the Whole:

- Community College Task Force Recommendations (Tab F)
- Draft Statement on College and Career Readiness (Tab G)
- USHE Secondary Counselor Conference Summary (Tab H)
- Utah Scholars Initiative Annual Report (Tab I)
- Report to the Legislature on the New Century and Regents’ Scholarships (Tab J)
- Legislative Outreach -- Regional Briefings (Tab K)
- USHE – Fall 2010 Enrollment Report (Tab L)

Finance/Facilities Committee

Dixie State College – Housing Project (Tab M). Chair Karras reported Dixie officials were requesting conceptual approval of this project, which was already approved by DFCM. Chair Karras moved approval in concept of this item. The motion was seconded by Regent Brown and adopted unanimously.

University of Utah – Campus Master Plan Update (Tab N). Chair Zenger moved approval of the U’s updated master plan. Regent Garff seconded the motion, which was adopted unanimously.

Amendments to Regents' Policy R565, *Audit Committees* (Tab O). Chair Karras reported the policy had been amended to include a new "Audit Notification" section. **He moved approval of the amendment to Policy R565. Regent Campbell seconded the motion, which was adopted unanimously.**

Utah State University – Purchase of Property in Tremonton (Tab P). Chair Karras explained the property being purchased was a former IHC medical office building in Tremonton. The fair-marked appraised value of the property was \$340,000, which is also the purchase price. Funding will come from tuition and fees at Utah State University's regional campuses and distance education. **Chair Karras moved approval of the transaction, seconded by Regent Brown. The motion carried.**

University of Utah – Guest House Expansion and South Campus Housing (Honors Housing) Project Revenue Bonds (Tab Q). Chair Karras called attention to an error in the Commissioner's cover letter: The Final maturity is not to exceed 31 years from the date of issuance. The Regents had already approved planning for the projects. Bonding for both projects has been authorized by the State Legislature. The University requests to combine both projects into one Series 2010 Auxiliary and Campus Facilities System Revenue Bond. **Chair Karras moved approval of the bond issuance. Regent Garff seconded the motion, which was adopted unanimously.**

UHEAA – Approving Resolution, SBR Student Loan Revenue Bonds (Tab R). Chair Karras provided an overview of UHEAA's refinancing plan totaling \$1.2 billion under three new indentures which will fully restructure the Board's outstanding student loan bonds. He expressed appreciation for Regent Holbrook's participation on the Private Activity Bond Authority Board relating to the allocation of State tax-exempt cap for the issuance of tax-exempt student loan revenue bonds. Chair Karras stated that UHEAA's independent financial advisor, Lee Donner of First SouthWest, has worked with UHEAA and its underwriting team from the initial stages of structuring the transaction and approves the final structure and terms. He noted the Board's Student Finance Committee had reviewed the proposed transaction and recommended approval by the Regents. **Chair Karras moved approval of the refinancing as described in Tab R. Regent Holbrook seconded the motion.** Chair Jordan explained that approval of the attached resolution gives the Board the authority to exercise this transaction.

Chair Karras noted that a part of the refinancing structure contains an interest rate swap to allow the Board to take advantage of low fixed-rate interest rates. He provided an overview of interest rate swaps and explained the necessity of the interest rate swap since UHEAA's student loan revenue is variable. He requested that the minutes include a notation that the interest rate swap was disclosed to the Regents. Regent Brown called attention to UHEAA's record-low default rate and commended Associate Commissioner Feitz and his team. He noted UHEAA's student loan default rate is more than three times lower than the national rate of 7 percent. The UHEAA staff is to be commended for its 1.9 percent default rate. **Vote was taken on the motion for approval of the UHEAA financial restructuring, which was adopted unanimously.**

University of Utah – Refunding of UUHC Series 2008 Hospital Variable-rate Revenue Bonds (Tab S). Chair Karras explained that the proposed refunding would eliminate interest rate risk and would secure long-term fixed rate financing by locking in the current low interest rates. Parameters were explained in the Commissioner's cover memo and attachments. **Chair Karras moved approval of the proposal to refund the**

UUHC Series 2008 Hospital Bonds. Regent Brown seconded the motion, which was adopted unanimously.

University of Utah – Bonding Authorization for South Jordan Health Center (Tab T). Chair Karras reported that in April 2010 the University had signed a 20-year lease on the facility that included an early-purchase option. Because of the favorable financial market conditions, and to realize significant estimated cash flow savings of \$27 million, University officials now want to exercise the purchase option. Chair Karras moved approval for the University to seek bonding authorization for the purchase of the South Jordan Medical Center, as requested. The motion was seconded by Regent Brown and adopted unanimously.

Snow College – Sale of Mt Pleasant Canyon Property (Tab U). Chair Karras explained that the property in question had become impractical and it was College administrators' decision to sell the property. The winning bid for the property exceeded the appraisal value. Chair Karras moved approval of Snow College's sale of its Mount Pleasant Canyon property. Regent Brown seconded the motion, which carried unanimously.

The following agenda items were discussed in committee but were not reported to the entire Board:

- Southern Utah University – Property Purchase (Tab V)
- USHE – Annual Report on Leased Space (Tab W)
- USHE – Institutional Residences Annual Report (Tab X)
- UHEAA – Lowest Student Loan Default Rates in UHEAA History (Tab Y)

2011 Meeting Schedule

Chair Jordan referred to the 2011 meeting schedule in the Regents' folders. In response to an issue that was discussed by the Executive Committee, Chair Jordan said that although Friday is not always the best day for some meetings, the tradition of Friday meetings has worked well with Regents' travel schedules. Regent Davis noted that the January meeting will include a joint meeting with the State Board of Education. He requested that the traditional State of the College not be eliminated. Regent Brown asked if a standard of business casual dress could be adopted for the Friday meetings. Vice Chair Beesley recommended professional (business) dress, in respect for the state and the institutions. Chair Jordan said Associate Commissioner Buhler would report in the December Board meeting on the various bills proposed and the general outlook for the 2011 General Session. **Regent Zenger moved adoption of the 2011 Meeting Schedule. Regent Davis seconded the motion, and the schedule was adopted unanimously.**

Resolutions

Greg Haws. Chair Jordan read a Resolution of Appreciation for Regent Haws, who did not run for reelection as a member of the State Board of Education. **Vice Chair Beesley moved adoption of the resolution. The motion was seconded.** Chair Jordan asked the Presidents to participate in the voting. **The motion carried unanimously.** Chair Jordan thanked Regent Haws for his service to the state in support of

public and higher education. (A copy of the resolution is filed in the Commissioner's Office with the minutes of this meeting.)

Governor's Education Excellence Commission. Commissioner Sederburg said the Commissioner had been meeting for the past six months. He is a member of the Commission, and Chair Jordan has delegated Vice Chair Beesley to represent the Regents on the Commission. The Presidents are represented by President Albrecht. The Governor has been very supportive of education. The Commission's Mission and Goals Subcommittee requested support from the State Board of Education and the State Board of Regents for the Commission's efforts. **Regent Davis moved approval of the Resolution of Support for the Governor's Education Excellence Commission. Following a second by Regent Cespedes, the motion was adopted unanimously.** A copy of the Resolution of Support is on file in the Commissioner's Office with the minutes of this meeting.

Report of the Chair

Hospitality. Chair Jordan thanked President Young and his staff for the hospitality and for his informative presentation during lunch. President Young thanked his staff as well, especially Laura Snow and Shirley Keiser.

December Meeting. Chair Jordan reminded the Regents that the next Board meeting would be held at the Regents' Gateway offices. The meeting date was moved to Thursday, December 9, to accommodate Weber State University's winter commencement on December 10. The agenda will include a preview of the 2011 Legislative General Session, the 2020 Plan, and institutional presentations on technology. He asked the Regents to talk about how to communicate to the others in this world what we are doing in terms of technology.

Chair Jordan told the Presidents the Regents would like to focus on big strategic issues in their meetings. One way to make that happen is to get meaningful input from the Presidents about what needs to be discussed. The January meeting will focus on the upcoming legislative session. Regent Davis has requested a report on the state of the system with respect to diversity. Regent Cespedes has requested data for ethnic/minority females. Regent Brown pointed out underprivileged students may not have the advantage of access. Regent Cespedes asked that this be a system issue so the Regents can know automatically when there are changes. Regent Garff asked if the Regents could discuss differences of roles and missions in January. Chair Jordan said that would be discussed in December as well.

Regent Zenger commented on the UHEAA low default rate. He referred to Attachment 6 of Tab Y and said while the overall number is good, a few of the private schools dragged the numbers down. He asked if it were possible to do anything about that. Chair Jordan said until a few years ago, the Regents bore some statutory oversight of proprietary schools. The Legislature has since changed that, and the Regents no longer have the authority to limit those institutions. President Young pointed out the for-profit institutions represented 2 percent of the student enrollments and 20 percent of the loans. The USHE schools by themselves would average much less than 1.9 percent, which is newsworthy. Vice Chair Beesley suggested that the Regents might think about working as a system or with a larger government entity to make this data public to the citizens. Perhaps costs of tuition rates, graduation rates, etc., could be included. Director Feitz said Everest

College students had not used UHEAA for several years. Rather, they use a national student loan provider. The U.S. Department of Education provides a list which includes federally-eligible loan providers.

Adjournment

Regent Campbell moved that the Regents meet in Executive Session for the purpose of discussing the character, professional competence, or physical or mental health of individuals, pending or reasonably imminent litigation, and the possible sale of real property. The motion was seconded by Regent Snow and adopted unanimously.

The Committee of the Whole adjourned at 2:39 p.m. The Regents met briefly in Executive Session and adjourned from there at 2:59 p.m.

Joyce Cottrell CPS, Executive Secretary

Date Approved