

MINUTES OF A MEETING



March 8 and 9, 2007

TABLE OF CONTENTS

RESOURCES AGENDA	1
FY 2007-2011 TRIF Budgets, Business Plans, and Project Brochures	1
CALL TO THE AUDIENCE	5
CONSENT AGENDA	6
*Minutes.....	6
RESOURCES CONSENT AGENDA	6
*Disclosures of Substantial Interest of University Employees (UA)	6
*Authorization to accept a continuation/transfer award from the NASA-Goddard Space Flight Center #NNG07EK00C and a continuation award from the National Institute of Health (NIH) – National Institute of Allergy and Infectious Disease (NAID) #1R01AI065779 (ASU)	6
PROGRAMS CONSENT AGENDA.....	7
*Proposed Addition of New ABOR Policy 6-310 “Conditions of Postdoctoral Scholar Service,” and Proposed Revisions to ABOR Policy 6-601, “Retirement and Benefit Plans” Related to Postdoctoral Scholars (Second Reading)	7
*Academic Program and Organizational Unit Change Requests and Summary Report on Program and Organizational Changes Approved by the Executive Director	7
*Annual Tenure and Post-Tenure Review	7
CAPITAL CONSENT AGENDA	7
*Project Implementation Approval: University Union Dining (NAU)	7
*Project Approval: Nursing Backfill Renovations and Classroom Renovations (ASU)	7
*Authorization to Amend an Existing Ten-Year Lease Agreement with the Tucson Airport Authority (UA)	8
*Project Approval: Residence Life Building Renewal, Phase 3A (UA)	8
*Approval to Settle ABOR v. Luttrell (UA)	8
HUMAN RESOURCES CONSENT AGENDA.....	8
*Approval of Proposed Terms and Conditions of Multiple-year Employment Contract with Women’s Tennis Head Coach (ASU)	8
*Approval of Proposed Terms and Conditions of Multiple-year Employment Contract with Women’s Golf Head Coach (ASU)	8
*Approval of Proposed Terms and Conditions of Multiple-year Employment Contract with Women’s Gymnastics Head Coach (ASU)	8
*Approval of Proposed Terms and Conditions of Multiple-year Employment Contract with Head Water Polo Coach (ASU)	9

RECOGNITION OF STUDENTS FROM UNIVERSITY OF ARIZONA	9
REPORT FROM THE PRESIDENT OF THE UNIVERSITY OF ARIZONA	10
RESOURCES COMMITTEE (continued)	10
Setting Mandatory Fees for the 2007-08 Academic Year	10
Walter Cronkite School of Journalism and Mass Communication Differential Tuition Request for FY 2007-2008 (ASU)	13
Setting of 2007-2008 Rates for Residence Halls (ASU, NAU, UA), Leased Apartments (UA), Family Housing Apartments (ASU, NAU), and Meal Plans (ASU, NAU)	13
STRATEGIC PLANNING COMMITTEE	14
Mid-Year Update on Action Plan	14
Tri-University Presentation: Increasing Access to Degree Opportunities for Arizona Students	14
PROGRAMS COMMITTEE	16
Report from the ABOR Task Force on Textbook Costs	16
Amendment to ABOR Policy 4-102 “Non-Resident Tuition,” 4-202 “General Rules,” 4-203 “Requirements for Resident Status,” 4-204 “Establishing Resident Status,” 4-205 “Evidence to be Considered,” and 4-300 “Student Financial Aid Preamble” (Second Reading), and Authorization to Proceed with Proposition 300 Implementation	16
IT/AZUN COMMITTEE	17
Oncology Research Management System (UA)	17
AUDIT COMMITTEE	17
Annual Audit Committee Report to the Board	17
REPORT FROM THE ARIZONA FACULTIES COUNCIL	18
PUBLIC AWARENESS COMMITTEE	18
Legislative Update	18
Report on Solutions for Our Future Campaign	19
CAPITAL COMMITTEE	21
Combined Project Implementation Approval and Project Approval: Residence Hall and Waiver of ABOR Policy to Allow Additional Funding for Programming Design (NAU)	21
Ground Lease Agreement to Facilitate Third-Party Financing and Construction of Polytechnic Utility Infrastructure Central Plant Facility (ASU)	21
Authorization to Sell System Revenue Bonds (SRBs) (UA)	22

Authorization to Lease Corleone Apartments Located in the North Campus Planning Area (UA)	23
HUMAN RESOURCES COMMITTEE	23
Approval of an Amendment to the Multiple-Year Employment Contract for the President of Arizona State University.....	23
Approval of Appointment of Vice President for External Relations (UA)	24
Approval of Proposed Terms and Conditions of Multiple-year Employment Contract with Football Head Coach (ASU)	24
Approval of Proposed Terms and Conditions of Multiple-year Employment Contract with Director of Athletics (NAU).....	24
UPDATE ON THE UNIVERSITY OF ARIZONA COLLEGE OF MEDICINE - PHOENIX.....	24
INQUIRIES, REQUESTS, REPORTS, AND COMMENTS FROM REGENTS AND MEMBERS OF THE COUNCIL OF PRESIDENTS	25
ADJOURNMENT.....	26

**MINUTES OF A MEETING
ARIZONA BOARD OF REGENTS
March 8 and 9, 2007**

A meeting of the Arizona Board of Regents was held March 8 and 9, 2007, in the University of Arizona Student Union Memorial Center, Tucson, Arizona.

President Bulla called the meeting to order at 10:35 a.m. on Thursday, March 8, 2007.

Present: Regent Fred Boice
 Regent Robert Bulla
 Regent Ernest Calderón
 Regent Dennis DeConcini
 Regent Fred Duval
 Regent Edward Hermes
 Regent Anne Mariucci
 Regent Gary Stuart
 Regent Mary Venezia
 Superintendent Tom Horne (present March 8, late afternoon only)

Absent: Regent Christina Palacios
 Governor Janet Napolitano

Also present were President Michael Crow, Dr. Christine Wilkinson, Mr. Paul Ward, Ms. Carol Campbell, Dr. Jonathan Fink, Mr. Rich Stanley, and Dr. Elizabeth Capaldi, Arizona State University; President Robert Shelton, Ms. Edith Auslander, Ms. Judith Leonard, Mr. Dick Roberts, Dr. George Davis, Dr. Leslie Tolbert, Ms. Carla Nunn, and Mr. Joel Valdez, University of Arizona; President John Haeger, Dr. Elizabeth Grobsmith, Dr. M. J. McMahon, Ms. Kathe Shinham, and Mr. Mark Neumayr, Northern Arizona University; Executive Director Joel Sideman, Secretary to the Board Peggy Martin, Board Counsel Nancy Tribbensee, Dr. Art Ashton, Ms. Kathy Bedard, Ms. Christine Thompson, Ms. Stella Galaviz, Ms. Cathy McGonigle, Ms. Stephanie Jacobson, Mr. Mark Denke and Ms. Anne Barton, Central Office; and Dr. Marcus Ford, Arizona Faculties Council.

All lists, reports, summaries, background materials and other documents referred to in these minutes can be found in the March 8 and 9, 2007, Documents Files.

Regent DeConcini led the Pledge of Allegiance.

Regent Bulla then welcomed Dr. Alceste Pappas to Tucson. Dr. Pappas is the consultant who is reviewing the ABOR governance structure.

RESOURCES AGENDA

Regent Calderón chaired this portion of the meeting. Kathy Bedard, Leslie Tolbert, Jonathan Fink and Liz Grobsmith joined the meeting for this presentation.

FY 2007-2011 TRIF Budgets, Business Plans, and Project Brochures (Agenda Item #1)

Regent Calderón stated that the Board was being asked to approve revised FY 2007-2011 Technology and Research Initiative Fund (TRIF) budgets, business plans, and project brochures.

Regent Calderón reminded everyone that in November of 2000, the taxpayers and citizens of Arizona bestowed a great responsibility on the Arizona Board of Regents. By approving Proposition 301 on the General Election ballot, taxpayers implemented a six-tenths of a cent increase in the state sales tax, to be decided to the universities, the community colleges, and K-12. ABOR took this responsibility very seriously. ABOR implemented a rigorous proposal submission and review process and in March 2001 approved the first five-year cycle of TRIF funding, for FY 2002-2006. On June 30, 2006, the first five-year cycle was completed and the Board will hear today the significant impacts resulting from the \$291 million TRIF revenue received during that period.

Regent Calderón stated that in early 2005, the Board requested self-evaluations by the universities of the first three years of the TRIF program as their first step in developing the second five-year cycle budgets for FY 2007-2011. The results of the evaluations were heard in March 2005 and the Board reviewed the first budget proposals in a June 2005 Study Session. The budget has moved through a very deliberate process, with final approval of the budgets, business plans, and project brochures in December 2005.

The Board needs to revisit these budgets due to receiving TRIF revenue above the amount originally projected. Based on the actual FY 2006 receipts, central office staff, with agreement of university staff, revised the FY 2007-2011 revenue estimates. The universities were asked to revise their budgets using the previously unbudgeted revenue to address systemwide goals and, in certain cases, to address university-specific missions.

Today, the Board is being asked to approve the FY 2007-2011 budgets in the total amount of \$422 million, along with the business plans and project brochures. In light of the significant fiduciary responsibility of this Board for these funds, the universities will briefly highlight the results of their TRIF projects during FY 2002-2006 and then highlight their plans for FY 2007-2011.

Dr. Leslie Tolbert then presented a PowerPoint showing the University of Arizona's TRIF initiatives highlights. Initially, the UA used TRIF funds for seven different initiatives, four of them focused on interdisciplinary basic and translational research, such as the BIO5 Institute, Optical Sciences and Technology and Water Sustainability, two on workforce development, such as the Workforce Initiative: The Educator Development Plan, and the last one focused on technology transfer. The financial return on investment was \$2.50/TRIF dollar. Dr. Tolbert summarized each of the various FY02-06 initiatives.

Dr. Tolbert stated that six of the original seven initiatives would continue for FY07-11 plus eight new initiatives were approved for FY07-11 including the UA-ASU Collaborative Biomedical Research Fund and the Venture Fund.

Regent Boice stated that he would like to see projected numbers in the TRIF brochures as well as the actual numbers. Regent Boice further stated that he wanted to make certain that

the Venture Fund was being used as originally stated, as a place where the existing programs could come back on a competitive basis and they would be rewarded for the best program. Dr. Tolbert stated that projected numbers would be provided. She further stated that the Venture Fund is being used as set out by the Regents.

Regent Bulla stated that there are projections on what is going to be brought in on gifts and grants, etc., but it is not related to the monies received on TRIF funds. It is hard to relate the two together. He stated that he believed that you should show a projected ROI on the overall TRIF brochure. Dr. Tolbert stated that they would calculate that figure and add it in the brochures.

Regent Stuart commented that he believed that the Venture Fund was different than the other initiatives and that the Resources Chair and the Resources Committee should be kept apprised of how the Venture Fund is developing and progressing on an ongoing basis. Regent Bulla stated that he would like to have an ROI projection on the Venture Fund.

Regent Calderón stated that he would work with the Central Office to come up with a quarterly report that is meaningful and he will be able to report back to the regents if something arises.

Dr. Jonathan Fink then presented an overview of the FY07-11 ASU TRIF initiatives. For the last five years ASU has been trying to build up capabilities in areas that the university, the community and the state needed. The investments were focused in the Biodesign Institute. ASU has several other smaller capacity building projects which compliment and are tied into the Biodesign Institute. Recently ASU has added investments for Biomedical Informatics which is part of the attempt to be more responsive to the community through the growth of the medical school in Phoenix.

Regent DeConcini asked what ASU was doing at the Polytechnic Campus. President Crow responded that the legislature wanted to make be assured that certain investments were made in the east and west campuses. The legislature gave specific direction regarding using TRIF funds to secure facilities on these two campuses.

Regent DeConcini then asked how active the advisory boards are. Jonathan Fink stated that the Biodesign Board meets twice a year as a body, but there are separate meetings with individuals and small groups throughout the year.

Regent Boice stated that he would like to see projected dollars on the ASU Initiatives as well. Regent Boice stated that the Advisory Board was exactly what he had in mind, a way to get people outside of the university that are leaders in their particular areas to bring guidance to the university.

Regent Duval stated that he understood that C-Path, one of the universities' collaborators on BML initiatives, is now receiving competition for funds from MIT. He wanted to know if there was something that the Regents could do to help with this project. Dr. Tolbert stated that MIT is making a bid to become a competitor for resources. C-Path is doing well and she feels that C-Path has such strong ties to the FDA that they will do very well.

Dr. Liz Grobsmith then presented an overview of NAU's TRIF Projects. NAU's TRIF goals revolve around four different areas: stimulating research and development, increasing access, investing in infrastructure and preparing students for the innovation economy. In the first five-year TRIF period, NAU has made significant strides in two major areas: workforce development and applied research. Two of the five major projects, Growing Biotechnology Infrastructure (GBI) and Education and Research for the New Economy (ERDENE) together represent progress in areas of concern to Arizona - environmental issues and policies and growth in Biotechnology. Another two projects Access/Workforce Development (AWD) and e-learning together have resulted in substantial expansion of educational opportunities to time and/or place-bound students throughout Arizona, involvement of Flagstaff-based faculty in web course development, and improvement of technology-enhanced instruction. Two new projects will be added during the next five-year period; Health Care Program expansion and statewide expansion.

Regent Hermes stated that he was very glad that NAU was committed to serving underserved and place-bound students. He knows that there are a large number of people who fall into this category. He stated that he was concerned that NAU was putting so much money into Maricopa County for the healthcare expansion.

Dr. Grobsmith responded that the money that would be expended in Maricopa County would be to assist with degree completion in the healthcare areas. She stated that there are a large number of students in the metropolitan area that have the need to complete their baccalaureate degrees, but it cannot be done on-line. There are some classes that must be taken in a classroom setting. There is a need for this type of program in this area.

President Haeger added that the reality was that it was not investing some of the money in Phoenix and the Healthcare Initiative and not investing simultaneously in the rural areas of the state. NAU is trying to do both. Workforce Development is the strongest possible argument for this program. The reason rural areas are so poorly served in terms of healthcare is there are not enough workers to move into the rural areas and the only way you are going to increase the numbers of workers is to educate them in a single place.

Regent Bulla stated that he did not believe that the allied health issues were as detailed as they should have been. Dr. Grobsmith responded that she felt that NAU could not be more detailed until they knew what their legislative appropriation would be.

Regent DeConcini stated that he felt the calculation of the ROI should include the investment from the universities. He believes everyone should know what the university is contributing to the project including things like utilities, janitorial, etc.

Dr. Tolbert stated that the ROI denominator included some operating expenses, but believes that there are other expenses that are not being included. Regent Calderón stated that the Resources Committee would look at this matter and make certain that university expenses are included in the formulas.

Kathy Bedard then presented the Central Office proposals for use of Regents Innovation Fund and TRIF Strategic Funds. The Central Office is asking that the Regents Innovation Fund be increased from \$1 million to \$1.5 million. The additional funding will be used to

address the growing number of emerging issues and opportunities facing the university system. Further the Central Office proposes the creation of TRIF Strategic Investments (TSI) in the amount of \$2.0 million. TSI will address large, collaborative, systemwide issues in the areas of research, technology, access, and workforce development.

The Arizona Biomedical Research Committee (ABRC) has requested funding in the amount of \$250,000 to secure technical assistance from Battelle Memorial Institute's Technology Partnership Practice for development of a full Clinical and Translational Science Award (CTSA) proposal to National Institutes of Health (NIH). Ms. Bedard introduced Bill Read, Vice President for Research and Technology, Flinn Foundation; Dawn Schroeder, Executive Director, Arizona Biomedical Research Commission; and Mitchell Horowitz, Director of Strategy, Technology Partnership Practice, Battelle; who presented their proposal.

TSI funding will leverage Flinn Foundation and ABRC funding in this effort. CTSA represents the next generation of funding support by NIH for translational and clinical research at academic health centers. It is a central element of the NIH Roadmap's goal to re-engineer the clinical research environment in an effort to address the national shortcomings in converting the enormous growth of biomedical research discoveries into cures and treatments for diseases, which was also noted in the Food and Drug Administration's (FDA) *Critical Path*. CTSA's across the nation will form a national network of leading-edge research institutes garnering specialized resources and having opportunities to pursue development of specialized research activities with NIH support. Those institutions and states without a CTSA will be at a significant disadvantage in pursuing clinical and translational research.

Upon motion by Regent Calderón, seconded by Regent DeConcini, the Board unanimously approved the FY 2007-2011 TRIF budgets, business plans, and project brochures of Arizona State University, Northern Arizona University, the University of Arizona, and the Board Central Office, as presented in this Executive Summary and in the companion materials.

The meeting recessed at 12:10 p.m., and reconvened at 1:45 p.m., on Thursday, March 8, 2007.

CALL TO THE AUDIENCE

Per Board Policy 1-114, time has been set aside for Call to the Audience, an opportunity for people to address the entire Board in a public setting to express their views or concerns to the Board.

ERIC NORGARD, Student Body President for NAU, TERRY RICHARDSON, Campus Recreation Services, AMY HILL, ASNAU, and MICHAEL TILLMON, JR., ASNAU, stated their support for the NAU Student Activity Fee.

MICHELLE SCHAFFER, NAU Forestry student, DANIELLE GIFT, Forestry student, HOWARD VAN TUYL, Forestry student, and BEN DEBLOIS, Forestry student, stated their objections to and concerns regarding the dissolving of the Consortium of Professional Schools.

KIRSTI COLE, GPSA, LINDSAY BAYUK, ASA, ALEXANDER PASCO, ASU USG, and CARMEN RONAN, ASU USG, spoke against the ASU Technology Fee and ASA presented a letter and a proposal regarding the process for creating fees and oversight of fees.

TAYLOR WALKER, Student Technology Council, DAVID MCKENZIE, Student Technology Council, STEVEN GARONE, Student Technology Council, and JAY RANDOLPH, Student Technology Council, spoke in favor of the ASU Technology Fee.

CLAIR TAPIA, Tri-University Classified Staff Council, stated that the Council is committed to be a part of the decision process and solutions, they are advocates for the classified staff, they are requesting an open dialogue with the Board of Regents for a seat on an Ad Hoc committee or a standing committee, and are working toward obtaining a non-voting seat on the Board of Regents.

CONSENT AGENDA

Items on the Consent Agenda that are marked in these minutes with an asterisk (*) were considered as consent matters and were unanimously adopted upon the motion of Regent DeConcini, seconded by Regent Calderón.

***Minutes**

The November 21, 2006 Executive Session minutes, the November 30 and December 1, 2006, Executive Session minutes, the December 11, 2006 Executive Session minutes and the January 25 and 26, 2007 Regular Meeting minutes were approved.

RESOURCES CONSENT AGENDA

***Disclosures of Substantial Interest of University Employees (UA) (Agenda Item #5)**

The Board approved the University of Arizona's request for Professors Jonathan Overpeck, Susan Beck, and Andrew Comrie, to serve as junior equity partners, non-salaried science advisors and members of the Scientific Advisory Committee for Climate Appraisal Services LLC.; Professors Erdogan Madenci, Ibrahim Guven, and Atila Barue, to serve as co-founders in Global Engineering and Research Technologies; Professors Hsinchun Chen and Dajun (Daniel) Zeng and Chunju Tseng, Assistant Research Scientist, to serve as co-owners of International BioComputing Corporation; Professor Nasser Peyghambarian, to serve as founder of TIPD, LLC.; Professor John Galgiani to serve as founder of Valley Fever Therapies, LLC.; and Professor Mark L. Witten, to serve as Chief Scientific Advisor in Phoenix Biologicals, Inc.

***Authorization to accept a continuation/transfer award from the NASA-Goddard Space Flight Center #NNG07EK00C and a continuation award from the National Institute of Health (NIH) – National Institute of Allergy and Infectious Disease (NAID) #1R01AI065779 (ASU) (Agenda Item #6)**

The Board approved Arizona State University's request to accept a continuation/transfer award from the NASA-Goddard Space Flight Center and a continuation award from the National Institute of Health (NIH) – National Institute of Allergy and Infectious Disease (NAID). The proposed amount of the continuation/transfer award amendment is \$2,351,395 with an anticipated award amount of \$15,200,160 and the proposed amount for the continuation award amendment is \$486,318 for an anticipated award total amount of \$2,143,034.

PROGRAMS CONSENT AGENDA

***Proposed Addition of New ABOR Policy 6-310 “Conditions of Postdoctoral Scholar Service,” and Proposed Revisions to ABOR Policy 6-601, “Retirement and Benefit Plans” Related to Postdoctoral Scholars (Second Reading) (Agenda Item #11)**

The Board approved the addition of ABOR Policy 6-310, "Conditions of Postdoctoral Scholar Service," and revisions to ABOR Policy 6-601, "Retirement and Benefit Plans," that create a separate classification for postdoctoral scholars in recognition of their unique status and a policy revision to clarify exemptions from participation in a retirement plan under the statute. Exemptions would include postdoctoral scholars if approved by the legislature.

***Academic Program and Organizational Unit Change Requests and Summary Report on Program and Organizational Changes Approved by the Executive Director (Agenda Item #12)**

The Board approved Arizona State University's request to plan a PhD in Environmental Social Science.

***Annual Tenure and Post-Tenure Review (Agenda Item #13)**

The Board reviewed the annual report summarizing the progress of several cohorts of faculty through the tenure process. In addition, the report provided information on post-tenure review of faculty performance.

CAPITAL CONSENT AGENDA

***Project Implementation Approval: University Union Dining (NAU) (Agenda Item #22)**

The Board approved Northern Arizona University's request for Project Implementation Approval of its University Union Dining Hall at an estimated total project cost of \$9M as set out in the executive summary. The Capital Committee reviewed this item at its February 15, 2007, meeting and recommended Board approval.

***Project Approval: Nursing Backfill Renovations and Classroom Renovations (ASU) (Agenda Item #23)**

The Board approved Arizona State University's request for Project Approval for its Nursing Building Backfill Renovations Project and Classroom Renovations Project with a combined budget of \$5.6M as set out in the executive summary. This project received Project

Implementation Approval from the Board and JCCR approval in January 2007. The Capital Committee reviewed this item at its February 15, 2007, meeting and recommended Board approval.

***Authorization to Amend an Existing Ten-Year Lease Agreement with the Tucson Airport Authority (UA) (Agenda Item #24)**

The Board approved the University of Arizona's request to extend the current lease agreement on behalf of the UA Environmental Research Laboratory with the Tucson Airport Authority from August 2011 to August 2016 as set out in the executive summary. The Capital Committee reviewed this item at its February 15, 2007, meeting and recommended Board approval.

***Project Approval: Residence Life Building Renewal, Phase 3A (UA) (Agenda Item #25)**

The Board approved the University of Arizona's request for Project Approval for the Residence Life Building Renewal Phase 3A project to replace the fire sprinkler system in Cochise Hall as set out in the executive summary. The original Phase 3 project received Project Implementation Approval in September 2006. The estimated project cost of Phase 3A is \$700,000. The Capital Committee reviewed this item at its February 15, 2007, meeting and recommended Board approval.

***Approval to Settle ABOR v. Luttrell (UA) (Agenda Item #26)**

The Board approved the University of Arizona's request to settle an eminent domain lawsuit initiated to acquire a 39,204 square foot (0.9 acre) parcel of privately owned property for \$123,000 as set out in the executive summary.

HUMAN RESOURCES CONSENT AGENDA

***Approval of Proposed Terms and Conditions of Multiple-year Employment Contract with Women's Tennis Head Coach (ASU) (Agenda Item #31)**

The Board approved a multiple-year employment contract from July 1, 2007 through June 30, 2012, for Sheila McInerney to serve as the ASU Women's Tennis Head Coach at a beginning salary of \$77,500 per year and as further set out in the executive summary.

***Approval of Proposed Terms and Conditions of Multiple-year Employment Contract with Women's Golf Head Coach (ASU) (Agenda Item #32)**

The Board approved a multiple-year employment contract from July 1, 2007 through June 30, 2012, for Melissa McNamara to serve as the ASU Women's Golf Head Coach at a beginning salary of \$90,000 per year and as further set out in the executive summary.

***Approval of Proposed Terms and Conditions of Multiple-year Employment Contract with Women's Gymnastics Head Coach (ASU) (Agenda Item #33)**

The Board approved a multiple-year employment contract from July 1, 2007 through June 30, 2012, for John Spini to serve as the ASU Women's Gymnastics Head Coach at a beginning salary of \$90,000 per year and as further set out in the executive summary.

***Approval of Proposed Terms and Conditions of Multiple-year Employment Contract with Head Water Polo Coach (ASU) (Agenda Item #34)**

The Board approved a multiple-year employment contract from July 1, 2007 through June 30, 2012, for Todd Clapper to serve as the ASU Head Water Polo Coach at a beginning salary of \$62,000 per year and as further set out in the executive summary.

RECOGNITION OF STUDENTS FROM UNIVERSITY OF ARIZONA

Regent Bulla introduced Caitlin Casey, a Senior, who plans to earn a Ph.D. in astrophysics, conduct research in extragalactic astrophysics, cosmology, and computational modeling, as well as teach at a university and Pauline Mujawamariya, also a senior, who will graduate in May with a Bachelor of Arts degree in Interdisciplinary/International Studies and with honors from the Honors College.

Caitlin Casey spoke first. Caitlin is a May 2007 candidate for a bachelor of science in physics, astronomy and applied mathematics. She is expected to graduate summa cum laude. She is also a research assistant at Steward Observatory. Caitlin attended summer school in France, conducted research in Hawaii as part of a National Science Foundation project and has been named a NASA undergraduate space grant intern. Caitlin already has publications to her credit and has made five presentations about the results of her research. Caitlin stated that the University of Arizona has shown her who she is and has given her the opportunity to launch her career and her life any way that she likes.

Next, Pauline Mujawamariya, who was born in Rwanda, spoke. Pauline will graduate from the UA in May with a Bachelor of Arts degree in Interdisciplinary/International Studies and with honors from the Honors College. Pauline transferred to the UA from Pima College; she works at the Honors College assisting the director of Interdisciplinary/International Studies and External Affairs helping to attract talented students from developing countries to the college and the program. Pauline has worked with non-profit, humanitarian organizations in Africa and in Tucson assisting people with diverse backgrounds. She is a board member of the Tucson International Alliance of Refugee Communities and a member of the Refugee Woman Network Inc. She has received an Outstanding Community Service Award and a Centennial Award. Pauline is part of a group of students and faculty who created Niger Direct, a UA based effort in which faculty and students are able to work in Niger doing research on community driven development and aid effectiveness. She is a finalist for a Fulbright Scholarship for a Master of Arts in Poverty and Development at Sussex University in England, after which she will likely pursue a doctorate or law degree. Pauline seeks a career that will immerse her in efforts to alleviate poverty in Sub-Saharan Africa. Pauline stated that the University of Arizona really welcomes diversity and she is very impressed with the way that everyone at the university has helped her.

REPORT FROM THE PRESIDENT OF THE UNIVERSITY OF ARIZONA

President Shelton introduced Jonathan Overpeck who is an expert on global warming. Dr. Overpeck discussed what climate change means to Arizona. Dr. Overpeck stated that he wanted to make sure that what is learned about the global climate benefits the southwest region and Arizona in particular. The challenges that the world is going to be facing will be bigger in the southwest than was originally anticipated. He stated that it is likely that the southwest will start having issues sooner than other parts of the country. He stated that the universities were well poised to assist with dealing with many of the issues that are probably going to occur. The evidence for global warming is unequivocal. The ocean is warming up; there is more intense rainfall in some areas, more likelihood of drought in other areas, more heat waves and less snow. Global warming is dependent upon how much carbon dioxide and other greenhouse gases are released into the atmosphere. He stated that climate change is unavoidable. The latest climate assessment is that if something isn't done soon, there will be a substantial sea level rise as the big ice sheets in the north collapse. Dr. Overpeck believes that the biggest impact will be in the west. The west has already warmed up about a degree; we are already in a drought. He stated that there will be large scale reductions in rainfall and snow. He stated that no matter what, the biggest challenge in the coming decades will be how everyone adapts to the impending climate change. Dr. Overpeck further stated that the opportunities for university-public-private environmental partnerships to provide solutions are going to grow rapidly.

Regent Bulla suggested that the Board look into the possibility of using some of the TRIF funds for a joint project with all three universities on climate warming and on how the universities can assist with communicating what the issues are to the citizens of Arizona.

RESOURCES COMMITTEE (continued)

Setting Mandatory Fees for the 2007-08 Academic Year (Agenda Item #2)

Regent Calderón stated that the Board was being asked to set mandatory fees for the 2007-08 academic year. Mandatory fees are those fees charged to students in addition to tuition, program fees, or class fees. This matter was tabled at the November 30, 2006 Board meeting.

Gale Tebeau joined the meeting for this presentation.

President Shelton stated that his original request in November of 2006 was for a \$130 library/information technology fee. The first half of this fee was approved last year. The original request of \$130 per year was to be phased in over a two-year period. Taking into consideration the needs of the university and the views of the students, the UA recommends revising its fee increase from an additional \$65 to \$50 per year, bringing the annual fee to \$115 beginning Fall 2007.

President Haeger stated that his request was for two fees. The first was the increase in the Information Technology fee. NAU is requesting an increase from \$2 per credit hour to \$3 per credit hour. NAU's second fee request is for a \$25/semester student activity/recreation fee.

President Crow stated that his request was for a \$100 technology fee to fund technology initiatives including expanding ASU's wireless network on all of its campuses, increasing the number of technology-enabled classrooms, developing a system to allow students to access University-licensed software, reducing dependence on computing labs and expanding and improving online self-service environment. President Crow further stated that 15% of the new fee will be set aside for need-based financial aid.

Regent DeConcini stated that he is troubled by these fees. He wondered why the fees were only paid by the students; since the faculty also used the technology shouldn't they also pay part of the fee. President Crow stated that the faculty already contributes to the total infrastructure. President Shelton stated that each component of the universities community is making a contribution. President Haeger stated that to recruit the best faculty you need to have the best technology. For any project that the universities do, a student fee is just a small part of the cost of that project. It would be counterproductive to look to the faculty to pay for the things they need to do their jobs.

Regent Boice asked if it was possible that ASU could do their fee in stages like the UA did. President Crow stated that would reduce an amount that is already too small, but the he would be willing to make a two stage process work as best he could.

Regent Bulla stated that he believed that the Board needed to take a look at how the universities determine what fees to charge and how much to charge as well as the manner in which the need for fees is communicated. He stated that the universities are behind in technology and newer technology is important to attract students, but he doesn't think the universities have explained themselves well. Regent Bulla would like to have the universities report to the Board on a periodic basis how the technology fees are spent, how the technology is being implemented, and what the shortfalls are so the Regents can start understanding the needs of the university, so in the future the Regents have a better context to base a decision on.

Regent Hermes agreed with Regent Bulla and stated that he felt there needed to be some sort of system for a sunset review to determine if the money is being spent where it was supposed to be spent. Regent Hermes said he has spoken with many student groups and individual students and he does not think ASU students are interested in the same level of technology as the university itself.

Regent Duval complimented ASA for the way they addressed the system in which the Board raises these issues was thoughtfully done. As to the merits, each of these cases is quite different, and as a procedural suggestion he would like to vote on each issue individually.

Regent Calderón pointed out that the action taken today does not include any existing mandatory fees charged to students for the Student Recreation Center, the Arizona Financial Aid Trust surcharge fee, or existing university-specific mandatory fees if no changes are recommended.

Upon motion by Regent Stuart, seconded by Regent Boice, the Board moved to approve an increase of \$50 in the mandatory library/information technology fee for all students at all

University of Arizona campuses, bringing the annual fee to \$115 beginning fall 2007. A substitute motion was made by Regent Hermes, seconded by Regent DeConcini, that the Board approve an increase of \$36 in the mandatory library/information technology fee for all students at all University of Arizona campuses. The Board failed to approve the substitute motion with a roll call vote as follows: Regent Calderón, Regent DeConcini, Regent DuVal and Regent Hermes voted in favor of the motion. Regent Boice, Regent Mariucci, Regent Stuart and President Bulla voted against the motion. The Board then approved the original motion to increase the mandatory library/information technology fee by \$50 for all students at all University of Arizona campuses, bring the annual fee to \$115 beginning Fall 2007 with a roll call vote as follows: Regent Boice, Regent Calderón, Regent DeConcini, Regent DuVal, Regent Mariucci, Regent Stuart and President Bulla voted in favor of the motion. Regent Hermes voted against the motion.

Upon motion by Regent Calderón, seconded by Regent Bulla, the Board unanimously approved an increase in the mandatory information technology fee for students at all Northern Arizona University campuses, by one dollar per credit hour, for a total IT fee of three dollars per credit hour by roll call vote as follows: Regent Boice, Regent Calderón, Regent DeConcini, Regent DuVal, Regent Mariucci, Regent Stuart, Regent Hermes and President Bulla voted in favor of the motion.

Upon motion by Regent Calderón, seconded by Regent Boice, the Board unanimously approved a new mandatory Student Activity fee of \$50 per academic year for Northern Arizona University students attending the Flagstaff campus by roll call vote as follows: Regent Boice, Regent Calderón, Regent DeConcini, Regent DuVal, Regent Mariucci, Regent Stuart, Regent Hermes and President Bulla voted in favor of the motion.

Upon motion by Regent Hermes, seconded by Regent DuVal, the Board unanimously approved a new mandatory student recreation center fee of \$50 per academic year for students at the West and Polytechnic campuses by roll call vote as follows: Regent Boice, Regent Calderón, Regent DeConcini, Regent DuVal, Regent Mariucci, Regent Stuart, Regent Hermes and President Bulla voted in favor of the motion.

Upon motion by Regent Boice, seconded by Regent Stuart, the Board moved to approve a new mandatory technology fee of \$50 per academic year beginning fall 2007 with a \$50 increase beginning fall 2008, bringing the total to \$100, for all students at all Arizona State University campuses. A substitute motion was made by Regent Bulla, seconded by Regent Stuart that the Board approve a new mandatory technology fee of \$50 per academic year beginning fall 2007 for all students at all Arizona State University campuses with the request that any additional technology fee be brought back to the Board for evaluation. The Board approved the substitute motion with a roll call vote as follows: Regent Boice, Regent Calderón, Regent Mariucci, Regent Stuart and President Bulla voted in favor of the motion. Regent DeConcini, Regent DuVal and Regent Hermes voted against the motion.

Regent DeConcini asked if it might be possible to use TRIF funds to help with technology issues at the universities. He stated that he was under the impression that the funds could be used to purchase technology. Regent Calderón asked that the Central Office provide the Board, at the next meeting, with information regarding whether TRIF funds could be used for a project like this. Regent Bulla stated that the IT Committee was also looking at this issue.

Regent Hermes suggested that the Board consider setting tuition and mandatory fees at one meeting and other fees at a different meeting.

Regent Boice commented on how pleased he was with the student's participation on tuition and fees, but he was disturbed and hurt by the document prepared by ASA and expressed the need for everyone to realize the true cost of running the universities.

Walter Cronkite School of Journalism and Mass Communication Differential Tuition Request for FY 2007-2008 (ASU) (Agenda Item #3)

Mark Denke, Betty Capaldi and Dean Chris Callahan joined the meeting for this presentation.

Regent Calderón stated that the Board was being asked to approve ASU's request for differential tuition for the ASU Walter Cronkite School of Journalism and Mass Communications for Academic Year 2007-2008. This matter was tabled at the November 30, 2006 Board meeting.

Mark Denke set out the criteria for evaluating requests for the use of differential tuition. He stated that differential tuition deviates from base tuition and applies to the entire college, school or campus. A university proposing differential tuition must develop a rationale based on the following six criteria: the quality of the student experience, access and affordability, cost of instruction, market pricing, benefits to the entire university and evidence of student consultation and support.

Provost Capaldi stated that this was a fee of \$250 per semester for undergraduate students, junior level and above, assessed only to students new to the Cronkite School as of fall 2007. It replaces some class fees that are approximately \$45 per class and will enable the school to keep pace with the accelerating changes in journalism by investing in the technical and digital equipment necessary to give the students expanded opportunities to develop their skills.

Upon motion by Regent Duval, seconded by Regent Boice, the Board approved ASU's request for a \$250/semester differential tuition for students, junior level and above, in the Walter Cronkite School of Journalism and Mass Communication, for students new to the school as of Fall 2007 by a roll call vote as follows: Regent Boice, Regent DeConcini, Regent DuVal, Regent Mariucci, Regent Stuart and President Bulla voted in favor of the motion. Regent Calderón and Regent Hermes voted against the motion.

Setting of 2007-2008 Rates for Residence Halls (ASU, NAU, UA), Leased Apartments (UA), Family Housing Apartments (ASU, NAU), and Meal Plans (ASU, NAU) (Agenda Item #4)

Mark Denke, Jim Rund, David Bousquet and Melissa Vito joined the meeting for this presentation.

Regent Calderón stated that the universities were requesting approval from the Board for 2007-2008 rates for residence halls, family housing apartments, leased facilities and meal plans.

Mark Denke stated that housing and dining programs services and facilities are self-supported auxiliary enterprises. The proposed rate increases address increased costs such as operating costs, supplies, repair, and maintenance. ASU at the Tempe campus is requesting a 5.18% increase for residence halls and a 2.13% increase for meal plans. ASU at the West campus is requesting 4.97% increase for student housing. ASU at Polytechnic is requesting a 5.4% increase for student housing and a 3.76% increase for family housing. NAU is requesting a 3.96% increase for student housing, 4.00% increase for family housing and a 4.40% increase for meal plans. The UA is requesting 7.00% increase for undergraduate housing and 4.67% increase for graduate housing.

Regent Hermes stated that ASA asked him to ask the Board to consider for fee oversight committee that students who are appointed to these committees be selected by the students and not by administrators.

Upon motion by Regent Calderón, seconded by Regent Boice, the Board approved the 2007-2008 residence halls (ASU, NAU UA), leased apartment (UA), and family housing rates (ASU, NAU), and the meal plan rates (ASU, NAU), as presented in the Executive Summary.

STRATEGIC PLANNING COMMITTEE

Regent Bulla chaired this portion of the meeting.

Mid-Year Update on Action Plan (Agenda Item #7)

Art Ashton joined the meeting for this discussion.

Regent Bulla stated that the Board was being asked to review the Mid-Year Status Report on the annual Action Plan for FY 2007 that was approved by the Board at its September 2006 meeting. He stated that a review of the Board's Governance structure by the Pappas Consulting Group had been added so there are now forty objectives. Regent Bulla further stated that the Board had made important progress on the forty objectives and is continuing to move forward aggressively on completing this Action Plan.

Tri-University Presentation: Increasing Access to Degree Opportunities for Arizona Students (Agenda Item #8)

Art Ashton and Jerry Hogle joined the meeting for this discussion

Regent Bulla stated that the Board was being asked to review this report from the university presidents regarding processes and partnership for providing access to degree opportunities to students throughout the state.

Regent Bulla stated that he thought this document was going to be very helpful in respect to some of the endeavors that we are involved in and he believed it would be very helpful to the P20 Council.

President Haeger stated that for NAU distance learning is written into the mission of the institution. NAU has an enormous capital investment and one-third of NAU's enrollments are off the main campus. President Haeger pointed out a couple of important issues. He stated that the nature of the student body that is served off-campus is very different than on-campus. Off-campus the average age of a student is 26, the average student is female and working full-time, and the student tends to be involved in professional programs. President Haeger stated that distance learning is a highly competitive area; it is a crowded market place. There are 50 separate degrees from NAU available to people all over the state either totally web-based or partly web-based. The important point about distance learning is that NAU is doing two things with its tuition structure, distance learning students will now pay less tuition than they would pay on the Flagstaff campus and in the years ahead NAU believes that we will continue to be able to separate that tuition for undergraduate students. If you look at the total cost of getting a degree, there is a lower total cost of attendance in the rural environment. In the rural environment people take a flexible schedule, they stay home; therefore the fees are lower. Distance delivery is about addressing the public needs and you need to be able to change very quickly.

Superintendent Horne joined the meeting at 4:30 p.m.

President Crow stated that access to baccalaureate degrees is a core objective of the universities. It is important to note that ASU will have 15,000 additional seats for degree seeking students, on the four campuses through the combination of new facilities. The community college relationship is greatly enhanced and highly coordinated. 1,000 students are registered in the alliance with the Maricopa County Community College District, which includes simultaneous admission, joint advising, and special financial aid. The Transfer Advantage Partnership (TAP) with Central Arizona College, Yavapai College, and Mohave Community College, which is an articulated academic program of study established among the student, the baccalaureate degree-granting institution, and the primary community college the student attends, is being expanded. ASU is also going to target older students that started programs at ASU and never finished hoping to get them to come back to school and finish their degrees.

President Shelton stated that the UA offers distance learning education for specific markets. One market is for students who seek online versions of General Education or high-demand undergraduate courses through AZUN. UA's principal distance exports are for specific professional disciplines for which there is a need in Arizona. President Shelton stated that the UA plans to expand its support for community college and distance education partnerships to meet the needs of an increasing transfer population. UA South has a formal 2+2 agreement with Cochise College and with Pima Community College East.

Regent DeConcini asked about plans to serve Nogales and Santa Cruz County. President Shelton stated that he has been talking to people in Nogales. He stated there are a number of individuals in Nogales that are interested in taking classes. They are looking at the possibility of a physical facility.

President Crow stated that ASU has a very successful program where they go into smaller communities, including Nogales, and connect with students and their families very early and help educate the students so they can be ready to go to college when the time comes.

Regent Bulla stated that this was an historic document. He further stated that we now need to think about the future. He requested that the universities recast this document as an integrated system-wide strategic plan, hopefully by June, which includes initiatives which must be accomplished, time frames, pro-forma financial estimates of the revenues and expenses need for operation and capital needs and plans to obtain funding. Regent Bulla also stated that it should address the roles of the individual universities as well as AZUN. He would like to see this added to the overall strategic plan for the system. He also noted that he believes an overarching strategic plan for the system is needed.

PROGRAMS COMMITTEE

Gary Stuart chaired this portion of the meeting.

Report from the ABOR Task Force on Textbook Costs (Agenda Item #9)

Regent Hermes updated the Board on the activities of the ABOR Task Force on Textbook Costs. The last meeting was on February 23, 2007. U.S. Department of Education Advisory Committee on Student Financial Assistance has taken note of the Textbook Task Force and wants to see the final report. Everyone has been very helpful in providing data. Regent Hermes further stated that the final report would be coming to the Board meeting and would include several action items.

Amendment to ABOR Policy 4-102 "Non-Resident Tuition," 4-202 "General Rules," 4-203 "Requirements for Resident Status," 4-204 "Establishing Resident Status," 4-205 "Evidence to be Considered," and 4-300 "Student Financial Aid Preamble" (Second Reading), and Authorization to Proceed with Proposition 300 Implementation (Agenda Item #10)

Nancy Tribbensee joined the meeting for this discussion.

Regent Stuart stated that the Board was being asked to approve policy revisions that would amend the requirements for resident status and financial aid to conform to the Proposition 300 amendments to A.R.S. §15-1803 and §15-1825 regarding persons who are not citizens, not legal residents or who are without lawful immigration status; policy revisions that would amend the requirements for resident status to conform to the recent amendment to A.R.S. §15-1802 for spouses and dependent children of members of the armed forces who are transferred pursuant to military orders; and to make financial independence a factor to be considered on a case-by-case basis rather than an absolute requirement for intent to be a resident of the state. The Board is also asked to authorize the universities to proceed with Proposition 300 Implementation Plans.

Dr. Tribbensee gave a presentation of the changes in the policy.

Regent Stuart stated that this process will take a great number of people, a large amount of time, a big forensic effort and he stated that in his speculation it will cost lots of money to do this.

Regent Bulla stated that he would like the universities to track the cost of complying with this policy.

Upon motion by Regent Stuart, seconded by Regent Boice, the Board unanimously approved the amendment to ABOR Policies 4-102 "Non-Resident Tuition", 4-202 "General Rules", 4-203 "Requirements for Resident Status", 4-204 "Establishing Resident Status", 4-205 "Evidence to be Considered" and 4-300 "Student Financial Aid Preamble", and further authorized the universities to proceed with Proposition 300 implementation plans that include the elements described in the Executive Summary.

IT/AZUN COMMITTEE

Regent Bulla chaired this portion of the meeting in Regent Palacios' absence.

Oncology Research Management System (UA) (Agenda Item #14)

Regent Bulla stated that, at the request of President Shelton, this item has been withdrawn.

AUDIT COMMITTEE

Annual Audit Committee Report to the Board (Agenda Item #15)

Regent Mariucci chaired this portion of the meeting.

Regent Mariucci stated that since the last Audit Committee report made in March 2006, the Audit Committee has reviewed 43 reports issued by the Central Office auditors, university auditors, and the Auditor General. The Committee also monitored progress regarding completion of the annual audit plan and approved the central office audit plan for the 2006-2007 fiscal year. The Committee met with the Auditor General's staff and gained a better understanding of their role in the evaluation of internal controls relative to their annual financial audits of the universities.

Regent Mariucci stated that after receiving a number of audit reports containing instances of alleged employee misuse of purchasing cards, the Committee was concerned about the state of internal controls related to this purchasing program. The university Purchasing Directors and Comptrollers gave the Committee an excellent presentation on their purchasing card programs. Based on that presentation, the Committee concluded that purchasing card internal controls overall were very good and continuously being improved. Based on the volume of university purchases made with purchasing cards, misuse is a very small percentage, well below industry averages. Additionally, loss recoveries have been excellent, making actual losses almost nil. However, Regents still have concerns whether some managers' are accepting the appropriate level of responsibility for transactions initiated by their employees.

A new Board policy is being developed that assigns responsibilities for internal control to the Board, university administrators, and employees. The draft policy is scheduled to be presented to the Audit Committee in April.

Changes are being made in the way internal auditors develop and present annual audit plans and activities reports. The overall intent is to make the audit plans better aligned with risks and to improve the utilization of the audit resources. The Committee has stated that emphasis should be placed on auditing the real critical risk areas in our operating business which is construction contracts.

Regent Bulla stated that the Auditor General's office is getting ready to do their ten-year performance review. He further stated that he believed that performance issues and construction issues will be at the top of their list.

Regent DeConcini stated that he was very concerned about foreign travel by the universities and in lieu of what has transpired at the community colleges he believes that the Audit Committee needs to make certain that there are appropriate policies in place.

REPORT FROM THE ARIZONA FACULTIES COUNCIL

Marcus Ford stated that the Arizona Faculties Council was strongly opposed to SB 1542 which is the bill that states that an individual who is working in an official instructional capacity shall not support, oppose or endorse any candidate, legislation, rule, litigation or any position that is a matter of partisan controversy.

The meeting recessed at 5:08 p.m., and reconvened at 9:54 a.m. on Friday, March 9, 2007.

PUBLIC AWARENESS COMMITTEE

Regent Boice chaired this portion of the meeting.

Legislative Update (Agenda Item #16)

Christine Thompson and Greg Fahey joined the meeting for this presentation.

Regent Boice stated that the Legislative Session has passed several milestones since the last Board meeting. The deadline for bill introduction has passed. 1523 bills, memorials and resolutions were introduced in the legislature this year. The deadline for hearing bills in the chamber of origin has also passed, signaling that most legislation that has a chance of becoming law is on its way to the opposite chamber of the Legislature. The legislature has also begun work on the budget with the House conducting small group meetings between members and leadership, while the Senate cancelled regular committee hearings this week to focus on the budget.

The Legislative Affairs Committee met on February 26 to review and provide guidance on proposed legislation that was introduced since the last committee meeting and since the last Board meeting. There are a number of bills which impact the university system and they

have all been reviewed by the Legislative Affairs Committee. Board will receive an update on legislative matters and will review recommended positions on pending legislation.

Christine Thompson gave an update on legislation and the session. She stated that funding for the Biomedical campus appears to be a high priority and at this time it looks as though it will be part of the Senate budget.

Report on Solutions for Our Future Campaign (Agenda Item #17)

Cathy McGonigle joined the meeting for this presentation.

Regent Boice stated that the Board was now going to hear a report on the Solutions for our Future Campaign. He stated that the Board has previously talked about Solutions for our Future. It is a national campaign under the auspices of the American Council on Education to increase awareness of the value of higher education. He stated that he was very pleased that the Board is joining the campaign and doing their part to ensure that the citizens of Arizona realize the extent to which higher education benefits us all and the numerous contributions of our universities make to our state and local communities. The Board is going to be doing more than just participating in this public awareness campaign. The Board will be analyzing some of the challenges facing the university system, researching best practices, and working on solutions to some of the problems. There are many issues to address, including insufficient state funding for financial aid; build out of infrastructure as student enrollment increases and maintenance of the infrastructure; enhancing student success; making faculty and staff compensation competitive, and the list goes on.

Regent Boice stated that Cathy McGonigle, will be leading the tri-university effort and will be giving a presentation on what will be called Solutions for Arizona's Future. Regent Boice further stated that it was his understanding that this will be the first time ever that the Board and universities will have conducted a large-scale system-wide effort like this. For this project to be successful it will require a strong commitment of resources from both the Board's central office and the universities.

Regent Boice thanked the Presidents for their support of this effort and stated that he was pleased that he and Regent DuVal will be working together to oversee this major project. He stated that Regent DuVal has been very active in getting this underway.

Regent DuVal stated that he was very excited to be working on Solutions for Arizona's Future and he believes it is a tremendously important endeavor for the university system. This is an effort to deal with the big systemic challenges that are being faced by education. Higher education is at a critical stage in this country. The United States is dramatically falling behind internationally. Among the OECD (Organization for Economic Cooperation and Development) countries, we are #16 in high school completion rates; #9 in college enrollment rates; and #12 in college completions. The United States has fallen to 12th in students' math performance. The country faces an impending shortage of skilled workers due to greater skills requirements for jobs and the retirement of the baby-boomer generation. As higher education becomes a basic requirement for entry into the workforce, access and affordability become even more important.

Regent DuVal stated that in states throughout the country, including Arizona, the share of general fund appropriations for higher education has gone down. In Arizona funding for the public universities constituted 19.4% of general fund appropriations in FY 1979 and today it amount to only 10%.

Regent DuVal summarized what has been learned so far. First, what has been learned is that Americans believe in the value of higher education, but they don't believe those benefits are available to them. Americans do embrace the benefits of higher education, particularly as a contributor to everyone's quality of life, but the benefits are only cited once prompted. Third, the need to improve higher education as a driver of national competitiveness is an issue that tests as strongly as any, but half of American doesn't think higher education is improving and half don't think that students get their money's worth. Regent DuVal stated that these are great marketing opportunities and challenges.

Regent DuVal stated that the messages that are working are on the public benefit side of the equation such as "Universities transform lives and transform society", "Universities change the students who change the world", and "America faces societal and economic challenges that Universities help address" for example. This campaign is proliferating across the country. ACE has launched this campaign nationally - TV ads, print ads, opinion pieces, etc. Many states are joining the campaign and the Board believes that it will be worth the effort to have a campaign for Arizona as well.

Regent DuVal wants to kick off the Solutions for Arizona Future effort beginning with some opinion research so the Board can determine the value proposition in Arizona, the marketing points that are most effective and then get to the most vexing question which is, what is the long term resource strategy and outcome expectation for higher education in Arizona, what are the resources necessary to match it, and what kind of effort needs to take place in marketing, policy and all other aspects of public policy - what needs to happen to get us to that lodestar.

Cathy McGonigle then gave a PowerPoint presentation about Solutions for our Future. The theme for the campaign is: We teach the people who solve the problems and change the world. This is a national campaign organized under the auspices of the American Council on Education (ACE). The goals are to increase awareness of the value of higher education, increase support for higher education as a public policy priority and to ensure that each campus is able to be fully engaged in seeing that higher education meets needs of society.

Ms. McGonigle stated that the audience is everyone, the general public, business and community leaders, policymakers and opinion leaders. She further stated that the core messages are that well-educated citizens are crucial to America's ability to confront the challenges of the future; our colleges and universities contributed to the economy, well being, and quality of life in our country; our country must continue to expand college access and achievement to build the human capital necessary to succeed in the international knowledge economy; and to meet the needs of the future, America must sustain public investment in higher education.

Ms. McGonigle stated that the major target dates are as follows: April 15, action plan developed; June Board retreat, survey conducted and draft report issued for review and draft

package of campaign materials developed for review; July 31, policy papers and policy options developed on two to three of the priority issues facing the university system.

CAPITAL COMMITTEE

Regent Boice chaired this portion of the meeting.

Regent Boice stated that the Capital Committee met on February 15, 2007 and considered all items on the agenda today as well as approving Northern Arizona University's request for Project Implementation Approval for the Expansion of the University Union Dining Facility and the University of Arizona's request for Project Approval for the Residence Life Building Renewal Phase 3A project.

Combined Project Implementation Approval and Project Approval: Residence Hall and Waiver of ABOR Policy to Allow Additional Funding for Programming Design (NAU) (Agenda Item #18)

Kathe Shinham and Dave Harris joined the meeting for this presentation.

Regent Boice stated that the Board was being asked to approve Northern Arizona University's request for Combined Project Implementation Approval and Project Approval of its new Residence Hall Project and a waiver of Board Policies 7-107.C.3 and 7.107.E.3 to allow additional funding for programming design at an estimated total project cost of \$30.4M. The Capital Committee reviewed this item at its February 15, 2007, meeting and recommends Board approval.

Upon motion by Regent Calderón, seconded by Regent DeConcini, the Board unanimously granted Project Implementation Approval, Project Approval and a waiver of Board policy for NAU's New Residence Hall Project as recommended by the Capital Committee, and as presented in the executive summary.

Ground Lease Agreement to Facilitate Third-Party Financing and Construction of Polytechnic Utility Infrastructure Central Plant Facility (ASU) (Agenda Item #19)

Carol Campbell and Dave Harris joined the meeting for this presentation.

Regent Boice stated that the Board was being asked to grant authority for Arizona State University to enter into (i) a Ground Lease Agreement with Polytechnic Campus Energy Center, LLC, regarding the Polytechnic Central Plant Facility and the sale of tax exempt bonds by the LLC of up to \$18.5M, and; (ii) one or more intergovernmental agreements with the City of Mesa relating to infrastructure improvements for the Polytechnic campus. The Capital Committee reviewed this item at its February 15, 2007, meeting and recommends Board approval.

Carol Campbell stated that the infrastructure at the Polytechnic campus is not sufficient to service building as the campus continues to grow. This project is a 4500 square foot central plant which will support the new 240,000 square foot Polytechnic Academic Complex and the

existing 10,000 square foot Polytechnic Auditorium. This is a three element project: (1) approval for entering into a 25 year ground lease with the Polytechnic Campus Energy Center, LLC, for the construction and operation of the central plant facility which will be designed, constructed and operated by Arizona Public Service Energy Services (APSES); (2) approve of the issuance, by a limited liability company formed by Arizona Capital Facilities Finance Corporation, of tax-exempt revenue bonds in a sufficient amount to build the central plan and pay for related financial costs, and (3) approval to enter into one or more IGA with the City of Mesa relating to infrastructure work to provide water and sewer for the Polytechnic campus.

Regent DeConcini asked why the university needed another LLC. He wondered why they could not use one of the LLC's that had already been created. Carol Campbell stated that she believed these were single purpose LLC's, but she would check into the matter with the attorney's office and see if there were a way to use an LLC more than once.

Upon motion by Regent Boice, seconded by Regent DeConcini, the Board unanimously approved Arizona State University's entering into a ground lease agreement with Polytechnic Campus Energy Center, LLC., for the construction and operation of a central plant facility to serve the ASU Polytechnic campus, and (ii) approved the issuance by a limited liability company formed by Arizona Capital Facilities Finance Corporation of tax-exempt revenue bonds not to exceed \$18,500,000, in a sufficient amount to build the CP Facility at ASU's Polytechnic campus and to pay for related financial costs, including capitalization of interest during construction and initial start up, and further approved entering into one or more Intergovernmental agreements with the City of Mesa relating to infrastructure for the Polytechnic campus and further authorized the President of the University, the Executive Vice President and CFO, or the Associate Vice President for Finance and Treasurer, to take all appropriate actions to negotiate, sign and enter into the ground lease agreement with the LLC for the construction, operation, and maintenance of the central plant facility to serve the ASU Polytechnic campus on the terms described in the executive summary, and any other necessary or appropriate documents in connection with the transaction and related financing, and to take all necessary and appropriate actions in this connection and that the President of the University, the Executive Vice President and CFO, or the Deputy Executive Vice President for University Services, are each separately hereby authorized to take all appropriate actions to negotiate, execute and deliver the intergovernmental agreement or agreements with the City of Mesa for utilities infrastructure for the ASU Polytechnic campus as presented in the executive summary.

Authorization to Sell System Revenue Bonds (SRBs) (UA) (Agenda Item #20)

Joel Valdez joined the meeting for this presentation.

Regent Boice stated that the Board was being asked to grant authority for the University of Arizona to sell one or more series of System Revenue Bonds (SRBs) to produce sufficient proceeds not exceeding \$700,000 to finance the Residence Life Building Renewal Phase 3A project and to pay costs of issuance of the SRBs. The Capital Committee reviewed this item at its February 15, 2007, meeting and recommends Board approval.

Upon motion by Regent Boice, seconded by Regent Hermes, the Board unanimously authorized the University of Arizona to sell System Revenue Bonds to produce sufficient proceeds, not to exceed \$700,000, to finance the Residence Life Building Renewal Phase 3A project, and to pay the costs of issuance of the System Revenue Bonds, to take related actions, to enter into necessary agreements and to execute documents, as presented in the executive summary.

Authorization to Lease Corleone Apartments Located in the North Campus Planning Area (UA) (Agenda Item #21)

Joel Valdez joined the meeting for this presentation.

Regent Boice stated that the Board was being asked to grant authority to the University of Arizona to lease a 48-unit apartment complex from UAF Realty, L.L.C., at an annual lease cost of \$696,651 for a ten-year period commencing March 1, 2007. The Capital Committee reviewed this item at its February 15, 2007.

Regent Boice stated that Joel Valdez and he had spoken with the UAF Realty, L.L.C. and renegotiated this lease. The Board is now being asked to grant authority to the University of Arizona to lease this 48-unit apartment complex from UAF Realty, L.L.C., at a monthly lease cost of \$54,520, with the expectation that the property will be purchased by the university within 12 months for \$4,636,016, subject to approval of the legal documents by University and Board Counsel.

Regent DeConcini stated that he has great concern over property being leased as part of real estate deals for just under the threshold of \$500,000 which require Board approval. He disapproves of splitting deals into smaller pieces so they avoid the threshold and the need to come to the Board.

Regent Bulla asked what guarantees there were that other properties that are leased through the UA Foundation will come back to the university. He stated that he wanted to make certain that the return of the property to the university at the end of the lease term was stated in the agreements.

Upon motion by Regent Boice, seconded by Regent Calderón, the Board unanimously authorized the University of Arizona to lease the Corleone Apartments, with the expectation that the property will be purchased in 12 months, on the following terms: the lease for the 12 month term will be at 5.5% (\$54,520 per month), with the buyout payment in one year to be \$4,636,016, subject to approval of the legal documents by University and Board Counsel.

HUMAN RESOURCES COMMITTEE

Regent Bulla chaired this portion of the meeting.

Approval of an Amendment to the Multiple-Year Employment Contract for the President of Arizona State University (Agenda Item #27)

Regent Bulla stated that the Board is being asked to approve an amendment to the multiple-year employment contract for Michael Crow, President of Arizona State University. The amendment allows President Crow to be eligible to receive payment for certain negotiated performance goals. The specific goals are outlined in the executive summary.

Upon motion by Regent DeConcini, seconded by Regent Calderón, the Board unanimously approved the amendment to the multiple-year employment contract for Michael Crow which provides that President Crow will be eligible to receive a payment for certain negotiated performance goals as set out in the executive summary and that the Board President be authorized to execute the amendment as well as a separate agreement regarding the performance incentives.

Approval of Appointment of Vice President for External Relations (UA) (Agenda Item #28)

Regent Bulla stated that the Board was being asked to approve the appointment of Stephen J. MacCarthy to serve as Vice President for External Relations at the University of Arizona.

Upon motion by Regent Calderón, seconded by Regent Stuart, the Board approved the appointment of Stephen MacCarthy to serve as Vice President for External Relations at the University of Arizona at a fiscal year salary of \$260,000, and as further presented in the executive summary.

Approval of Proposed Terms and Conditions of Multiple-year Employment Contract with Football Head Coach (ASU) (Agenda Item #29)

Regent Bulla stated that the Board was being asked to approve a multiple-year employment contract for Dennis Erickson to serve as the Football Head Coach at Arizona State University.

Upon motion by Regent Bulla, seconded by Regent Stuart, the Board unanimously approved the appointment and multi-year contract of Dennis Erickson to serve as Football Head Coach at Arizona State University through January 15, 2012, for a salary of \$450,000 base salary and \$50,000 additional salary for the first year and as further presented in the executive summary.

Approval of Proposed Terms and Conditions of Multiple-year Employment Contract with Director of Athletics (NAU) (Agenda Item #30)

Regent Bulla stated that the Board was being asked to approve a multiple-year employment contract for James E. Fallis to serve as Northern Arizona University's Director of Athletics. Upon motion by Regent Calderón, seconded by Regent DuVal, the Board unanimously approved the multiple-year employment contract for James Fallis, to serve as Director of Athletics at Northern Arizona University from July 1, 2007, through June 30, 2010, for an annual salary of \$130,000 per year and as further presented in the executive summary.

UPDATE ON THE UNIVERSITY OF ARIZONA COLLEGE OF MEDICINE - PHOENIX (Agenda Item #35)

Regent Stuart stated that the Board was being asked to approve a Joint Operating Agreement Addendum to the University of Arizona College of Medicine Memorandum of Understanding which was executed in August 2004.

He said that this addendum builds on the first principles developed in the MOU and addresses the following issues: Governance of the UA College of Medicine Phoenix, Research collaboration and academic programs on the Phoenix Biomedical Campus, Facilities planning, Development and fundraising, Branding, and the Addendum will create an Arizona University Biomedical Planning Council. He then announced the new name for this collaborative effort as agreed upon by all parties: The University of Arizona College of Medicine Phoenix, in Partnership with Arizona State University.

Upon motion by Regent Stuart, seconded by Regent Bulla, the Board unanimously approved the Joint Operating Agreement Addendum to the University of Arizona College of Medicine Memorandum of Understanding, as presented in this Executive summary.

Regent Stuart then provided an update on the University of Arizona College of Medicine Phoenix, in Partnership with Arizona State University. He stated that admission letters were sent to the first round of students in the Tucson and Phoenix programs. 134 students have been offered admission to the UA College of Medicine for classes starting in July. Approximately half of these students have requested the Phoenix location, and campus assignments will go out in mid-March. The Phoenix location will have 24 students. As some students decline the offer, additional students will be offered admission. More than 650 Arizona residents applied for admission to the UA's medical school this year, one of the highest numbers in their history.

Regent Stuart reported that the Biomedical Campus was making progress at the legislature. This is a combined university effort working on two fronts: To expand the programs for medicine, pharmacy, allied health and biomedical informatics, along with telemedicine to serve the state and to secure the necessary funds to move forward with the ABC 2 and Medical Education buildings. The working group for ABC 2 and Medical Education, which includes UA, ASU and NAU along with the City of Phoenix, is also continuing the conceptual and programmatic planning for these important facilities.

Regent Stuart stated that the College of Medicine was working with LarsonAllen to develop the detailed primary clinical affiliation agreement with Banner Health. The College of Medicine seeks to enter into more detailed discussions with Maricopa Integrated Health System on robust academic relationships focusing on graduate medical education. At present, MIHS has indicated it wishes to maintain the current relationship while it works with its consultants on facility and economic planning.

INQUIRIES, REQUESTS, REPORTS, AND COMMENTS FROM REGENTS AND MEMBERS OF THE COUNCIL OF PRESIDENTS

The Regents thanked the University of Arizona and President Shelton and all of the staff for their hospitality and they thanked everyone for making this another great meeting.

The Regents thanked George Davis for his contributions to the university and to the State of Arizona.

ADJOURNMENT

The meeting adjourned at 12:20 p.m.

SUBMITTED BY:

Peggy Martin
Secretary to the Board

APPROVED BY:

Robert B. Bulla
President

ATTEST:

Anne Mariucci
Assistant Secretary