

MINUTES OF A MEETING



June 21, 2007

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**MINUTES OF A MEETING
ARIZONA BOARD OF REGENTS
Thursday, June 21, 2007**

A meeting of the Arizona Board of Regents was held June 21, 2007, in the Northern Arizona University, University Union, Flagstaff, Arizona.

President Bulla called the meeting to order at 9:09 a.m. on Thursday, June 21, 2007.

Present:

- Regent Fred Boice
- Regent Robert Bulla
- Regent Ernest Calderón
- Regent Dennis DeConcini
- Regent Fred DuVal
- Regent Edward Hermes
- Regent Christina Palacios
- Regent Gary Stuart
- Regent Mary Venezia
- Regent Anne Mariucci (participated by phone)

Absent:

- Superintendent Tom Horne
- Governor Janet Napolitano

Also present were President John Haeger, Dr. Elizabeth Grobsmith, Dr. M. J. McMahon, Mr. Dave Harris, Ms. Kathe Shinham, and Mr. Mark Neumayr, Northern Arizona University; President Michael Crow, Dr. Christine Wilkinson, Ms. Carol Campbell, Mr. Rich Stanley, Mr. Paul Ward, and Dr. Elizabeth Capaldi, Arizona State University; President Robert Shelton, Ms. Edith Auslander, Ms. Judith Leonard, Ms. Carla Nunn, Mr. Greg Fahey, Dr. Gene Sander and Mr. Joel Valdez, University of Arizona; 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, Dr. Sandra Woodley, Ms. Stephanie Jacobson, Mr. Mark Denke, Mr. Dan Anderson, 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 June 21, 2007, Documents Files.

Regent Palacios led the Pledge of Allegiance.

Regent Bulla welcomed everyone to the meeting and welcomed and congratulated David Martinez stating that he had now been confirmed as the next Student Regent. Regent Bulla thanked the Governor and her staff for working diligently to get our budget requests considered and the budget completed. Regent Bulla then stated that this was Marcus Ford's last meeting as the Faculty Representative.

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.

JOAN BRUNDIGE-BAKER, a former employee of Northern Arizona University stated that there are people out in the community that might be interested in assisting with a plan regarding textbook costs.

TOMMY BRUCE, Student Body President, University of Arizona, and a member of the Arizona Students Association, stated that the general student perspective is that the textbook taskforce focused on the correct issues and they are in favor of the recommendations.

TOM WAHL, Student Body President, Northern Arizona University, stated that he felt approving the recommendations of the textbook taskforce will be a great help to students in assisting with defraying the costs of receiving an education.

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 Boice, seconded by Regent Palacios.

***Minutes**

The March 8 & 9, 2007 Executive Session minutes, the April 26, 2007 Regular Meeting minutes and the May 19, 2007 Special Meeting minutes were approved.

RESOURCES CONSENT AGENDA

***Approval of Arizona Area Health Education Centers (Arizona AHEC) Preliminary FY 2008 Program Budget (Agenda Item #8)**

The Board reviewed and approved the preliminary FY 2008 budget for the Arizona Area Health Education Centers (Arizona AHEC) Program.

***Appointments of New Arizona Area Health Education Centers (Arizona AHEC) Program Advisory Commission and Regional Area Health Education Centers Governing Board Members (Agenda Item #9)**

The Board approved appointments of Arizona Area Health Education Centers Program (Arizona AHEC) advisory commission members and the Eastern Arizona AHEC (EAHEC), Greater Valley AHEC (GVAHEC), Northern Arizona AHEC (NAHEC), Southeastern Arizona AHEC (SEAHEC), and Western Arizona AHEC (WAHEC) governing board members.

***Authorization to Approve a Continuation Award from the HHS-NIH-NIAA-National Institute on Alcohol Abuse and Alcoholics #5 R01AA016213; a New Award from the MacArthur Foundation #06-87763-000-GSS; a New Award from the National Science Foundation #0648568; and a New Award from Science Foundation Arizona #GRF 000307 (Agenda Item #10)**

The Board authorized Arizona State University to approve a continuation award from the HHS-NIH-NIAA-National Institute on Alcohol Abuse and Alcoholics for a total obligated award amount of \$1,275,764; a new award from the MacArthur Foundation in the proposed amount of \$2,095,140; a new award from the National Science Foundation in the proposed amount of \$1,249,634; and a new award from Science Foundation Arizona in the proposed amount of \$1,850,000.

***Disclosure of Substantial Interest of University Employee (UA) (Agenda Item #11)**

The Board approved the University of Arizona requests for Professor David Lynch to establish and maintain a substantial equity interest in Solar Technology Research Corporation (STRC) while employed at the University of Arizona. Dr. Lynch will serve as Chief Technical Officer for STRC and will hold a 15% equity interest. His involvement with STRC will not interfere with his teaching, research, or administrative duties.

IT/AZUN CONSENT AGENDA

***Storage Controller Infrastructure for Server Consolidation Environment (ASU) (Agenda Item #13)**

The Board approved Arizona State University's request to implement its Storage Controller Infrastructure for Server Consolidation Environment project at an estimated cost of \$1.2 million. The IT/AZUN Committee reviewed this item at its June 7, 2007, meeting and recommended Board approval

***Consolidation of Multiple Storage Environments (ASU) (Agenda Item #14)**

The Board approved Arizona State University's request to implement its Consolidation of Multiple Storage Environments project at an estimated cost of \$565,000. The IT/AZUN Committee reviewed this item at its June 7, 2007, meeting and recommended Board approval.

CAPITAL CONSENT AGENDA

***Request for Authority to Sell System Revenue Bonds (NAU) (Agenda Item #19)**

The Board approved Northern Arizona University's request for authorization to sell System Revenue Bonds in an amount sufficient to finance two capital projects with project costs not to exceed \$39.5M, pay the cost of issuing the bonds, and take all related actions to enter into necessary agreements. The Capital Committee reviewed this item at its May 31, 2007, meeting and recommended Board approval.

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

The Board approved the University of Arizona's request for authorization to sell one or more series of System Revenue Bonds (SRBs) to produce sufficient proceeds, not to exceed \$27.56 million, to finance the Student Recreation Center Expansion Project and to pay the cost of issuance of the SRBs and costs under any related interest rate lock agreement. The Capital Committee reviewed this item at its May 31, 2007, meeting and recommended Board approval.

***Request for Combined Project Implementation Approval and Project Approval: SkySong Tenant Improvements Phase I (ASU) (Agenda Item #21)**

The Board approved Arizona State University's request for Combined Project Implementation Approval and Project Approval for SkySong Tenant Improvements Phase I Project at ASU Scottsdale Innovation Center. The total project cost of Phase I is \$5.6 million and will provide 44,000 gsf of tenant improvements. The Capital Committee reviewed this item at its May 31, 2007, meeting and recommended Board approval.

***Request for Approval to Auction and Sell 12.86 Acres of Land at the University of Arizona Science and Technology Park (UA) (Agenda Item #22)**

The Board approved the University of Arizona's request for approval to sell to the highest bidder, 12.86 acres of UA Science and Technology Park unutilized property located on the south side of Interstate-10, between Kolb Road and Rita Road, in unincorporated Pima County, pursuant to ABOR Policy 7-204. The Capital Committee reviewed this item at its May 31, 2007, meeting and recommended Board approval.

***Request for Revised Project Approval and Budget Increase of \$3.0M: Nursing Building Backfill Renovations and Classroom Renovations (ASU) (Agenda Item #23)**

The Board approved Arizona State University's request for Revised Project Approval with a scope and budget increase for Nursing Building Backfill Renovations and Classroom Renovations. The total combined budget for the Nursing Building Backfill Renovation Project and the Classroom Renovations Project is now \$8.6M (Original project approval granted in March 2007). The Capital Committee reviewed this item at its May 31, 2007, meeting and recommended Board approval.

***Request for Project Approval and Budget Increase: Dining Expansion (NAU) (Agenda Item #24)**

The Board approved Northern Arizona University's request for Project Approval and a Budget Increase of \$500,000 for the University Union Dining Expansion Project. This project will provide a 26,000 square foot, two story addition to the north side of the existing student union. The Capital Committee reviewed this item at its May 31, 2007, meeting and recommended Board approval.

HUMAN RESOURCES CONSENT AGENDA

***Approval of Multiple-Year Employment Contract for Soccer Head Coach (ASU)** (Agenda Item #31)

The Board approved a multiple-year employment contract for Kevin Boyd to serve as ASU Soccer Head Coach for the period from the execution of the contract through December 31, 2010, pursuant to ABOR policies 6-1001 through 6-1003.

***Approval of Fifth Amendment to the Cash Balance Pension Plan** (Agenda Item #32)

The Board approved the Fifth Amendment to the Cash Balance Pension Plan to amend the definition of pay-based credits.

PROGRAMS COMMITTEE

Regent Stuart chaired the Programs Committee.

Approval of the Recommendations of the ABOR Task Force on Textbook Costs (Agenda Item #1)

Carol Campbell, Kathe Shinham, Tom Wahl and Mark Denke joined the meeting for this presentation.

Regent Hermes gave an update on the recommendations of the Task Force on Textbook Costs. Regent Hermes thanked everyone for all of their work and help on the task force. He stated that over the past several years the cost of textbooks has become an issue of great concern for students, parents, university administrators and Regents.

Regent Hermes then stated that the Textbook Task Force recommendations were as follows:

The Board is asked to direct the Council of Presidents to establish campus-based textbook guidelines to include implementation plans which address the recommendations of the Task Force. The guidelines should include: (1) establishing a uniform deadline before the "buy-back period" for textbook orders; (2) establishing procedures to increase the number of textbook orders submitted by the deadline with a goal of 50% by spring 2008 and 80% by spring 2009; (3) developing a brochure designed for campus education describing the issues concerning new textbook editions and encouragement to continue providing older editions of textbooks; (4) creating buyback incentives for students to increase the number of textbooks returned; (5) encouraging bookstores to offer unbundled versions of all textbooks that are bundled; (6) encouraging the use of non-printed resources and development of alternatives to traditional textbooks for classes; (7) insuring that each university bookstore implements a "low price guarantee;" (8) creating/expanding a textbook rental pilot program; (9) conducting a feasibility study to investigate the possibility of using the University of Arizona Press to publish general education textbooks at the 100-200 level common to the universities while retaining the principles of academic freedom and creativity; and (10) providing a written and oral status report to the Board every spring starting in 2008.

Regent Stuart stated that he wanted the Council of Presidents to manage a feasibility study regarding the University Press and then come back to the Board with a report in the spring with recommendations.

Regent Bulla asked where the dollars to do a feasibility study would come from. Regent Bulla further stated that he did not think this would be a low cost study. Regent Stuart stated that he felt that the individuals at the University Press should be involved in the study, the director of the University Press is nationally regarded and her expertise could and should be utilized. Regent Stuart stated that he felt that the money to do this study needed to come from the Board of Regents and they needed to find a new, unique revenue stream to gear up the Press to begin publishing more materials.

Regent Boice asked if there was buy-in from the university presidents and administration. Do the universities think they can implement these recommendations?

Regent Stuart stated that the university administration and the faculty were involved in the task force study so he believes that they will be able to implement the recommendations. President Crow stated that ASU understands that this is an area where the universities have not been as efficient as they should be and the recommendations in general are good and they will be implemented at ASU. President Shelton stated that the UA is prepared to follow through with these recommendations. He further stated that the faculty felt as though they were a part of the solution. President Shelton stated that he felt it was worthwhile to do the feasibility study, but cautioned that there were barriers, most specifically finances, to implementing big changes. He also cautioned the Board that all the universities would like to keep costs down on textbooks but he is not convinced that it is going to be a significant savings when it comes to the cost of education. President Haeger stated that NAU will move forward with the recommendations. He further stated that their situation is a little different as their bookstore has been privatized.

Marcus Ford stated that the one recommendation that causes him the most concern is the feasibility study. Retaining academic freedom is very important. One of the principle academic freedoms that the faculty has is choosing its textbooks, so he believes that standardization of textbooks could significantly reduce academic freedom.

President Crow stated that books were a powerful thing by themselves. The fact that books are being portrayed as a commodity to be acquired, used and then disposed of is perhaps an understatement of the value of the book itself. He stated that he felt a better idea would be to position the universities so the students could afford to purchase books and not have such a burden on them that they need to return the books for dollars, but keep the books for future reference.

Upon motion by Regent Stuart, seconded by Regent Hermes the Board unanimously approved the recommendations of the Task Force on Textbook Costs.

International Academic Programs and Global Engagements (Agenda Item #2)

Anthony "Bud" Rock, Liz Grobsmith, Kirk Simmons and Stephanie Jacobson joined the meeting for this presentation.

Regent Stuart stated that the universities will be presenting an overview of their international academic programs and their strategic partnerships to promote global engagement. He stated that having read the scope of what the universities were doing, it was clearly time to learn more about this endeavor.

Stephanie Jacobson stated that the presentations today were intended to provide a high level description of the scope of activities the universities are engaged in on the international front. This presentation is meant to be an orientation to the range of initiatives the universities are involved in and the direction international and global programs have taken in recent years and should provide an idea of the role these programs play in the larger missions and strategic directions of the institutions.

Dr. Rock stated that ASU has made a major commitment to ensure that students have the essential skills to compete in the global marketplace and serve as good global citizens. Dr. Rock stated that he believed that the university had attained the level of an internationally recognized research institution. For our communities - local, national and global - this engagement builds bridges of understanding and collaboration and prepares future leaders to operate in the global context.

ASU is working to create an efficient and effective system for student mobility in the country. ASU is striving to build a global culture that places international knowledge, experience, and relationships at the center of higher education. The programs are designed to promote a deep student engagement through travel and study abroad, student exchange, and attracting international students to join the ASU community. Currently ASU's global education activities involve over 220 programs in 50 countries, more than 3000 international students in programs on ASU campuses, as well as wide ranging exchanges and internship opportunities.

ASU faculty is involved in an extraordinary spectrum of research and teaching projects in approximately 120 countries around the world. These diverse projects, ranging from bioinformatics and engineering to social anthropology or creative writing, are critical to the transformation of the university's global culture.

The core of ASU's initiative to embed global engagement within the structure of the New American University rests with the creation of robust strategic partnerships with sister institutions that share our commitment to innovation and re-imagining the role of the university in society.

There are a growing number of trans-disciplinary centers and programs within ASU that serve as the foci of the global engagement strategies. These centers and programs create global curricula, promote international student mobility, provide cutting-edge research opportunities for ASU faculty in the international arena and serve as central points for strategic partnerships.

Dr. Grobsmith stated that NAU's commitment to global education is centered on the principles of strengthening and broadening every student's experience to maximize their ability to function in and contribute to social responsibility in a world context. Global education is comprised of a wide range of opportunities for students and faculty - study abroad and immersion programs, faculty-led international travel and residential opportunities, faculty and

student research within a global context, recruitment of internationally diverse students and faculty, language learning and training programs for international scholars and visitors who wish to study with NAU faculty and students, curricular diversity, and a myriad of other kinds of international programs.

Dr. Simmons stated that the UA's engagement of faculty in international teaching and research has created an extensive foundation for partnerships with peer institutions across the globe. In 1995, the UA made a conscious decision to re-evaluate the mechanisms by which these partnerships were created to ensure their viability and sustainability. Moreover, an aggressive initiative was undertaken to complement all international faculty collaborations with bilateral student exchanges. A philosophy of decentralized, grassroots internationalization with central, administrative oversight was adopted. This allowed a synergistic, substantive and rapid expansion of formal international partnerships, focused on the areas of academic excellence across the university. It also allowed for the pursuit of strategic, global initiatives in fields of student and research where the university excels.

Regent Bulla stated that this was an excellent start. He stated that he would be interested in getting sustained reporting on this topic over time. He would like the universities to work together to develop a consistent format which would, among other things, quantify how many students, partnerships, etc. He stated that he felt that it was important that the Regents get a handle on what is happening and then see what the opportunities are, the concerns, what should the Board be focusing on and how the Board can help you do your job in this area.

Regent Boice stated that this program had evolved from an exchange program to operating agreements. He stated that he wants to be certain the Regents understand what the programs are and what the universities obligations are.

Regent DuVal stated that a well educated student must be able to engage the world and in a global context we are in a war over the future of different views of culture and the soft power that is represented by exchanges and exposure is a critical part of that strategy. This is important and is part of what it is to be a well educated and effective citizen.

President Haeger stated that after 9/11 a lot of groups withdrew from the international arena. There was a time when the United States was the destination for international students. The United States is no longer the best destination for international students or international scholars. The United States needs the talents of international students and scholars.

President Crow wanted Regent Boice to know that ASU does not enter into agreements that obligate them financially without financial means coming from the parties to the agreement. The Regents should be more informed. Many times the universities receive funding from the other governments that are involved in the endeavors.

Dr. Grobsmith stated that it is a sobering reality to attend an international educational expo and to see countries that have corridors and corridors of recruitment ventures and there is only one little table from the United States. She stated that the United States is losing its edge. Other countries are doing a great deal to advance international education and bring international students into their universities and the United States is not.

Academic Program and Organizational Change Requests (Board Item #3)

Betty Capaldi, Gene Sander, Liz Grobsmith and Stephanie Jacobson joined the meeting for this presentation.

Regent Stuart welcomed Gene Sander as the interim provost for the University of Arizona. He stated that Dr. Sander had been at the University of Arizona for a number of years in key positions and was known to many for his contributions to the university and the state.

Upon motion by Regent Stuart, seconded by Regent Calderón, the Board unanimously approved the academic programs requests as listed in the executive summary.

Regent Stuart stated the he was hoping to change the Programs Committee to the Academic Affairs Committee and he and the provosts are working on a draft charter. His expectation is that the details of how the committee will work will be coming to the Board in September for approval. Regent Venezia ask if a student regent could sit on the committee. Regent Stuart responded that he thought that might be a good idea.

RESOURCES COMMITTEE

Regent Calderón chaired this portion of the meeting

FY 2008 State Expenditure Authority (Board Item #4)

Gale Tebeau and Christine Thompson joined the meeting for this presentation.

Regent Calderón stated that the budget had been finalized by the legislature just a few hours ago. Because the budget has not yet been signed by the Governor, there is no information to be presented for this item. Therefore this item is being removed from the agenda.

Gale Tebeau gave an overview of what was in the budget being sent to the Governor. She stated that this budget was an 11.9% increase. The salary package is a 3.25% salary package pool. The universities' enrollment growth formula was funded at 97% of the request, the WICHE request was funded at 100%, and AFAT was funded at the required 2:1 match. There were nine strategic initiatives which will receive funding.

Regent Stuart asked about previous appropriations for enrollment growth. President Crow stated that in the previous years, enrollment growth was funded at approximately 50% of the model.

Joel Sideman clarified the AFAT funding, reminding everyone that the original request was for the 2:1 match, but because of the decision on the tuition increase last year, a request was made for additional funds. Regent Hermes stated that it was great that the universities received the 2:1 match, but the state is really lagging in the support they provide for students.

Development of FY 2009 State Operating Budget Requests (Board Item #5)

Gale Tebeau joined the meeting for this presentation.

Regent Calderón stated that the Board was being asked to discuss development of FY 2009 State Operating Budget Requests for the universities and the central office. The proposed elements for the FY 2009 budget requests are similar to what the universities used in the past. The question is how should the Board proceed for the next budget cycle. Are there issues that the Board wants the universities to address in their requests?

The Governor has provided the Board with items that she would like to have considered. She has asked that the Board consider additional funding initiatives to be based upon goals associated with and performance measures related to (1) the development of a highly skilled and educated labor force for the state's economy; (2) the development of a well-qualified teacher corps, especially within the Science, Technology, Engineering, and Math (STEM) disciplines; and (3) the creation of new knowledge through research and development and the diffusion and acceleration of these new ideas into products and services.

The plan would be to bring preliminary budget requests to the Board in August and for approval in September.

Regent Hermes stated that he believed that the Board should move toward a model where money is appropriated to the Board and the Board distributes the funds to the universities as suggested in the Pappas Report.

Regent Bulla stated that he felt the Board needed more dollars when it came to building renewal, O&M needs, IT infrastructure, and a portion of the strategic plan, etc. He felt the Board hadn't made a strong enough case for funding for these items, but believed that this is an opportunity to address this matter. Regent Calderón stated that this item should be addressed in the State Operating Budget Request.

Regent Calderón stated that the Allied Health professions should now be emphasized in the State Operating Budget Request and he asked if the Board agreed that some seed money be provided in TRIF funding. There was general agreement.

FY 2008 Technology and Research Initiative Fund (TRIF) Regents Innovation Fund Budget (Board #Item 6)

Kathy Bedard joined the meeting for this presentation.

Regent Calderón stated that the Board was being asked to approve the FY 2008 TRIF Regents Innovation Fund budget in the amount of \$2.4 million.

Kathy Bedard gave a brief overview of the budget items. The proposed budget designated \$860,000 for a Learner-Centered Education Course Redesign; \$250,000 for the UA College of Medicine-Phoenix, in Partnership with ASU; \$250,000 for Information Technology Grants; \$200,000 for the Arizona Water Institute; \$250,000 for Beat the Odds; \$75,000 for Arizona Academic Scholars (ABEC); \$125,000 for the Statewide Transfer Articulation System; \$110,000 for Operating and \$324,505 for Emerging Issues.

Regent DeConcini joined the meeting at 10:45 a.m.

Regent Bulla stated that he believed that the Board needed to look at the possibility of combining AZUN with the articulation transfer system. He stated that it seemed as though it would be a logical combination of resources.

Regent DeConcini asked that it be researched if TRIF funds can be applied toward student IT fees.

Upon motion by Regent Calderón, seconded by Regent Boice, the Board unanimously approved the FY 2008 TRIF Regents Innovation Fund budget in the amount of \$2.4 million as presented in the executive summary.

Tuition Setting Process and Calendar for the 2008-2009 Academic Year (Board #Item 7)

Gale Tebeau joined the meeting for this presentation.

Regent Calderón stated that the Board was being asked to review and consider adopting a tuition setting process and calendar, which calls for the Board to set tuition and fees in December 2007 for the following academic year.

Gale Tebeau explained the requirements regarding the public hearings, publication notices and public disclosure.

Regent Hermes stated that he believed that the Board should separate differential tuition and program fees and move that portion of the item to March.

Regent Hermes moved that the Board consider differential tuition and program fees in March, Regent Duval seconded the motion. Discussion ensued.

President Haeger stated that he felt it was much better for the students if the process was done all at once. He stated that he believed it was better for the students to have the full cost that they will pay available to them earlier rather than later. President Shelton and President Crow agreed with President Haeger.

Regent Stuart stated that the video hearing didn't work well last time. He thinks the interactive video hearing needs to be thought out better. He believes there must be a better way to do the hearing. He then stated that he opposed Regent Hermes's motion. He believes it is important to get the numbers out as soon as possible.

Regent Bulla stated that he thought the whole package needed to be upfront but there should be flexibility if there are other issues. Regent Boice agreed.

Regent Hermes withdrew his motion. He asked that maybe the Board could get the information out a little earlier.

Upon motion by Regent Calderón, seconded by Regent DeConcini the Board unanimously approved the tuition setting process and calendar for the 2008-2009 academic year, as presented in the executive summary.

IT/AZUN COMMITTEE**Report from the IT/AZUN Committee (Board #Item 12)**

Regent Palacios gave an oral report on the proceedings of the IT/AZUN Committee meeting held on June 7, 2007. She stated that Charlie Moran, President of Moran Technology Consulting provided the Committee with a progress report on the IT Collaborative Opportunities project. She stated that Mr. Moran identified twelve potential areas for collaboration. For each area costs, benefits and complexity were identified. The next step would be to work with the universities on developing the final report which will identify the best collaborative opportunities to initially address. She stated that there may be an opportunity to use TRIF funds for these collaborations. She then stated that two IT projects for ASU were forwarded to the Board for approval. She further stated that the Committee was provided with a draft of the Presidents' AZUN Portal Development Plan. The universities are to return with a detailed marketing plan that alerts students to class registration opportunities at other Arizona universities and to identify options for moving forward. The committee also received an interim progress report on the 2006 Arizona Regents Reach Out and Arizona Universities Network grants.

UPDATE ON THE UNIVERSITY OF ARIZONA COLLEGE OF MEDICINE – PHOENIX, IN PARTNERSHIP WITH ARIZONA STATE UNIVERSITY

Dr. Edward Shortliffe, Dean of the University of Arizona College of Medicine-Phoenix, in Partnership with Arizona State University and Sara Whitley, an incoming medical student in the inaugural class joined the meeting for this presentation.

Regent Stuart introduced Dean Shortliffe. He stated that Dr. Shortliffe is a nationally renowned clinician, educator, and expert in the field of biomedical informatics. He came from Columbia University in New York, where he was the Rolf A. Scholdager Professor and chair of the department of biomedical informatics at Columbia College of Physicians and Surgeons. He earned both his doctoral degree in medical information sciences and his medical degree at Stanford University.

Dean Shortliffe introduced Sara Whitley, a recent graduate of the University of Arizona, a Flinn Scholar and an incoming medical student at the Phoenix campus. Sara was a double major in Biology and Saxophone. Dean Shortliffe announced that a physician in the Phoenix area, Michael Gregor of Apogee Medical Group, who is very excited about the new campus in Phoenix has provided a scholarship which provides for years of paid tuition to the Phoenix campus and Sara is the first recipient of this scholarship.

Sara Whitley stated that the reason that she picked the University of Arizona College of Medicine-Phoenix, in Partnership with Arizona State University campus because Phoenix is her home, she feels great ties to the University of Arizona where she did her undergraduate work the fact that she gets to be one of the first. Another factor was the enthusiasm of the faculty and staff on the campus - it seemed like they couldn't wait for her to get there.

Regent Stuart stated that the Arizona Biomedical Collaborative 1 building will open its doors this summer. Regent Stuart further stated that he was very pleased that the budget included

the \$25 million for UA, ASU, and NAU programs on the Phoenix Biomedical Campus. Of that \$25 million, \$10.5 million is one-time funding for planning of the ABC 2 building and the Health Sciences Education Building. The Education facility allows for the growth of the College of Medicine to a class size of 150 and provides space for the UA College of Pharmacy and NAU Allied Health, and simulation training space for the ASU College of Nursing and Healthcare Innovations. Regent Stuart also reported that talks were continuing with Banner Health regarding the building of an acute care hospital and cancer center on the Phoenix Biomedical Campus. Regent Stuart then showed the Board the new logo for the College of Medicine-Phoenix.

The meeting recessed at 11:45 a.m., and reconvened at 1:33 p.m., on Thursday, June 21, 2007.

REPORT FROM THE PRESIDENT OF NORTHERN ARIZONA UNIVERSITY

President Haeger gave a report describing accreditation, the process and the issues. He stated that all universities and colleges are accredited by nongovernmental bodies. The North Central Association is one of six regional associations recognized by the Department of Education that accredits institutions of higher education. The Higher Learning Commission of the North Central Associates accredits institutions of higher education. There are also specialized organizations that accredit particular degree programs. NAU has twenty accredited degree programs that are reviewed on a regular basis by specialized accrediting bodies.

NAU sustains accreditation with the Higher Learning Commission (HLC) through the PEAQ program. PEAQ involves periodic (10 year) comprehensive review. NAU's last comprehensive review was in 1997. HLC has been to the university to conduct two focused visits since 1997. A comprehensive evaluation involves conduct of an institutional self-study and a multi-day site visit by a HLC review team. The report evaluates NAU's fulfillment of the criteria for accreditation and offers consultation for institutional improvement.

The HLC criterion consists of the following items: (1) Mission and integrity - The organization operates with integrity to ensure the fulfillment of its mission through structures and processes that involve the board, administration, faculty, staff, and students. (2) Preparing for the future - The organization's allocation of resources and its processes for evaluation and planning demonstrate its capacity to fulfill its mission, improve the quality of its education, and respond to future challenges and opportunities. (3) Student learning and effective teaching - The organization provides evidence of student learning and teaching effectiveness that demonstrates it is fulfilling its educational mission. (4) Acquisition, discovery, and application of knowledge - The organization promotes a life of learning for its faculty, administration, staff, and students by fostering and supporting inquiry, creativity, practice, and social responsibility in ways consistent with its mission. (5) Engagement and service - as called for by its mission, the organization identifies its constituencies and serves them in ways both value.

NAU will have a comprehensive site visit from HLC October 22-24, 2007. A 12 person team will visit the Flagstaff campus, the NAU-Yuma campus and the North Phoenix campus. They will meet with leaders, faculty, staff, students and stakeholders. The Board will be involved in this site visit. The university has been preparing for this visit for over one year.

President Haeger then discussed the issues regarding accreditation. He stated that a report was issued by Secretary Spelling regarding the future of higher education. It was not a very complimentary report. The United States has always believed that it has the best system in the world. The Spelling report questions whether that is still the case. The report spoke of accreditation's failure to assure quality, to encourage innovation, to contribute to competitiveness and to sustain adequate rigor. It questioned who is in the best position to evaluate, assess and accreditation institutions of higher learning. The Secretary has stated that the accrediting organizations should no longer be an independent, voluntary system, but should now take direction from the U.S. Department of Education. Virtually every university and college in the United States has responded to this with a letter saying we need to slow down, we need to know what is being abandoned and determining if turning accreditation over to the U.S. Department of Education is really the appropriate thing to do. President Haeger stated that now Secretary Spelling had agreed to wait until the Higher Education Act was passed before pursuing this matter.

President Shelton stated that all universities were weighing in on this and there is a high level of concern. He stated that if accreditation were done by the U.S. Department of Education it would create a huge split between private and public institutions.

Regent DeConcini stated that he believes that the three presidents need to put their positions on paper and present it at the next board meeting.

REPORT FROM THE ARIZONA FACULTIES COUNCIL

Marcus Ford stated that the AFC supports the phased optional retirement program that is being considered. They are not speaking for the entire faculty, but the AFC believes that it is an acceptable plan. He then thanked all the regents and staff for their hard work and kindness.

CAPITAL COMMITTEE

Regent Boice chaired this portion of the meeting.

Approval of FY 2008 Capital Development Plans (ASU, NAU, UA) (Board Item #15)

Carol Campbell, Kathe Shinham, Joel Valdez and Dave Harris joined the meeting for this presentation.

Regent Boice stated that the three universities were requesting approval of their FY 2008 Capital Development Plans and the Capital Committee had reviewed these items at its May 31, 2007, meeting and recommended Board approval.

Regent Boice further stated that the Capital Committee had also meet on June 19, 2007, to further discuss the Rio Salado matter.

Carol Campbell presented the Arizona State University items.

Kathe Shinham presented the Northern Arizona University items.

Joel Valdez presented the University of Arizona items. Joel Valdez reported that the Science Center which was previously approved by the Regents and that had been delayed by the City of Tucson was now progressing. He further reported that the City of Tucson had awarded \$130M for the construction of the combined Science Center/Arizona State Museum as part of the downtown redevelopment project.

Regent Boice stated that he believed that when an item was deferred by a university it needs to be reported to the Capital Committee. He gave an example of when a building receives Board approval to be constructed and then for some reason the university decides to not build the building that action or non-action needs to be reported back to the Capital Committee.

Upon motion by Regent Boice, seconded by Regent Stuart, the Board unanimously approved Arizona State University, Northern Arizona University and the University of Arizona's fiscal year 2008 Capital Development Plans as presented in the executive summary.

Request for Combined Project Approval and Budget Increase for the Student Recreation Center (UA) (Board Item #16)

Joel Valdez joined the meeting for this presentation.

Regent Boice stated that the University of Arizona was requesting Combined Project Approval and Budget Increase for the Student Recreation Center Expansion Project to provide additional facilities. The total project budget has been increased by \$5.06 million from \$22.5 million to \$27.56 million. The Capital Committee reviewed this item at its May 31, 2007, meeting and recommended Board approval.

Mr. Valdez stated that this project was funded by the students. The students voted to continue the \$25 per semester fee and proposed an expansion of the Student Recreation Center. \$3.5M of the budget increase is possible because of recent changes in the financial markets that resulted in more favorable interest rates. The utility extensions originally planned to exclusively serve the Student Recreation Center expansion have been adjusted to allow future campus development to connect to the campus utility infrastructure which accounts for \$1.5M of the budget increase.

Upon motion by Regent Boice, seconded by Regent Calderón, the Board unanimously approved the University of Arizona's request for combined Project Approval and Budget Increase of \$5.06M for the Student Recreation Center Expansion as presented in the Executive Summary.

Request for Approval to Sell and Lease Land North of Rio Salado Parkway and a Waiver of Board Policy 7-204A (ASU) (Board Item #17)

Carol Campbell joined the meeting for this presentation.

Regent Boice stated that Arizona State University was requesting approval to sell 10.62 acres of land located north of Rio Salado Parkway and west of Rural Road to SunCor Development Company, to lease the remaining 15.15 acres of land to SunCor, and to waive

the requirement in ABOR Policy 7-204A for an auction. The Capital Committee reviewed this item at a Special Meeting on June 19, 2007, and recommended Board approval.

Upon motion by Regent Boice, seconded by Regent DeConcini, the Board unanimously authorized that the President, the Senior Vice President and University Planner, the Executive Vice President and Chief Financial Officer, and the Assistant Vice President Real Estate of Arizona State University are each hereby separately authorized to take all appropriate actions to sell and lease the Sale Property and the Lease Property, as described in the executive summary, to SunCor and to execute and deliver all documents and agreements associated therewith on substantially the terms described above subject to review of the final documents by University counsel and that the requested waiver of the auction requirement in ABOR Policy 7-204A is hereby granted.

Request for Approval of a Ground Lease Agreement: Barrett College Phase II Student Housing (ASU) (Board Item #18)

Carol Campbell joined the meeting for this presentation.

Regent Boice stated that Arizona State University was requesting approval to enter into a ground lease agreement with American Campus Communities (ACC), approval of the dining facility construction reimbursement, and approval to acquire furniture, fixtures and equipment for Barrett College. The project includes 1,700 beds for freshman and upper class honor students, academic classrooms and office space, and a central dining facility. Estimated project cost is \$116M. The Capital Committee reviewed this item at its May 31, 2007, meeting and recommends Board approval.

Upon motion by Regent Boice, seconded by Regent DeConcini, the Board unanimously approved the authorization for Arizona State University to execute the Barrett Honors College ground lease with American Campus Communities contingent upon review by university counsel, to take such action to properly complete the dining facility construction, and to purchase necessary furnishings, fixtures and equipment need for Barrett Honors College as presented in the Executive Summary.

AUDIT COMMITTEE

Proposed Addition of Board Policy 6-711, "Internal Control Responsibility" (First Reading) (Board Item #25)

The Board was being asked to review on first reading a proposed policy that assigns responsibility for internal controls at the universities. This item was removed from the agenda to be reformatted as a policy and implementing guidelines and will come back to the Board at the August meeting.

PUBLIC AWARENESS COMMITTEE

Update on Proposed Legislation and Budget (Board Item #26)

Christine Thompson, Charlene Ledet, Greg Fahey and Christy Farley joined the meeting for this presentation.

Regent Boice stated that the Board would receive an update on legislative matters. He stated that the First Regular Session of the 48th Legislature adjourned sine die Wednesday, June 20, 2007, at 10:58 p.m. Many thanks are owed to the Governor and Legislature for their support of the university system this session. Regent Boice stated that this was also a good opportunity to thank the government affairs team and acknowledged Christine Thompson, Christy Farley, Greg Fahey, Charlene Ledet and Steve Miller for their efforts this year.

Christine Thompson stated that the universities did well on their budget requests this year. There weren't many bills that adversely affected the university system and all of those were positively dealt with and the postdoctoral scholars' bill exempting postdoctoral students from the retirement system and the fingerprint bill for medical students were passed.

Regent DeConcini suggested that the Board pass a resolution thanking the Governor and the legislature and that the President of the Board again writes the Governor and legislators thanking them for helping us. The Board agreed that this would happen again this year.

REPORT FROM THE JOINT CONFERENCE COMMITTEE (JCC) OF THE UNIVERSITIES AND COMMUNITY COLLEGES (Board Item #27)

Stephanie Jacobson joined the meeting for this presentation.

Regent Calderón stated that the last meeting of the JCC was held on May 16 and was the last meeting of the academic year. The focus of the meeting was a presentation on a study conducted during this past academic year on the effectiveness of Arizona's transfer articulation system. The report was conducted by Hezel Associates of Syracuse New York. Regent Calderón stated that as a member of the JCC for the past three year, he was very pleased by the Hezel report. He further stated that the bottom line is that Arizona has a very good transfer articulation system, one that the Board can be very proud of. The report did identify some areas where improvement can be made. He stated that this will be very useful information to the JCC in their oversight role, but the Board has a strong system to build on so things should only get better. Regent Calderón recognized the work of Stephanie Jacobson in addressing the JCC concerns and work demands. But for her work, the JCC would not have made such significant progress.

Stephanie Jacobson reported on why the study was important and gave some of the key outcomes. She stated that a little more than ten years ago, in response to a legislative mandate, the universities and community colleges developed a new structure for transfer articulation. Since that time, a large network of faculty, administrators, academic advisors and other staff worked together to implement this model and provide guidance and support for students in their preparation for transfer. A considerable amount of human and financial resources have been expended to make this system work.

Over the next few years, the system will be tested again and again as enrollments grow, not only in the universities, but at the community college. In order to address the expanding workforce needs and the overall health of higher education in Arizona, everyone will need to work even more closely together to improve both the prospect for student success and efficiency with which students can meet their academic goals.

The report states that the current structure is generally sound, but there are areas that can be improved. This report will be used to help make the best use of the universities resources to improve the system and to help the students make the best use of the resources.

There are three major points:

(1) The communication issues will never be solved, but they can be improved. The majority of the recommendations addressed some aspect of communication: with students, between institutions, and the communication method. Even though one of the key strengths identified through the survey was the improved communication between the systems, it still needs more work.

(2) AGEC works! Arizona General Education Curriculum (AGEC) is a 35 credit statewide general education program which students may complete at any community college that satisfies lower division general education at all three universities. The study confirmed that a common general education curriculum that is the cornerstone of the model helps students succeed. Students who complete the AGEC are more likely to persist, get better grades, graduate and do so with fewer credits.

(3) A web application is only useful if you can navigate it. The Arizona Course Applicability System is one of the universities' and community college's greatest assets, but students don't use it at anywhere near the level they should given the tools they could use for their academic planning because the system is almost impossible to navigate. Hezel pointed out that the information is excellent, but it needs to be more easily accessible.

Earlier today the Board approved the use of some of the Regents Innovation Funds to improve transfer articulation. There are two areas that will be worked on: Web front-end for better navigation and improved display of information and to expand the functionality. With just a few key strokes, students will be able to have their transcripts imported into major requirements at the universities that will allow them to see what they have completed for any of the undergraduate majors.

The considerable effort of many individuals over the past few years has improved transfer articulation for all students. The most significant finds of this study may be that an analysis of the data found that Arizona transfer students reduced their credits at graduation from the university by an average of 12 credits, or a full semester over a 5 year period. The many individuals who have worked on this system over the years were quite surprised and gratified by this finding. It seems to be evidence of increased efficiency.

HUMAN RESOURCES COMMITTEE

Approval of Notice of Reappointment and Multiple-Year Employment Contract for President of Arizona State University (Board Item #28)

Regent Bulla stated that the Board was being asked to authorize the renewal of Dr. Michael Crow's appointment and a multiple-year employment contract as President of Arizona State University for the period July 1, 2007 through June 30, 2012. The Human Resources reviewed this proposed contract on June 7, 2007. Regent Bulla stated that the Board has

been very pleased with the tremendous accomplishments that President Crow has made and he would like to thank President Crow on behalf of the Board.

Regent DeConcini stated that he was very impressed with all three presidents. Arizona State University is advancing at a rapid pace, President Crow is a dynamic leader, nationally recognized, he is making ASU one of the finest universities in the United States.

Regent DuVal stated that President Crow is a talent of the highest caliber who is creating an academic reputation for excellence.

Regent Stuart stated that when President Crow was hired, the Board was looking for a change agent and the Board got a very fine one with President Crow.

Regent Calderón stated that he felt that we now have the best three presidents based on this last year's performance.

Upon motion by Regent Bulla, seconded by Regent Boice, the Board unanimously approved the reappointment and multiple year contract for President Crow for a contract term from July 1, 2007 through June 30, 2012 and an annual salary of \$475,000 and as further described in the executive summary.

Approval of Notice of Reappointment and Multiple-Year Employment Contract for Executive Director of Arizona Board of Regents (Board Item #29)

Regent Bulla stated that the Board was being asked to authorize the renewal of Joel Sideman's appointment and a multiple-year employment contract as Executive Director of the Arizona Board of Regents for the period July 1, 2007 through June 30, 2010. The Human Resources Committee reviewed this item at its June 7, 2007 meeting. Regent Bulla stated that the Board has been very pleased with Executive Director Sideman's leadership of the Central Office and thanked him for his service.

Regent Stuart stated that Executive Director Sideman was a rare talent that fit in well with the Presidents and has done a great job for the Regents.

Upon motion by Regent Bulla, seconded by Regent Stuart, the Board unanimously approved the reappointment and multiple year contract for Executive Director Joel Sideman for a contract term from July 1, 2007 through June 30, 2010, and an annual salary of \$184,000 and as further described in the executive summary

Approval of Appointment of Vice President of Research and Economic Affairs (ASU) (Board Item #30)

Regent Bulla stated that the Board was being asked to approve the appointment of Dr. R. F. "Rick" Shangraw, Jr., to serve as the Vice President of Research and Economic Affairs at Arizona State University. The Human Resources Committee approved this item at its July 7, 2007 meeting.

Regent Bulla thanked Joel for his support of the Board and the President of the Board.

Upon motion by Regent Bulla, seconded by Regent Duval, the Board unanimously approved the appointment of Dr. Shangraw as Vice President of Research and Economic Affairs at Arizona State University for an annual salary of \$200,000, as described in the executive summary.

ADMINISTRATIVE BUSINESS

Approval of Amendments to ABOR By-Laws with Regard to Officers, Elections, Nominations and Terms (Board Item #33)

Regent Bulla stated that the Board would consider taking action on proposed changes to the ABOR By-Laws. The Board met in a special meeting on May 19, 2007, to discuss various issues relating to Board governance. During that discussion, the Board considered several changes to the Board's Bylaws to enhance the operations of the Board.

Upon motion by Regent Hermes, seconded by Regent Stuart, the Board unanimously approved the Bylaws of the Board be amended to eliminate the board offices of President-Elect, Secretary and Assistant Secretary; create a new office of Vice President; eliminate the requirement that the election of officers be conducted by ballot; permit a member to stand for election for up to two consecutive one-year terms as President, and after at least one year away from the Presidency, to permit the member to stand for re-election; to eliminate the requirement that in nominating a member to serve as President, the Board will nominate the member who has served on the Board for the longest period of time and who has not previously served as President; and change the date of election from the June meeting to a meeting of the Board at least 60 days prior to June 30.

Election of Officers (Board Item #34)

Regent Bulla stated that the Board will now elect officers for terms beginning July 1, 2007.

Regent Bulla nominated Fred Boice as President, Ernest Calderón as Vice President, Fred DuVal as Treasurer, and Mary Venezia as Assistant Treasurer for election, to take office effective July 1.

Upon motion by Regent Bulla, seconded by Regent DeConcini, the Board unanimously elected Fred Boice, President; Ernest Calderón, Vice President; Fred DuVal, Treasurer; and Mary Venezia, Assistant Treasurer.

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

Regent Bulla thanked NAU, President Haeger and all of the staff for their hospitality and for making this another great meeting.

Regent Bulla then stated that this was Marcus Ford's last meeting. He stated that Dr. Ford's service as the Arizona Faculties Council representative was greatly appreciated and he had been a very helpful liaison between the Board the AFC.

Regent Bulla went on to say that this was also Regent Hermes's last meeting. The Board thanked Regents Hermes for his service to the Board and the various committees that he served on and also for his outstanding job of presenting the student voice on various issues such as textbook costs and tuition.

ADJOURNMENT

The meeting adjourned at 3:15 p.m.

SUBMITTED BY

Margaret L. Martin
Secretary to the Board

APPROVED BY

Robert B. Bulla
President