

MINUTES OF A MEETING



September 27-28, 2007

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**MINUTES OF A MEETING
ARIZONA BOARD OF REGENTS
Thursday and Friday, September 27-28, 2007**

A meeting of the Arizona Board of Regents was held September 27 and 28, 2007, in the University Union, Northern Arizona University, Flagstaff, Arizona.

President Boice called the meeting to order at 10:32 a.m., on Thursday, September 27, 2007.

Present: Regent Fred Boice
 Regent Robert Bulla
 Regent Ernest Calderón
 Regent Dennis DeConcini
 Regent Fred DuVal
 Regent Anne Mariucci
 Regent David Martinez
 Regent Gary Stuart
 Regent Mary Venezia
 Superintendent Tom Horne (Friday morning only)

Absent: Regent Christina Palacios
 Governor Janet Napolitano

Also present were President John Haeger, Dr. Elizabeth Grobsmith, Mr. Dave Harris, Dr. M. J. McMahon, Ms. Pat Haeuser, Ms. Kathe Shinham, and Ms. Sandy Castro, Northern Arizona University; President Michael Crow, Ms. Carol Campbell, Mr. Rich Stanley and Mr. Paul Ward, 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. Gale Tebeau, Ms. Christine Thompson, Ms. Anne Barton, Ms. Stella Galaviz, Dr. Mark Denke, Dr. Sandra Woodley, Ms. Cathy McGonigle, Ms. Stephanie Jacobson, and Mr. Dan Anderson, Central Office .

All lists, reports, summaries, background materials and other documents referred to in these minutes can be found in the September 27-28, 2007, Documents Files.

Regent Venezia led the Pledge of Allegiance.

Regent Boice stated that the university community suffered a very serious loss and on behalf of the members of the member of the Board of Regents conveyed the Board's sadness at the death of Dick Roberts. Dick Roberts joined the University of Arizona in 1985 to be Director of Institutional Finance, since 1998 he has served as Assistant Vice President /Budget Director. Dick's hard work over the past 22 years has been evident in the development and execution of operating budgets and strategic planning and many other roles. He has served on many tri-university projects for two good reasons; his considerable expertise and his good natured approach to any and all problems set before him. He will be greatly missed.

President Shelton thanked everyone for honoring Dick Roberts at this meeting and added that Dick created an atmosphere in the Budget Office and beyond that truly reflected a sense of family. The UA has lost an important family member.

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 Calderón, seconded by Regent Bulla.

***Minutes**

The August 23-24, 2007 Regular Meeting Minutes and the June 21, 2007 Executive Session Meeting Minutes were approved.

HUMAN RESOURCES CONSENT AGENDA

***Approval of Men's and Women's Cross Country Head Coach Multiple-Year Employment Contract (ASU) (Board Item #5)**

The Board approved a multiple-year employment contract for Luis Quintana to serve as Men's and Women's Cross Country Head Coach at Arizona State University through June 30, 2012.

***Approval of Men's and Women's Track Head Coach Multiple-Year Employment Contract (ASU) (Board Item #6)**

The Board approved a multiple-year employment contract for Greg Kraft to serve as Men's and Women's Track Head Coach at Arizona State University through June 30, 2012.

RESOURCES CONSENT AGENDA

***Authorization to Approve Awards (Board Item #12)**

The Board approved Arizona State University's request for authorization to approve eleven new and continuation awards as described in the executive summary.

AUDIT CONSENT AGENDA

*** Proposed Addition of ABOR Policy 6-711, "Internal Control Responsibilities" (Second Reading) (Board Item #14)**

The Board approved the proposed policy that describes responsibility for internal controls at the universities.

PROGRAMS CONSENT AGENDA

***Academic Program and Organizational Change Requests (Board Item #19)**

The Board approved the following request:

Planning request for an MA in Applied Ethics and the Professions, ASU

***Report on High School Students Taking University Courses in 2006-2007 (Board Item #20)**

The Board was provided with the Report on High School Students Taking University Courses in 2006-2007, reporting on students who have not yet graduated from high school but are taking classes at Arizona's public universities.

CAPITAL CONSENT AGENDA***Budget Increase for High Country Conference Center and Parking Facility (NAU) (Board Item #25)**

The Board approved NAU's request for approval of its Revised Project Budget of \$20,034,850 for the new High Country Conference Center and Parking Facility. The Capital Committee reviewed this item at its September 5, 2007, meeting and recommended Board approval.

***Combined Project Implementation Approval and Project Approval: West Stadium Renovations for the Laboratory of Tree-Ring Research (LTRR) (UA) (Board Item #26)**

The Board approved the UA's request for Combined Project Implementation Approval and Project Approval to renovate the West Stadium for the Laboratory of Tree-Ring Research (LTRR). The total project budget is \$3.2M to be funded by \$800,000 in federal grants and \$2.4M in system revenue bonds, with debt service funded by tuition. The Capital Committee reviewed this item at its September 5, 2007, meeting and recommended Board approval.

***Combined Project Implementation Approval and Project Approval: Infrastructure Upgrades Project (NAU) (Board Item #27)**

The Board approved NAU's request for Combined Project Implementation Approval and Project Approval for Infrastructure Upgrades at an estimated total project cost of \$15M. The funding source will be System Revenue Bonds, with debt service funded by tuition. The Capital Committee reviewed this item at its September 5, 2007, meeting and recommended Board approval.

***Combined Project Implementation Approval and Project Approval with a Budget Increase: Glen G. Curtis Building - Yuma (UA) (Board Item #28)**

The Board approved the UA's request for Combined Project Implementation Approval and Project Approval with a budget increase to construct interior improvements on the Glen G. Curtis Building project. The project budget is currently \$6.1M, increased from the preliminary CDP budget of \$4.35M. The Capital Committee reviewed this item at its September 5, 2007, meeting and recommended Board approval.

***Appointment of Directors of the Arizona Research Park Authority (ARPA) (UA) (Board Item #29)**

The Board approved the appointment of Rudy Campbell, John Munger, Duff Hearon, Janice A. Wezelman, and Ben Tuchi as Directors of the Arizona Research Park Authority (ARPA). The Capital Committee reviewed this item at its September 5, 2007, meeting and recommended Board approval.

ADMINISTRATIVE BUSINESS CONSENT AGENDA

***Approval of Regents Awards for Outstanding Service to Higher Education (Board Item #30)**

The Board approved the recommendations of the Regents Award Selection Committee to present the 2007 Regents Awards for Outstanding Service to Higher Education to Craig and Barbara Barrett, Dorothy Hunt Finley, and the late Marvin Morrison and his wife, June Morrison. These awards will be presented to the recipients at a future date.

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.

Heather Farley – Member Classified Staff Advisory Council. Ms. Farley stated that the Classified Staff Advisory Councils for ASU, NAU and UA met on Friday, September 14, 2007, at NAU. The main agenda items were campus sustainability and campus safety and more specifically, the role of classified staff in these efforts. The Council was impressed with the fact that the UA has recently incorporated 30 flex-fuel vehicles into their motor fleet, the fact that ASU has placed solar panels on the roofs of their parking garages and the fact that both universities have shared transportation, vanpools, shuttles and bus pass systems.

Additionally Rich Bowen, from NAU, spoke to them about the innovations of the LEED buildings at NAU that will reduce utility costs and set a course toward reducing university carbon emissions. The initiation of a free community bike program at NAU was also discussed.

Regarding safety, all three campuses are initiating text messaging systems to give notice of unusual events on campus. Classified staff would like to explore a variety of soft alert systems in addition to text messaging to ensure that an entire campus receives an alert when necessary. One idea was to position programmable LED signs at major buildings and walkways and to use existing LED signs such as those at bus stops, to give notice of various incidents.

Tom Wahl – ASNAU Student Body President. He came to introduce his staff: Kathleen, Emily, Rich and Kevin. He wanted the Board to put faces to names.

RECOGNITION OF STUDENT FROM NORTHERN ARIZONA UNIVERSITY

Regent Boice stated that at each meeting the Board recognized a student from the host university. Today we have Ashley Bedwell, who will be graduating from NAU in December with a degree in Health Science: Community Health Education. Ashley grew up in Yuma. She has worked at Fronske Health Center for other four years and is also working as an intern in the Maternal and Child Health Unit at the Coconino County Health Department.

Ashley shared what she learned during a five week field study program in Kenya, Africa. She stated that in Kenya the assignment was to do a baseline needs assessment survey with the Masai people. She stated she was one of five students, three of which were nursing students and the other two were community health education students at NAU. They found that about 32% of the children they looked at suffered from chronic malnourishment. She stated that the people were amazing.

Regent DuVal chaired this portion of the meeting.

PUBLIC AWARENESS COMMITTEE**Update on Solutions for Arizona's Future (Board Item #1)**

Cathy McGonigle, David Duffy, Kathe Shinham, Rich Stanley, Pat Haeuser, John Nametz, Dan Anderson, Craig Fennell, Karen Appleby, and Sandy Woodley joined the meeting for this presentation.

Regent DuVal stated that there were several things to discuss.

He gave the Board an update on Solutions for Arizona's Future. He stated that it is expected that the video "mood piece" will be produced by the end of the week. He also stated that talking points are being developed to be used in conjunction with the video.

When the video is complete, we want Regents to use this video to make presentations to various groups. It will be an excellent way to get across the value of higher education to the state and our citizens and to make the public aware of the urgency of addressing higher education issues at the national and state level. He also stated that the slide show presentation will be complete soon and it can also be used in presentations.

Regent DuVal thanked Lisa Nelson, Steven MacCarthy and Virgil Renzulli, who have been actively engaged in the effort, providing guidance and expert advice. This group is doing development work related to selecting and testing a theme line, establishing a coalition of higher education supports, and creating a website which will contain information about critical higher education issues. It is hoped that the coalition and the website will be in place by late November, early December.

Regent DuVal stated that the Board will now turn to a discussion regarding long-term capital needs and need-based financial aid.

Cathy McGonigle gave a brief overview on long-term capital needs. Ms. McGonigle stated that for the past several months the Capital Needs Workgroup has been discussing a common methodology for collecting and reporting capital needs and working on assessing long-term capital needs through the year 2020. She presented a draft overview of the preliminary FY 2020 Capital Needs Assessment.

President Haeger thanked the people who were working on this project. President Haeger stated that his comments related to enrollment projects. He stated that he eventually saw NAU being a campus of 20,000 students in Flagstaff and an additional 15,000 students at various statewide sites. He said he wonders about the continuing growth of the State of Arizona and the cost of going to college. He stated that he believed that if the State impacted the going rate to college in significant ways, the numbers would have to go up by about one third, because the going rate is so poor from high school to the universities. He wondered if the traditional campus that is being talked about now will be the way we organize higher education in the future. As costs continue to go up, is it going to continue to be a four year experience or maybe a two year experience with students being located in work sites? He wonders if the increase in technology and the way it is used and will it change the way we look at the campuses. He stated that he believed the citizens of the state want more off-campus presence. He stated that all of these things that could occur in the future, will impact these numbers.

President Crow stated that he wanted to put into context that these numbers were rather conservative and low. For \$7 billion dollars, or the equivalent of a few miles of freeway, the university system can be built in a way that actually accommodates the needs of the people of Arizona. In the first five years of a ten year growth spurt at Arizona State University the university has bought, purchased, or had built \$1.3 billion of new facilities; 7,000,000 square feet of space bringing the total square foot at ASU to 20,000,000 square feet. President Crow reminded the Regents that three years ago the universities had done a master plan and much of this information was in that plan. President Crow said that it was important that the Regents understand the scale of this project. He stated that it was time to tell the people of Arizona what it was going to take to build the universities.

Regent DeConcini asked if President Crow believed the numbers shown for the capital needs assessment were too low and President Crow responded yes. President Crow stated that he felt that \$7 billion should be the planning target. Regent DeConcini stated that he felt that we should be planning for more if we felt more would be needed.

President Shelton stated that he agreed that the numbers were conservative, and they gave the workgroup a baseline to work from, but he believed that there will be matters of success that will provide a need to change the numbers. He stated that the Regents needed to be flexible and understand that these numbers are a base level that we are targeting for and then opportunities will arise that will need to be taken advantage of and that will change the dynamics. He further stated that with respect to the University of Arizona, the item that is driving the number more than any other is the research labs. This reflects the multiple dimensions of a research university, the number isn't only for labs, it is the way the best faculty is attracted. He stated that one-third to one-half of the scholars working in the labs will

be students. It also reflects the development of intellectual property which leads to economic development in the state.

Regent Bulla stated that this needs to be put into context of a lot of different issues such as the population and demographics. It is not known if the population and student growth will keep going or if the state will fall behind. There are lots of different assumptions that will have to be made.

Regent Mariucci stated that she believed it was a first great cut. She stated that everyone needs to continue to focus on this timeframe, but also focus on more immediate planning cycle. She further stated that there should be a time series graph to show how the costs will accelerate, for example, how much of the estimated \$7 billion is needed in the next 3-5 years. Regent Mariucci also stated that she felt there should be a narrative describing the different drivers among the different institutions such as the difference in the per-student square foot needs of the universities.

Regent DuVal then moved on to the topic of need-based financial aid.

Cathy McGonigle presented the highlights on the models of need-based financial aid programs. All students would need to academically qualify for admission to the university and be admitted and all would have to have demonstrated financial need as determined by the federal methodology. She stated that costs would increase as enrollments and tuition increases and none of these items have been built into the models at this point.

President Haeger stated that the work on this project is quite phenomenal. He stated that he believed this has become one of Arizona's critical issues because if you look at income distribution, a growing population with a large number of minorities, the need to provide access is huge. He stated that he believed the need is larger than most of the states in the union yet Arizona's financial aid contribution is one of the poorest in the country. He stated that the other piece is that the system has two issues they are dealing with right now. One is we lack the kind of financial aid that will provide access and affordability. The other is we do not have enough students who are aspiring to go on to higher education. These two pieces create enormous challenges for the state. President Haeger stated that all three universities in Arizona spend millions on financial aid and that is because of the absence of a robust state financial aid system. He stated that he believed in the future we will have to look at three entities to help pay for this system; one is the state based system, two is the university, and three is the student.

President Crow stated that he believed this model once again illustrates that the low tuition, low financial aid model does not work. What is being presented is what it takes to not operate a failed model. The last few years the Arizona University System has started moving to a moderate tuition, high financial aid basis without state financial aid, which puts a huge stress on the university. ASU invests approximately \$100,000,000 in university based financial aid per year. There are two things that need to be understood; the first is there is a difference between the state supporting the core of the institution and providing financial aid to a student, and second is the notion that financial aid is price differentiation – you pay what you can afford to pay.

President Shelton stated that he thought that the Regents needed to keep in mind the value of both need based and merit based financial aid. The need based side reflects the Regents commitment to access and affordability. The merit based side helps keep our talented students in Arizona. President Shelton stated that he thought Model 4 captured the spirit of what the Regents should do and it also addressed the pressing question of the High Honors Endorsement Scholarship. President Shelton stated that he wasn't sure that he agreed with President Crow on the moderate tuition statement, but believed that the system is still low tuition.

Regent Stuart stated that he was not able to determine how to evaluate the different models. He stated that he thought the federal financial aid figures would dramatically change the numbers used in the models and without the information regarding federal financial aid didn't see how anyone could determine which model would work best.

Cathy McGonigle stated that this information was being provided to give the Regents a sense of what had been done so far, but additional information will need to be provided before the Regents will have to make a choice.

Regent Martinez stated that the numbers included in these models does not include the students who don't attempt to attend because they believe the cost is too high. He stated that he wasn't sure that tuition is low for people in Arizona who can't afford to attend.

Regent Bulla stated that this was just one part of the strategic plan. He stated that he believed that as the complete plan develops it will be clearer where these numbers will go in the future. He further stated that he believed both need and merit based aid need to be addressed. The competition is intense for merit scholars and other well-qualified students and Arizona needs to keep those students here.

Executive Director Joel Sideman stated that he felt it was important that the Board look at some form of an early intervention program regardless of which model is chosen.

Regent Boice stated that the focus needs to be on getting every qualified, interested student into the university, regardless of their financial status.

The public meeting recessed at 11:55 a.m., and reconvened at 1:46 p.m. on Thursday, September 27, 2007.

HUMAN RESOURCES COMMITTEE (Chair: Regent Bulla)

Regent Bulla chaired this portion of the meeting.

Annual Personnel Report (Board Item #2)

Gale Tebeau joined the meeting for this presentation.

Regent Bulla stated that the Board was being asked to review and approve the 2007 Annual Personnel Report for the Arizona University System, as required by statute.

Gale Tebeau stated that the report provides information about employee compensation, turnover, overtime pay, and an advisory recommendation from the Board relating to salaries. The projected unmet salary need for FY 2009 is \$127.1 million. Unmet need is the amount needed to bring faculty salaries up to the 50th percentile of their peers and to raise the average salaries of all other staff to the market average. In FY 2007 the universities made progress in faculty salaries compared to their peers. ASU moved from 39th to 46th, the UA moved from 21st to 25th and NAU moved from 10th to 11th. Classified staff salaries have made positive strides.

Regent Bulla stated that there will be a cover letter that will accompany the report to the Governor and in regards to future reports actual marketplace comparisons will be looked at rather than just using peer ratios, which can be confusing.

Upon motion by Regent Bulla, seconded by Regent DeConcini, the Board unanimously approved the 2007 Annual Personnel Report as presented in the Executive Summary.

Regent Boice asked about the overtime pay at the University of Arizona. President Shelton stated that the majority of the overtime pay was for facilities management personnel, campus police and agriculture workers.

Review of Revision to ABOR Policy 6-901, "Salary Increases" (First Reading) (Board Item #3)

Nancy Tribbensee joined the meeting for this presentation.

Regent Bulla stated that the Board was being asked to review the proposed revision to Policy 6-901, "Salary Increases." The revision will increase the dollar limit for performance based incentives to match a recent increase in this amount under Arizona law. This item was reviewed by the Human Resources Committee at its meeting on September 11, 2007, and is recommended for Board approval.

Nancy Tribbensee stated that this is a housekeeping item. Arizona statutes permit the Board to adopt performance incentive programs and the statute also has an upper dollar limit on the amount of the incentives per month per employee. This change revises Board policy to conform to the statute.

Approval of an Amendment to the Multiple-Year Employment Contract for Men's Basketball Head Coach (ASU) (Board Item #4)

Regent Boice stated that the Board was being asked to approve an amendment to the multiple-year employment contract for Herbert Sendek, Men's Basketball Head Coach at Arizona State University, which will extend his contract through April 12, 2012. The Board's Human Resources Committee reviewed this item at its August meeting.

Upon motion by Regent DeConcini, seconded by Regent Calderón, the Board unanimously approved the amendment to the Multi-Year Employment Contract for Herbert Sendek, Mens' Basketball Head Coach at ASU which extended the from April 15, 2011 to April 12, 2012, in accordance with the terms and conditions, as presented in this Executive Summary.

STRATEGIC PLANNING, BUDGET AND FINANCE COMMITTEE (Chair: Regent Bulla)

Regent Bulla chaired this portion of the meeting.

Development of the Strategic Plan for the Arizona University System (Board Item #7)

Sandra Woodley joined the meeting for this presentation.

Regent Bulla stated that the Board will receive a status report on the development of the Strategic Plan for the Arizona University System.

Dr. Woodley stated that the strategic plan is not an object, but a dynamic process that is constantly evaluating the university systems ambition and making a plan for how to accomplish that ambition. It is an ongoing process that will forever be worked on and modified.

She stated that she said at the last meeting that the framework for the areas of focus was expected to change and they did. They have been improved. What are the core goals and the core metrics that the system needs to focus on. The four main areas are educational excellence, research excellence, workforce and community engagement and productive use of resources.

Educational Excellence System Measures are:

Number of baccalaureate degrees awarded.

Number of community college transfers and graduates.

Student quality measure.

Percentage of unmet need after grant aid for students.

Research Excellence Measures are:

Total and federal research expenditures.

Doctoral degrees awarded.

Publications and Citations per FTE Faculty.

Workforce and Community Engagement Measures are:

First professional and masters degrees produced.

Degrees in high need areas.

Economic development and community partnerships.

Number of invention disclosures and/or startup companies.

Productive Use of Research Measures are:

Efficient degree production (degrees produced given size (FTE) and money, (total public funding) to produce them).

Measure of leverage.

Dr. Woodley stated that the Board needs to make strategic decisions about how many people in Arizona the system desires to educate by 2020. Based on this decision, what are the improvements in key “throughputs” necessary to achieve the goal? How much is the ambition going to cost. “Throughputs” that affect the outcome of more degrees in the system are enrollment increases, improvements in retention rates, improvements in graduation rates, improvements in transfer rates, improvements in college going rates out of high school, and improvements in the preparedness of college-bound students.

Dr. Woodley stated that the options that should be explored over the next few months are: Should the Board chase national averages and set targets for all the “throughputs” to match up? Should the Board use that information as one set of analysis to set continuous improvement targets among the institutions?

Dr. Woodley stated that the next steps will be to work with the Strategic Planning Team and the Board committee to facilitate decisions on each of the focus areas. The framework is the beginning, but there is a lot more to be done. The next step will be to set specific targets for each measure and to establish an annual accountability progress check. Specific strategies will need to be determined. Indicators that connect the dots between the university’s strategic plan and the system level plan need to be established. This will include costing out the plan. Financial projections need to be done. The Board needs to make sure that the system that is set up connects the Strategic Plan to money. Funding requests will be connected to the ambition that has been set out in the Strategic Plan.

Regent Bulla stated that the Board needed a framework as soon as possible so that other decisions can be made. Regent Bulla stated that there also needed to be something to measure against so the decisions that the Board makes will make sense. Regent Bulla said that he would like to have a framework that shows how our state will look each year as we go out to 2020 (population growth, minority growth trends, etc.) The Board will then have a handle on what the state will look like from a people standpoint and then add in gross state product, personal income, etc. Then as decisions are made the framework could be modified to show high and low projections in conjunction with the trend line. This framework would then be used to determine many things such as faculty ratios, space needs, capital needs, financial aid, budget needs, etc. Regent Bulla stated that the framework needs to be ready as soon as possible so the Board can start building on it.

Regent DuVal stated that he believed that the Board needs to set national averages as a long-term explanation and a minimum for aspirational purposes.

Regent Mariucci stated that national average benchmark will not stay the same and the Board shouldn’t look at it exclusively. She asked what the real trends in the national average of statewide graduation rates are. What are the more fundamental macro nationwide triggers?

President Crow stated that the system in the United States is beginning to underperform because it is under built. Overall, graduation rates are down, productivity is down, and the actual total number of graduates is up. Arizona needs to take this opportunity to take an emerging university system and position it to meet the populations need and to rapidly

outperform other universities. The Regents need to be sure they build the right institutional platform for what they are trying to do.

President Haeger stated that the universities are very tightly linked, in terms of performance, to the K-12 System and that needs to be remembered. For the universities to change retention and graduation rates substantially we have to have better performing students. Students need to be more prepared.

President Shelton stated that a balance is needed between need and merit based financial aid to make sure the system does not lose its more talented students to other venues.

Joel Sideman stated that this plan is talked about as the strategic plan for the university system but as everyone continues to think about it and as more discussion occurs, it appears that a different charge is being given. It seems that a charge to put out a plan for the State of Arizona is what is wanted and then to say how the university system can step up to do a portion of that which needs to be done. This is a subtle, but really important difference. If the Board only comes up with that part that it can do, there are going to be a number of people saying that isn't all they were looking for. He stated that this complicates the process, but thinks that the Board is possibly duty bound to try to make these adjustments.

Sandra Woodley stated that the plan that was put out today would need to make assumptions for areas over which the Board has no control. How the university system can assist the K-12 system improve the pipeline that would come under the strategies.

FY 2009 State Operating Budget Requests (Board Item #8)

Gale Tebeau joined the meeting for this presentation.

Regent Bulla stated that the Board was being asked to review and approve the universities' and central office FY 2009 State Operating Budget Requests. The approved budget requests will be forwarded to the Governor and the legislature on October 1.

Gale Tebeau stated that the FY 2009 Operating Budget Requests total \$1,796.3 billion, a \$203.1 million increase over FY 2008 (12.7%) and an 18.1% increase in general fund monies. \$71.4 million is for core budget needs which maintain the current levels of service and operations. Major changes to strategic investments include the collaborative effort on the Phoenix Biomedical Campus, NAU's faculty salaries, some sustainability packages, debt service and infrastructure needs. Ms. Tebeau stated that the universities are still working with the JLBC on the 145 credit hour limit reduction.

President Haeger stated that the approach that NAU is making in this budget request includes enrollment growth numbers that create a difference of about \$6.6 million in the request. NAU requested \$7 million annual appropriation to cover debt service associated with a \$100 million debt issuance to address long-standing physical infrastructure issues on the Flagstaff campus. President Haeger also stated that NAU was going to have to find additional dollars for infrastructure repairs to the Intercollegiate Athletics facility which is in dire need of repairs. NAU also is requesting \$6 million annual appropriation to cover debt

service associated with a \$75-85 million debt issuance to construct a new Health Professions complex.

President Crow stated that ASU was requesting \$29,127,100 for Core Budget needs and \$70,600,000 for Strategic Investments. Other requests included \$53,407,700 competitive salary request and \$28,243,300 capital request. Building renewal needs to be a priority. The condition of the buildings affects the students, the faculty, teaching, etc. President Crow handed out and discussed a document titled ASU Strategic Budget Plan Proposed 9-27-07 which listed ASU's goals, where ASU is now and where ASU's sees themselves in 2022 in regards to their budget.

Regent Mariucci stated that she felt that the template that President Crow handed to be the most meaningful, productive, constructive and positive piece of information that links the big picture strategic objectives, with enough detail, that enables the Regents to see the driving forces and how they fit together.

Regent DuVal asked President Crow why the rate of growth for undergraduate enrollment decreased after 2008. President Crow responded that the numbers were very conservative. The retention numbers are conservative also. There are also resource constraints built into the projections. President Crow stated that this was still a work in progress.

President Shelton discussed the guiding principles for the University of Arizona. He stated that the key was the request for academic excellence, access and success and improving the human condition and quality of life for all citizens of the State of Arizona. Budget considerations included the Governor's priorities, the ABOR 2020 plan and the university's strategic plan. President Shelton stated that the most important component of the budget is people, people make the university great. The UA is requesting \$26,164,100 for Core Budget needs which includes a request for \$13,642,400 for critical faculty salary adjustments. \$46,901,700 is requested for Strategic Investments. The University of Arizona is also requesting \$44,170,100 for Capital Renewal and \$24,850,000 for the 30-year debt service for Phoenix Biomedical.

Regent Calderón asked about ASU's plans for student services buildings and whether ASU would be proposing a student fee for the student health center. President Crow stated that the Living and Learning Centers were being used in conjunction with third party partners. Auxiliary services such as the bookstore, health service, union, recreation center, etc., are fee and user driven. President Crow stated that he believed health services were being delivered effectively. He further stated that he believed that ASU should have a health fee and they plan to enter into discussions with students about student health fee in the near future.

Regent DeConcini asked President Crow if he was saying that if there was no health fee there would be no improvements for the health care of the students. President Crow said that the student health center is subsidized by the university and the students pay a fee per visit. The university has enhanced the student's access to a broader range of health care options, continued to provide enhanced services through the health center and to keep the costs as low as possible. The university is not trying to reduce services but they are working

with very limited resources in an arena where resources are a function of what you can deliver.

Dr. Jim Rund stated that ASU had conducted a full review of the student health center to look, not only at the facility, but to consider how to provide health services to students spread across campuses. ASU is working with local hospitals, urgent care centers and the facilities that they already have on campus to provide services. The university is trying to provide a commensurate level of support across the university rather than a higher level of support in Tempe and less elsewhere.

Regent Calderón then asked is there any plan to improve the facility on the ASU campus. Dr. Rund stated that there was a plan for incremental extension of the existing facility that will increase their throughput dramatically and ASU is also looking at the funds that are available. Regent Calderón asked if it would be reasonable to expect ASU to come to the Board by June 2008 with a plan relative to improvement of the student health services facilities at the ASU campus. President Crow responded by saying that ASU was working with the students and the students were hoping to delay the discussion regarding fees to the spring and ASU was, in the interim looking at other alternatives, and yes the Board could expect ASU to come with a plan by June 2008.

Upon motion by Regent Bulla, seconded by Regent Boice, the Board unanimously approved the FY 2009 State Operating Budget Requests, as presented in this Executive Summary.

RESOURCES COMMITTEE (Chair: Regent Calderón)

Regent Calderón chaired this portion of the meeting.

Status of Board Oversight of Technology Transfer Activities (Board Item #9)

Nancy Tribbensee joined the meeting for this presentation.

Regent Calderón stated that the Board will be hearing a presentation on its current oversight of technology transfer transactions in which Board intellectual property is licensed or assigned to a Board employee. Regent Calderón stated that the Board is being asked to provide guidance with respect to future policy review or revision.

Nancy Tribbensee gave an overview of the Board's current oversight of technology transfer transactions. The Board owns the intellectual property that is created at the universities, but it is administered at the university level. The universities use two models. NAU and ASU administer their technology transfer through an external entity and the UA has an internal administration process. The intellectual property policy governs ownership and licensing of intellectual property and the technology transfer policy results in two items that regularly come to the Board: (1) the technology transfer report which is provided annually, and (2) the disclosures of substantial interests. When a faculty spinout is contemplated, the Board has to approve that potential conflict of interest, and those are requirements of state law.

The two Board policies have not been reviewed for several years. The universities have a very complicated and complex system for managing research oversight, conflict of interest,

conflict of commitment, human subjects, animal research, etc., that never comes to the Board. Dr. Tribbensee stated that in order to ensure that the Board has adequate information to conduct its oversight it is time to review the Board policies and to make sure that we are meeting the correct goals.

Regent Mariucci stated that she has a question regarding what the criteria is of equitable fairness of the actual transaction frameworks that come forward as far as what is in it for the licensee, the licensor or what the university has invested in getting the intellectual property to that point relative to the perspective return. Regent DeConcini stated that he felt it was important that the Board have some idea of what the economic value of any technology may be and how much money is coming back to the universities.

Regent Calderón stated that he would ask that the university Presidents name a tri-university task force, to be headed by Nancy Tribbensee with President Shelton serving as special counsel, to review the current technology transfer policy and report back to the Board at the December or January meeting with a proposal for policy revisions.

Proposed Revisions to ABOR Policy 4-311, “Arizona Student Financial Aid Trust Fund” (First Reading) (Board Item #10)

Nancy Tribbensee joined the meeting for this presentation.

Regent Calderón stated that the Board was being asked to review proposed revisions to Board Policy 4-311, to conform it to the Arizona Financial Aid Trust (AFAT) fund recent statutory revisions.

Nancy Tribbensee stated that this was a housekeeping matter. The law was recently revised to change the allotment of funds in the trust fund between the amount placed in a permanent endowment and the amount available for immediate aid. This policy change conforms the Board policy to the statute. This is a first reading so no action is required at this time.

Joel Sideman stated that the funds were invested by the University of Arizona on behalf of all three universities and Joel Valdez stated that they were handled on the same basis as other investments. Joel Sideman then stated that there was \$59,000,000 in the endowment and that is projected to grow to \$131,000,000 by 2015. The return is 16.2%. He stated that under prior statute the universities were limited as to the amount of interest that could be used. Half of the interest remained in the endowment and the other half was to be used for current needs. Under the change in statute we can now use 75% of the interest earnings for current financial needs. Regent DeConcini and Regent Mariucci asked that the Board be provided with information regarding how the fund is administered at the next meeting.

Proposed Revisions to ABOR Policy 3-301, “University Investments” (First Reading) (Board Item #11)

Sandy Woodley, Carol Campbell, Kathe Shinham, and Joel Valdez joined the meeting for this presentation.

Regent Calderón stated that the Board was being asked to review proposed revisions to Policy 3-301 regarding university investments to conform to A.R.S. §35-313 regarding the State Treasurer's investment authority.

Sandra Woodley stated that this policy would reconcile the investments of the Board to the investment policies of the State Treasurer. This will allow the universities to engage in investment practices that they are currently unable to do, such as invest in commercial paper, corporate bonds, debentures, other notes, bankers acceptance and interests in money market mutual funds. In addition it allows the universities to loan securities to the financial or dealer community if specified collateral is transferred to the universities.

Regent DeConcini asked if we know what other universities do. He asked if the total list of what can be invested in and what any restrictions are could be provided to the Board. Regent Mariucci stated this policy seemed to be very general regarding the standard of what could be invested in. Regent Mariucci asked if the endowment money for AFAT, which is held at the university, is invested under this policy. Carol Campbell stated that this was just change was just conforming ABOR policy to the state policy. Sandy Woodley will be providing additional information to the Board at the next meeting.

Regent Bulla stated that this had been reviewed by the Strategic Planning, Budget, and Finance Committee and was moved on to the Board for discussion.

TECHNOLOGY OVERSIGHT COMMITTEE (Co-Chairs: Regent Palacios and Regent DeConcini)

Regent Stuart presented this item on behalf of Regent Palacios.

Police Radio Dispatch Communications and Network System (ASU) (Board Item #13)

Regent Stuart stated that Arizona State University was requesting Board approval to purchase a Police Radio Dispatch Communications and Network System to serve the needs of the ASU Police Department and to finance the purchase by means of a lease-purchase agreement at a projected cost of \$4.6 million over a five-year period. This item was reviewed by the Technology Oversight Committee at its September meeting.

Upon motion by Regent Stuart, seconded by Regent Calderón, the Board unanimously approved Arizona State University's request to purchase a Police Radio Dispatch Communications and Network System and finance the purchase by means of a lease-purchase agreement at a projected cost of \$4.6 million over a five-year period.

REPORT FROM THE ARIZONA FACULTIES COUNCIL

Dr. George Watson urged the presidents to get information out regarding salary policies to faculty and staff so they can remain informed. Faculty salaries should be a priority for the universities.

The meeting recessed at 4:20 p.m. and reconvened at 8:30 a.m., Friday, September 29, 2007.

Regent Boice welcomed everyone to the Friday morning portion of the Board meeting.

REPORT FROM THE PRESIDENT OF NORTHERN ARIZONA UNIVERSITY

President Haeger reported on the accreditation process. He presented a letter to the Regents setting out the President's positions on the debate surrounding regional accreditation. The letter states that universities are accredited in a variety of ways. There are individual program and discipline accreditations. Other organizations look at the universities on a regular basis such as auditors from the federal government, auditors from the state, auditors from the Board, etc. Finally, regional organizations do accreditation and this is the most thorough process. This accreditation is focused primarily on the academic mission of the institution; curriculum, faculty, student performance, facilities, and student support services. Arizona institutions of higher education are reviewed by the North Central Association's Higher Learning Commission.

Over the last couple of years the Secretary of Education's Commission on the Future of Higher Education (the Spellings Commission) has stated that it does not believe that regional accrediting organizations, which are essentially supported by the institutions of higher education, are effective. The Commission faulted the regional accreditation system for failure to provide metrics to enable comparisons of institutional performance and to establish threshold standards for student achievement. Regulations were proposed that would institute a system through which the U. S. Department of Education would have oversight over the accrediting organizations. It is believed by many higher education organizations that this would undermine what is considered to be the great strength of higher education in the U.S. – the diversity of institutions with distinctive missions affording students access to a wide range of options for learning and pathways to credentials.

The Association of American Colleges and Universities and the National Association of State University and Land Grant Colleges have collaborated to develop a template for reporting of data about students, programs, facilities, learning experiences, and outcomes as part of a voluntary system of accountability. This is a format that would allow the public to compare one institution against another.

President Haeger stated that October 22 through October 24 NAU would be going through its ten year regional accreditation visit. A ten person team will visit the Flagstaff campus, NAU Yuma, and North Phoenix. The team also wants to speak with representative members of the Board. The team will then write a report, which will be reviewed by the institution before being released. The recommendation for accreditation will be made soon after the release of the report. The recommendation for accreditation could include interim visits until the next ten year accreditation process.

Regent Mariucci asked if the Board had ever approached the mission of the universities from the commerce side rather than the education side. Regent DuVal stated that he felt that in

the coming year, the Commerce Department would be restructured to address strategic missions vs. constituency missions and then higher education would link up with that plan.

PROGRAMS COMMITTEE (Chair: Regent Stuart)

Regent Stuart chaired this portion of the meeting.

Proposal to Create an Academic Affairs Committee (Board Item #15)

Regent Stuart stated that the Board was being asked to approve a proposal to establish a permanent committee of the Arizona Board of Regents which would be delegated oversight for certain Board responsibilities related to academic affairs.

Regent Stuart stated that during the past few meetings, I told you that I was working with the provosts to develop plans for an academic affairs committee. In my second stint as Programs Committee chair, I have become convinced that, as a Board, we are giving inadequate attention to a very important and complex responsibility that is central to our universities mission –the creation of new academic programs.

An academic affairs committee could provide the level of attention that particular area, as well as others, need. You have in your materials the draft charter that describes the recommendation on the structure of the committee. You will notice right off that the proposed membership of the committee is different than our other Board committees.

Regent Stuart stated that the charter stated that there would be two Regents, the student Regent, and all three university provosts are listed as voting members. The Regents alone do not have the expertise to assess academic programs or analyze the appropriate mix a university should have. By including the provosts, we bring the right mix to the table of policy makers (the regents) and the chief academic officers. They will be asked to not only explain their proposed programs, but provide feedback on the programs from their sister institutions. He further stated that he believed the committee should also have a faculty member in addition to the faculty council's representative on the Board.

Regent Stuart stated that he believed the Academic Affairs Committee should focus on three questions: (1) which issues should come to the Board for action? (2) Which issues should be delegated to the committee for action? He stated that he was proposing that the committee not just review items to recommend to the Board, but that it is given real authority to act. And (3) which responsibilities should the Board delegate back to the universities.

Regent Stuart stated that his recommendation which was the creation of this committee be approved today, and we ask President Boice to appoint two regents, the voting student regent, along with the three provosts, and a student and a faculty member to be designated by the faculties to begin to hammer out the details of this committee. Regent Stuart said that he volunteered to facilitate a student session to get this process started and this matter would be brought back to the Board in December with recommendations on the answers to the three questions stated above.

Regent Stuart moved, seconded by Regent Calderón, to create an Academic Affairs Committee made up of two regents, the voting student regent, the three provosts, a student and a faculty member to work on the committee charter and bring it back to the Board. Regent Boice stated that he would like to modify the motion so the Committee would consist of Regent DeConcini as chair of the committee, Regent Calderón and Regent Venezia as members along with the three provosts and Regent Stuart as the facilitator of the committee to work on the charge and draw up the process including the membership of the committee and bring it back to the Board. Regent Stuart and Regent Calderón agreed to the modification of the motion. The Board unanimously approved the modified motion.

FY 2007 Student Financial Aid Report and FY 2008 and FY 2009 Student Financial Aid Plans (Board Item #16)

Mark Denke, Craig Fennell, David Bousquet and John Nametz joined the meeting for this presentation.

Regent Stuart stated that the Board was being asked to approve the FY 2007 Student Financial Aid Report for the Arizona University System. The report provides a summary of the financial aid distribution for FY 2007 and contains information on gifts as well as self-help support. The report also includes the Financial Aid Plans for FY 2008 and FY 2009.

Mark Denke presented the highlights of the financial aid report and plans. In FY2007 total financial aid awarded was \$988.9 million. The largest type and source of financial aid awards came from federal student loans and the smallest source came from state funding. 93,646 students received some form of financial aid. The average amount of baccalaureate degree recipients debt is \$18,029 and average graduate degree recipients debt is \$35,880.

John Nametz discussed the challenges and issues of financial aid. Federal aid legislation includes an estimated \$20 billion over the next five years. The interesting part is that none of it is new money. It is being paid for with current appropriations and reductions in the allowances or incentives for lenders in the student loan programs.

Upon motion by Regent Stuart, seconded by Regent DuVal, the Board unanimously accepted the FY 2007 Financial Aid Report and Financial Resources Aid Plans for FY 2008 and FY 2009 with the caveat that the information on the graph on Page 6 of 61 be clarified.

Review of Proposed New ABOR Policy 4-318, "Mathematics, Science and Special Education Teacher Student Loan Program," to Create and Implement the Loan Forgiveness Program for Math, Science and Special Education (First Reading), and Request for Immediate Implementation Pursuant to ABOR Policy 1-202.J. (Board Item #17)

Stephanie Jacobson and Nancy Tribbensee joined the meeting for this presentation.

Regent Stuart stated that the Board was being asked to review a proposed new Policy 4-318 to create the Mathematics, Science and Special Education Loan Program for students who become teachers of math, science or special education, in compliance with A.R.S. §15-1782, and to approve the request for immediate implementation for a period of 90 days.

Stephanie Jacobson stated that during the last session, the legislature established a loan fund of \$2.25 million for prospective math, science and special education teachers to be administered by the Board of Regents. The loans are to be awarded for the first time this spring and decisions need to be made by November 15. Like other legislative mandates, the Board needs to formalize this mandate in Board policy. Also the Board is being asked to utilize an option, which our policy allows, to implement this policy immediately, following the first reading.

Upon motion by Regent Stuart, seconded by Regent Bulla, the Board unanimously approved immediate implementation of Policy 4-318, as permitted under Board Policy 1-202 (J), for a period of 90 days, beginning on the date of the First Reading, and the policy be presented for a second reading at the December meeting.

2006 Arizona High School Eligibility Study (Board Item #18)

Rick Kroc and Dan Anderson joined the meeting for this presentation.

Regent Stuart stated that the Board was being asked to review the findings from the 2006 Arizona High School Eligibility Study which is a report on the statewide eligibility of high school students for admission to the Arizona universities that shows results by race/ethnicity, and deficiencies in academic preparation.]

Regent Stuart stated that this is a periodic report that the Board receives that measures that preparedness of Arizona high school seniors for admission to the universities. He said that it is particularly timely that we receive this report now. The Arizona Board of Education is considering changes in graduation requirements. As well, our strategic planning efforts depend heavily on the preparation of students to be successful in postsecondary education.

Dan Anderson stated that this report gives the Board an opportunity to see how well our high school students are being prepared to enter the universities.

Rick Kroc started by defining eligibility. It is the percentage of Arizona high school graduates who meet the criteria for university admission. There are approximately 55,000 high school graduates in the state and 10,000 of them go to college. 48% of the total of Arizona high school graduates are eligible for admission to the universities. There are large discrepancies among various ethnic groups. Approximately 17% of all high school graduates are eligible for assured admission which is the top 25% of a class and all 16 competency units completed. Delegated admission is the top 50% of the class with two deficiencies in the competency classes or having a 2.5 grade point average.

Rick Kroc stated that eligibility has improved for all ethnic groups since 2002, but substantial gaps continue to exist. Women's eligibility rates continue to be substantially higher than rates for men and eligibility rates in rural area of Arizona lag behind rates in Maricopa and Pima Counties. Completion of the required units of math have the greatest impact on eligibility, followed by completion of science and foreign language requirements. He further stated that enrollment projections based on current eligibility rates are consistent with those made previously for university system and statewide planning purposes.

Regent Mariucci asked how Arizona seniors stack up to other states in regards to standardized tests. Regent Horne responded that seniors take the SAT and ACT and we are above the national average, but Arizona has a lower participation rate. He stated that our participation rate was beginning to increase. For students on lower grade levels, the principle test is the Teranova test and we are performing above the national average on that test. He reminded everyone that we are 49th out of 50 for spending per pupil.

Regent Bulla stated that he had been told that the best predictor of success at the university has been the grade point average over the high school career of the student and wanted to know if that was true. Rick Kroc responded yes, that was true. Regent Horne stated that there have been some national studies that show that the best predictor is the rigor of the curriculum taken by the student regardless of the GPA.

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

Kathy Bedard joined the meeting for this presentation. Regent Stuart introduced Rick Naimark, Deputy City Manager, City of Phoenix, who joined the meeting for this presentation.

Regent Stuart updated the Board on the University of Arizona College of Medicine-Phoenix, in partnership with Arizona State University. He stated that the 17 women and 7 men are now on campus. They have completed their eight week of class and have had four exams to date. Of the 31 Basic Medical Sciences Faculty in Phoenix, 18 have primary UA appointments and 13 have ASU/UA appointments. Regent Stuart stated that the university has entered into a formal consultation to develop a financial model and benchmarks for the Phoenix campus. Dr. Shortliffe and Ms. Bayless from Maricopa Integrated Health System have had constructive meetings regarding collaboration to create targeted academic programs for both medical students and house officers.

Rick Naimark gave a presentation focusing on the real needs for buildout in the central core area of the Phoenix Biomedical Campus in order to take care of all needs; academic, research and clinical. Mr. Naimark stated that the campus would have 4000-6000 visitors a day and it will be producing 100's of degrees in a multiple set of areas. We are talking about an integrated set of educational and research facilities.

Rick Naimark stated that he and several other people had visited other campuses to see what those campuses did regarding development of similar projects and some of the things they learned were that you must build parking and site accommodations early, all modes of transit need to be present, research buildings can be taller than 6-8 stories, etc.

CAPITAL COMMITTEE (Chair: Regent Calderón)

Regent Calderón chaired this portion of the meeting.

Regent Calderón introduced Lorenzo Martinez, the new Assistant Executive Director for Capital Resources at the Central Office.

FY 2009-2011 Capital Improvement Plans (Board Item #21)

Carol Campbell, Kathe Shinham and David Duffy joined the meeting for this presentation.

Regent Calderón stated that ASU, NAU, and UA were requesting Board approval of their proposed FY 2009-2011 Capital Improvement Plans. State law requires these plans be delivered to the Governor and the Legislature by October 15. The Capital Committee reviewed this item and recommended Board approval.

ASU – The first year of the plan includes seven new university projects at an estimated cost of \$215.8M and a building renewal request of \$28.2M.

NAU – The first year of the plan includes seven new projects at an estimated cost of \$152.8M and a building renewal request of \$10.4M.

UA – The first year of the plan includes two new projects at an estimated cost of \$463.7M and a building renewal request of \$44M.

Upon motion by Regent DeConcini, seconded by Regent Mariucci, the Board unanimously approved ASU, NAU and UA's Capital Improvement Plans.

Approval of the Formation of an Arizona, Single-Purpose, Non-Profit Corporation for the Purpose of Financing, Constructing and Operating a Hotel and Conference Center at the University of Arizona Science & Technology Park (UASTP) (UA) (Board Item #22)

Bruce Wright joined the meeting for this presentation.

Regent Calderón stated that the UA was requesting approval of the formation of an Arizona, single purpose, non-profit corporation for the purpose of financing, constructing, and operating a Hotel and Conference Center at the UA Science & Technology Park. The Capital Committee reviewed this item and recommended Board approval.

Upon motion by Regent DeConcini, seconded by Regent Mariucci, the Board unanimously approved the UA's request to form an Arizona single purpose, non-profit corporation for the purpose of financing, constructing and operating a hotel and conference center at the Science and Technology Park as described in the Executive Summary.

Approval of Two Leases between the Arizona Board of Regents, on behalf of the University of Arizona, and the Research Park Development Corporation (RPDC) for portions of the UA Science Technology Park (UASTP) and the Arizona Bioscience Park (ABP) (UA) (Board Item #23)

Bruce Wright joined the meeting for this presentation.

Regent Calderón stated that the Board was being asked to approve two leases between ABOR, on behalf of the UA, and the RPDC for 872 acres at the UASTP and 52.89 acres of the ABP. Both leases will have an expiration date of July 31, 2082. The Capital Committee reviewed this item and recommended Board approval.

Bruce Wright stated that a development plan for the Arizona Bioscience Park would be presented to the Capital Committee at its next meeting.

Regent DeConcini said shouldn't a development plan be brought to the Board for approval. Bruce Wright stated that it will be coming to the Board for formal approval when it is complete. Regent DeConcini stated that he believed the lease should be approved subject to the approval of a development plan.

Upon motion by Regent Calderón, seconded by Regent DeConcini, the Board unanimously granted the University of Arizona authority to lease 872 acres at the Science and Technology Park under the terms and conditions outlined in the Executive Summary and unanimously granted the University of Arizona authority to lease 52.89 acres at the Arizona Bioscience Park to the Research Park Development Corporation under the terms and conditions outlined in the Executive Summary and subject to the approval of the development plan by the capital committee.

Combined Project Implementation Approval and Project Approval for the Hazardous Waste Facility Enclosure (UA) (Board Item #24)

David Duffy, Joel Valdez, Steve Holland and Bob Smith joined the meeting for this presentation.

Regent Calderón stated that the UA was requesting Combined Project Implementation Approval and Project Approval for the Hazardous Waste Facility Enclosure. The total budget is \$2.754M to be funded by System Revenue Bonds supported by tuition. The Capital Committee reviewed this item and recommended Board approval.

Regent Bulla stated that he was concerned about the need to come back for more money because of the unknowns in this kind of project. He stated that he felt the potential was very high and wanted to alert his colleagues.

Upon motion by Regent Calderón, seconded by Regent Venezia, the Board unanimously granted Combined Project Implementation Approval and Project Approval to the University of Arizona for the Hazardous Waste Storage Facility as described in the Executive Summary.

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

The Regents thanked Northern Arizona University, President Haeger, and all of the staff for their hospitality and for making this a very enjoyable meeting.

ADJOURNMENT

The meeting adjourned at 11:23 a.m.

SUBMITTED BY:

Margaret L. Martin
Secretary to the Board

APPROVED BY:

Fred T. Boice
President