

MINUTES OF THE REGULAR MEETING

of the

BOARD OF REGENTS OF THE UNIVERSITY OF WISCONSIN SYSTEM

Madison, Wisconsin
UW-Whitewater
Held in the University Center Commons
Friday, October 11, 2002
9:00 a.m.

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Held in the University Center Commons

Friday, October 11, 2002

9:00 a.m.

- President Gottschalk presiding -

PRESENT: Regents Axtell, Barry, Boyle, Burmaster, Gottschalk, Gracz, Jones,
Klauser, Krutsch, Marcovich, Mohs, Olivieri, Randall, Schneider and
Smith

ABSENT: Regents DeSimone and Brandes

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APPROVAL OF THE MINUTES

The minutes of the September 12th and 13th meetings were approved as distributed.

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REPORT OF THE PRESIDENT OF THE BOARD

Report on the September 25th Meeting of the Wisconsin Technical College System Board

The Board received a written report of the September 25th meeting of the Wisconsin Technical College System Board.

Report on the September 27th Meeting of the Educational Communications Board

A written report on the September 27th meeting of the Educational Communications Board was provided to the Regents.

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Report on the October 9th Meeting of the Hospital Authority Board

Expanding upon a written report of the October 9th meeting of the Hospital Authority Board, Regent Mohs, a member of the Board, reported that the financial report on the preceding fiscal year showed the hospital to be in good fiscal health. New revenues increased from \$438 million to \$510 million and net income increased from \$23 million to \$29 million. Contributing to this increase, he explained, was the high level of hospital use in the Madison area. On the other hand, low returns on Medicare and Medicaid, along with the competitive nature of the HMO market provide, continuing challenges.

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Report on the August 2nd Meeting of the Higher Educational Aids Board

A written report of the August 2nd meeting of the Higher Educational Aids Board was provided. In response to a question by Regent Krutsch, Regent Randall, a member of HEAB, indicated that there are 2000 more Minnesota students in Wisconsin than Wisconsin students in Minnesota. Regent Krutsch noted that students from Minnesota pay Minnesota tuition, which is higher than tuition in Wisconsin. UW institutions, however, are not able to keep the differential. President Lyall added that there is a balancing payment made from state to state, which goes into the state's general fund.

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Wisconsin Economic Summit III

Regent Smith reported that prospects for Economic Summit III are very promising, with more than 700 registrations received to date – about the same number as the previous year. He expressed appreciation to Laurie Dies and Dick Wagner, Summit Coordinators, for the excellent work they were doing.

Turning to the Summit agenda, he indicated that the first afternoon would include 24 workshop sessions, with 98 panelists. The schedule for the next two days included 70 panelists and a number of well-known speakers, including Paul Gigot, Editorial Editor of the *Wall Street Journal*; William Daley, President and CEO of SBC Communications and former Secretary of the Department of Commerce, and Gary Stern, President and CEO of the Federal Reserve Bank of Minneapolis. Other dignitaries scheduled to speak included Governor Scott McCallum, gubernatorial candidate James Doyle, Milwaukee Mayor John

Norquist, and Milwaukee County Executive Scott Walker. Noting that Regents were involved in the Summit as advisors, panel moderators or panelists, Regent Smith thanked them all for their contributions.

Regent Smith moved adoption of Resolution 8595. The motion was seconded by Regent Mohs and voted unanimously.

Wisconsin Economic Summit III

Resolution 8595:

WHEREAS, Wisconsin Economic Summits I and II were each a major success, having drawn a combined 2,000 attendees and involved hundreds more through regional projects; and

WHEREAS, under the leadership of the University of Wisconsin System, state officials, business leaders, economic development partners, and university experts have engaged in preparing action plans to further the state's economic development; and

WHEREAS, the University of Wisconsin System fulfilled its pledge to hold a second summit, during and after which participants developed statewide and regional partnerships and expanded economic action plans; and

WHEREAS, during 2002, Wisconsin's economy was directly challenged by an unprecedented budget shortfall, combined with a continuing decline in the business cycle in the Midwest and throughout the nation; and

WHEREAS, the University of Wisconsin System continues to fulfill the Wisconsin Idea by committing resources, leadership, and expertise toward economic development in every sector and region of the state to propel Wisconsin's economy into recovery;

THEREFORE, BE IT RESOLVED, that the Board of Regents of the University of Wisconsin System calls all institutions and interested citizens to action at Wisconsin Economic Summit III, October 14-16, 2002, at the Midwest Express Center in Milwaukee, toward realizing Wisconsin's economic goals, proving accountability, and achieving renewed prosperity and economic growth.

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REPORT OF THE PRESIDENT OF THE SYSTEM

UW-Whitewater: Goal Focused and Data Driven

Beginning the presentation, Chancellor Miller noted the pride he and other chancellors take in their institutions and the difficulty of communicating meaningfully about a campus and all that happens there. The intent of this presentation was to show an “unvarnished” version of the University of Wisconsin-Whitewater, including areas in which the campus community takes the greatest pride and areas where the institution has yet to succeed. While they are proud of their successes, he explained, they are not embarrassed about failures, which they view as additional opportunities to improve.

The Chancellor indicated that the presentation would conclude with distribution of a report card listing 35 goals and showing the level of progress toward reaching them. Why, he asked, do these goals and progress toward them need to be publicly shared, even though they do not encompass all of the many worthy things that the university does? In response he stated that because there are so many things in higher education that cannot be measured, it is all the more important to record that which is measurable.

As to the importance of being data driven, Chancellor Miller observed that in areas where the university excels, it should be able to prove it’s excellence and to improve its performance in other areas.

Finally, he continued, it is important to have goals because there is so much on a university campus to distract from accomplishing them, given the necessity of dealing with day-to-day demands and unforeseen events. It is helpful to have the goals clearly set forth and continuously measured in order to keep a focus on them. To place the task of striving toward goals in a real-world context, the Chancellor showed a video regarding occurrences of the past academic year, including those related to the September 11th terrorist attacks; an important scientific discovery by a UW-Whitewater faculty member about how airplane contrails affect temperature; protest of a campus fraternity skit in which a student appeared in black face; the university’s outstanding wheelchair basketball program; and hosting the national conference on undergraduate research. The video concluded with a number of newspaper headlines about notable UW-Whitewater programs and accomplishments of faculty and staff.

Concluding his presentation, Chancellor Miller distributed a report card showing areas in which the university has been successful and other areas in which success has not yet been achieved and where further efforts are necessary. UW-Whitewater, he stated, believes in being challenged with high goals, being realistic in terms of the context in which efforts to achieve them must be undertaken, and then reassessing and continuing those efforts. While much has been accomplished, he noted, much more remains to be done.

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Measuring Up 2002

President Lyall referred to a report card recently issued for Wisconsin, as well as for other states, by the National Center for Public Policy and Higher Education. She noted first that the report measured and compared states, not universities, and that the characteristics being measured, such as preparation, participation, affordability, completion, and benefits, are each a compound of policy, fiscal, management and individual student and family factors. The resulting letter grades, she explained, reflected state history and economic strength, demographic and mobility patterns, tuition and financial aid policies, K-12 curriculum and achievement patterns, and the mix of higher education institutions in a state.

Secondly, she noted that the ratings are relative; that is, a state can be given a higher or lower grade depending upon what other states do. In Wisconsin's case, the state remained the same, with a grade of A or B, in three of the five factors: preparation, participation and completion. The state dropped from B to C in affordability and benefits, not because Wisconsin's performance worsened, but because the performance of other states improved.

Third, she pointed out the mix of institutions accounts for Wisconsin's slippage on the affordability indicator. The state's public two- and four-year institutions rank in the 95th percentile on affordability as measured by the share of family income required to attend, while Wisconsin's independent colleges rank in the 60th percentile. While there are about an equal number of public and private colleges in the state, the public institutions enroll about 80% of postsecondary students. Therefore, the affordability rating does not reflect the experience of the majority of higher education students in Wisconsin.

Regarding Wisconsin's rating in the benefits of higher education category, the President pointed out that the state's population with college degrees increased slightly and the state scored in the 90th percentiles in voting, charitable contributions, and quantitative and prose literacy. However, the state scored at the 68th percentile in increased income from a bachelor's degree – primarily because of Wisconsin's lower wages and the outdated job mix available to college graduates.

Noting that this matter is an important focus of the past two Economic Summits, as well as the one planned for this month, and of regional partnerships across the state, she observed that the benefits of higher education to graduates are great, both in financial and in life-enhancing terms, but that Wisconsin as a state cannot capture the full benefits until the job base is updated with higher-income opportunities.

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Preliminary Fall 2002 Enrollments

President Lyall reported that preliminary fall enrollments totaled 134,998 FTE, which was 2,659 over the target of 132,339, reflecting the mounting enrollment pressures being felt by all UW institutions. These pressures, she indicated, come at a time when

large cuts have been made to the UW's budget, presenting a significant challenge to UW campuses.

Pointing out that the current level of 135,000 FTE also is the planned target for 2005, she proposed holding overall enrollments to the 135,000 FTE level for next fall, barring any further base budget cuts that are not offset with other revenue. The \$44 million in cuts currently being absorbed by the UW, she explained, removes support for the equivalent of about 8,800 students. Adding to the number the 2,600 new students over the enrollment target means that UW campuses this year are serving more than 11,000 students more than they are budgeted for, which is equivalent to operating one of the larger comprehensive campuses with no funding. She emphasized that this situation requires exceptional effort on the part of faculty and staff to continue to deliver quality education to this larger number of students and to do so with fewer resources.

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Good News

Whitewater E-Business Grant

President Lyall reported that UW-Whitewater's Global Business Resource Center has received a \$400,000 grant from the U.S. Department of Education to support its e-business certification program, which trains people in marketing and doing business abroad through use of the Internet. This kind of expertise, she observed, will be helpful in increasing exports of Wisconsin products.

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History Teaching Grant

It was reported by President Lyall that the Cross-River History Education Consortium, composed of UW-La Crosse, CESA #12, UM-Duluth, UW-River Falls, UW-Stout, UW-Eau Claire, and UW-Green Bay, had received an \$876,000 grant from the U.S. Department of Education to provide professional development to K-8 history teachers from rural areas in Minnesota and Wisconsin. She commended project director Dr. Dorothy Zeisler-Vralsted, of UW-La Crosse, and Regent Phyllis Krutsch who was instrumental in obtaining the first grant for the consortium.

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Math and Science Teaching Grant

President Lyall reported that UW-Madison had received a \$35 million, five-year National Science Foundation grant to support efforts of the Wisconsin Center for Education to improve math and science teaching. The work will be done by a consortium

including the University of Pittsburgh, Los Angeles Unified School District, Denver Public Schools, Providence Public Schools, and the Madison Metropolitan School District. An important feature of the effort will be to help graduate students in the sciences become excellent teachers as well as excellent scientists. This kind of program, the President observed, could be a model for other fields as well.

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Discussion

With reference to the National Center for Public Policy's report card, Regent Krutsch suggested that a letter be written to the Center regarding the fact that Wisconsin's affordability ranking does not reflect the experience of most of the state's students.

Regent Schneiders asked if grants of the type reported by the President arrive in a timely manner or if it is necessary to borrow money in order to begin some of these programs. President Lyall and Vice President Durcan explained that a campus can proceed with a project as soon as official notice is received and that there is a fund that available to bridge the time between notification and actual arrival of the money.

Referring to President Lyall's comments the difficulty of serving more students with fewer resources, Regent Mohs noted that some students told him of experiences in which there were not enough professors to teach courses and that it was necessary to use retired faculty or others who may not be as current in their fields. The university is expected to stretch resources as far as possible, he observed, but that will come with some diminution in quality.

Regent Klauser concurred, commenting that, while it is desirable to afford educational opportunity beyond the university's enrollment targets, it is important to consider the effects on quality of education, availability of courses and time to graduation.

President Lyall indicated that one way universities are stretching resources is to use more instructional academic staff in place of permanent faculty. She was concerned about moving further in that direction because of the effect on campus environment and commitment to the long-term success of the campus and the students.

Regent Mohs added that students had indicated to him that one area needing improvement is advising to help students meet requirements and especially to help students chart their course at the freshman level.

Regent Olivieri observed that the points being made highlight the importance of revenue enhancement measures. He emphasized that there should be a sense of urgency in terms of making use of such strategies as outsourcing, differential tuition that could be targeted toward such areas as first year advising, and other measures as discussed and chosen by the Board. The Board is faced with the challenge of increasing demand and need for higher education, he stated, and every vehicle must be used to find revenue to meet that challenge.

With regard to the National Center's report card, he suggested that a presentation be made to the Board in order to understand better how Wisconsin is doing in the areas measured by the report. He thought, for example, that Wisconsin might be among the top states in the country in affordability of public institutions. He asked President Lyall for comments on any areas of concern or areas where improvements should be made.

As to the benefits measure, the President noted that the UW is doing a great deal through the Economic Summits and regional economic partnerships in order to boost the state's economy. She was concerned that a number of important indicators were not captured in the measures, such as technology issues and what employers and students think of the education they have received. In order to compare states, she explained, the authors are limited to data sources that are issued uniformly across states. This greatly restricts the areas they can cover and makes it difficult to conclude what a state could do to improve its standing.

Regent Olivieri noted that the report card showed Wisconsin to have substantially fewer 25-49 year olds involved in postsecondary education than the top states in this category. He asked why that would be the case.

In response, President Lyall indicated that the UW's resources have been stretched to serve traditional students, but that differential tuition options approved by the Board are helping to extend programs on a full-cost recovery basis to working adult students.

Regent Boyle asked if distance education programs were included in the report's computation, and President Lyall replied that they were not, although other Extension programs were included.

Regent Barry questioned the study's calculation, noting the very large number of adult students served by the WTC System and the fact that the technical colleges serve 20% of the state's high school graduates, while the UW System serves 32%.

Regent Krusch noted that UW-Whitewater has a differential tuition that is designed to address advising issues, particularly for the freshman year, and that Regent Jones had worked on addressing this matter while he was a student leader at UW-Whitewater. She observed that an advantage to differential tuition programs is that they direct resources to issues that students identify as priorities.

She added that continued attention to the reduction of credits-to-degree is important because it enables the enrollment of additional students without reduction of quality. Indicating that some institutions grant four, instead of three, credits for certain courses, she suggested that this is one possibility that might be explored.

Regent Klauser expressed concern that measures to reduce credits might have a negative impact on education quality and could adversely affect students who enter college undecided about their majors or whose programs require more credits than others. He also noted the educational value of taking courses that may not be required for a major.

Regent Krutsch indicated that her suggestion was not to reduce degree requirements or the general education component of the degree, but to examine the trade off between consumption of excess credits by students and the effect on access to other students.

With respect to affordability, Regent Smith pointed out that family ability to pay in Wisconsin differs from other states, because more Wisconsin family members have jobs and work more hours than is the case in other states.

Regent Axtell expressed concern about the mindset he often encountered that there is not a budget that cannot be cut and therefore, there still must be room in the UW's budget for further reductions. He commended staff for producing the *Engage Wisconsin* resource book to help in communicating the consequences of additional budget cutting.

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REPORT OF THE BUSINESS AND FINANCE COMMITTEE

The report of the Business and Finance Committee was presented by the chair of the committee, Regent Klauser.

UW-Whitewater Presentation: Student Success through Fiscal and Facility Planning Connection

The Business and Finance Committee met in joint session with the Physical Planning and Funding Committee for a presentation by UW-Whitewater on fiscal and facility planning.

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Fiscal Accountability Topics and Schedule

Vice President Debbie Durcan reported on the fiscal accountability topics which will be the focus of the committee's agenda for this year.

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AGB Article: Be Vigilant on Financial Statements

Doug Hendrix, Associate Vice President for Financial Administration, discussed the AGB article: *Be Vigilant on Financial Statements*. Mr. Hendrix reported on the Board's oversight of fiscal operation and financial statement reviews, noting the difference between Generally Accepted Accounting Principles (GAAP) and the cash basis accounting system which the state uses, how it differs and how it affects the UW System.

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Federal Relations Update

Kris Andrews, Federal Relations Coordinator for the UW System, articulated the goals of the UW System's federal relations strategy and the standards adopted to measure success. The UW System's strength, Ms. Andrews noted, is its ability to compete on merit rather than the politics of earmarking. She highlighted federal awards granted to several UW institutions and the ADL Co-Lab. There are many challenges and opportunities facing the UW System. Ms. Andrews invited the Board of Regents to UW Day in Washington D.C. on February 26, 2003.

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Trust Fund Issues

Introduction to Hedge Funds

Presenting an informational and educational session on the effective use of Hedge Funds was Kathleen Riorda, Vice President and Jason Ciagla, Client Advisor, JP Morgan Partners. Copies of their power point presentation are available.

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Report on 2002 Proxy Voting Season

The 2002 Proxy Voting Season report was accepted by the Business and Finance Committee.

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Briefing on Forum Issues

A public forum will be held in November to receive input on the UW System's investments. Investments basically consist of gift funds, Regent Klauser commented, with specific purposes and instructions from the donors.

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Applied Security Analysis Program (ASAP)-Review of the Student-Managed Investment Fund

Ron Yates, Director of Internal Audit and Mark Fedenia, Associate Professor, UW-Madison discussed the Applied Security Analysis Program which was established by a Brittingham Trust grant and subsequently supplemented by the Board of Regents. The students have oversight of the investment fund which has shown positive results.

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Annual Gift-in-Kind Report

Vice President Debbie Durcan reported on the Annual Gift-in Kind Report which is required by statutes and the Board of Regents policy.

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Report of the Vice President

Debbie Durcan, Vice President, reported that the UW System received notification that the life insurance policy with National Guardian Life will be cancelled after one more year. The committee will be searching for a replacement vendor.

Ms. Durcan stated that the Department of Administration is conducting a study on the availability of UW System building space which could be leased for telecommunication purposes. Several UW System institutions already have leases in place for this purpose.

On behalf of the Business and Finance Committee, Regent Klauser presented Resolution 8596 for adoption by the Board of Regents. The motion was seconded by Regent Olivieri and carried unanimously.

Differential Tuition Initiatives and Full-Cost Recovery Market Based Programming

Resolution 8596: That, after reviewing differential tuition programs at UW-Whitewater and UW-Eau Claire and considering the educational quality enhancements and campus life benefits that students derive from differential tuition revenues, the Board of Regents strongly encourages students and institutions to consider and bring forth to the Board additional differential tuition initiatives.

And that, in keeping with the recommendations embodied in the Building Our Resources Base Report, the Board of Regents requests that institutions aggressively pursue the development and implementation of programming for nontraditional students that has strong market demand and that will be priced to cover, at minimum, its full cost.

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Report on GPR Positions Created

Acting Associate Vice President Freda Harris presented a report on GPR positions created with new legislative authority. This is a required report to the Joint Finance Committee and the Department of Administration. Ms. Harris stated that it demonstrates the importance of the management flexibility provision to create positions. This flexibility is critical to the UW System's ability to "jump-start" the Economic Stimulus Package, and provide the ability to serve an additional 1,800 students.

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Regent Klauser moved adoption by the Board of Regents of Resolutions 8597-8599 as consent agenda items. Regent Jones seconded the motion and it carried unanimously.

UW-Eau Claire: Undergraduate Differential Tuition

Resolution 8597: That, upon the recommendation of the President of the University of Wisconsin System and the students and Chancellor of the University of Wisconsin-Eau Claire, the Board of Regents approves the differential tuition rates for undergraduate students at UW-Eau Claire beginning in the spring semester of 2002-03.

Report on Using the Continuing Appropriation to Serve Adult Students

Resolution 8598: That, upon recommendation of the President of the University of Wisconsin System, the Board of Regents accepts the report on Cost Recovery Activity, Credit Enrollment and Unduplicated Student Headcount by Program and Age, 2001-02 Academic Year for submission to the Joint Committee on Finance.

UW System Trust Funds Acceptance of Bequests

Resolution 8599: That, upon the recommendation of the President of the University of Wisconsin System and the Chancellors of the benefiting University of Wisconsin institutions, the bequests detailed on the attached list be accepted for the purposes designated by the donors, or, where unrestricted by the donors, by the benefiting institution, and the Trust Officer or Assistant Trust Officers be authorized to sign receipts and do all things necessary to effect the transfers for the benefit of the University of Wisconsin.

Let it be herewith further resolved, that the President and Board of Regents of the University of Wisconsin System, the Chancellors of the benefiting University of Wisconsin institutions, and the Deans and Chairs of the benefiting Colleges and Departments express their sincere thanks and appreciation to the donors and their families for their tremendous generosity and devotion to the values and ideals represented by the University of Wisconsin System. These gifts will be used to sustain and further the quality and scholarship of the University and its students.

In discussion, Regent Krutsch inquired about earmarking trends. In response, Chancellor Wiley reported that historically the UW has never done very well in earmarking. However, he continued, UW-Madison does very well in competitive grants. There is a risk associated with attempting to do earmarking, as Wisconsin does not have the political seniority of other states, nor is it one of the more populous states.

Chancellor Zimpher added that UW-Milwaukee's effort has been more active in competitive grant allocations. UW-Milwaukee belongs to a network of urban universities that are focusing on earmarking directly related to problems of the urban environment.

Chancellor George expressed the success our state has had because our national legislators have identified funds available in a competitive pool and have worked with our institutions to make sure federal money is available.

Regent Axtell concurred with Chancellor Keating's suggestions about receiving federal money. One suggestion, he added, was to work with the staff to make sure they know the specialties the institution has; and secondly developing a "priority" book. Chancellor Keating responded that each campus is listing their priorities which will go to the delegation and their staff.

As a result of earmarking efforts, President Lyall stated that \$18-\$20 million has been allocated to the UW. She suggested that we continue both our competitive efforts as well as earmarking.

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REPORT OF THE EDUCATION COMMITTEE

The report of the Education Committee was presented by Regent Boyle, Chair of the committee.

Discussion of Campus Compact Program

Two basic ideas emerged from the campus compact discussion, Regent Boyle reported. The first one related to use of the word “service”. Explaining that the committee would like to have the word “service” reduced or eliminated, Regent Boyle stated that experiences outside the four walls of the classroom should be fully integrated into the classroom activity. A relationship needs to be established, he continued, between the practical aspects of involvement outside of the classroom and theory taught inside the classroom. The second idea involves the challenges in measuring the Campus Compact program in terms of its educational value. Support of this activity is an integral part of the total learning experience.

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Report of the Senior Vice President

Senior Vice President Cora Marrett defined the committee’s approach to the meaning of “student”, emphasizing that the description of “student” applies to all citizens in the State of Wisconsin.

Roger Pulliam, Assistant Vice Chancellor for Academic Support Services, and Sandra Hall, Director of Disabled Students Services, commented on their experiences at UW-Whitewater. Dr. Pulliam reported on UW-Whitewater’s receptiveness to multicultural students who feel welcomed and comfortable on the campus and in the community. The “laddered approach” in helping multicultural students beginning with pre-college orientations and moving up through graduate or other professional programs challenges students, and the infrastructure that has been established helps them achieve at this institution.

Ms. Hall discussed the focus of helping disadvantaged and handicapped students proceed through the system, from additional advising help to the physical facilities that allow students to use wheelchairs and other kinds of mechanisms. UW-Whitewater, Ms. Hall commented, has developed a culture that focuses on students with physical disabilities; and the receptivity and support students receive allow them to proceed with their education.

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Presentation by Associate Vice Presidents Goldberg and Singer on Measuring Program Quality: Examination of Some Possible Indicators of Quality

Frank Goldberg and Ron Singer, Associate Vice Presidents in Academic Affairs reported on measuring quality and examining some of the indicators that reflect quality.

Focusing throughout the year on these questions will help improve efforts in terms of “Engaging Wisconsin”:

- (1) Which stakeholders should we focus on?
- (2) What dimensions of quality should we focus on?
- (3) How should quality be communicated?

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Program Authorizations - First Reading of Biotechnology Cluster

Regent Boyle reported on three outstanding new programs because they all relate to the major focus that former President Jay Smith initiated in terms of the universities role in economic development.

There are two proposed bachelor degree programs in biochemistry, one at UW-La Crosse and one at UW-Milwaukee. The committee will take action on these two reports at the next meeting.

The third one is a masters degree in biotechnology at UW-Madison. This is a 24-credit weekend program designed in response to workforce needs. It is an example of the university's effort to make a major contribution to economic development in the state.

Regent Barry complimented Chancellor Wiley on this new program which is "customer friendly" and has a direct impact on the economy.

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Revised Mission Statement, UW-Platteville

Minor language changes designed primarily to acknowledge the growth of online degree programs at Platteville will be changed in their mission statement. After a hearing at UW-Platteville, a recommendation for approval by the Board of Regents will be made.

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Regent Boyle presented Resolutions 8600-8601 for adoption by the Board of Regents as consent agenda items. The motion was seconded by Regent Axtell and it carried unanimously.

UW-Oshkosh: Program Authorization (Implementation) B.S., Athletic Training

Resolution 8600: That, upon recommendation of the Chancellor of the University of Wisconsin-Oshkosh and the President of the University of Wisconsin System, the Chancellor be authorized to implement the B.S. in Athletic Training.

**UW-Green Bay and UW Oshkosh: Program Authorization
(Implementation) Master of Social Work**

Resolution 8601: That, upon recommendation of the Chancellor of the University of Wisconsin-Oshkosh, the Chancellor of the University of Wisconsin-Green Bay, and the President of the University of Wisconsin System, the Chancellors be authorized to implement the Master of Social Work.

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**REPORT OF THE PHYSICAL PLANNING AND FUNDING
COMMITTEE**

Regent Gracz, chair, presented the report of the Physical Planning and Funding Committee.

**UW-Whitewater Presentation: Student Success through Fiscal and Facility
Planning Connections**

The Physical Planning and Funding Committee met jointly with the Business and Finance Committee to discuss two items. The first was a campus presentation entitled *Student Success through Fiscal and Facility Planning Connections*.

Barbara Jones, Assistant Chancellor for Student Affairs, and Therese Ehle, past Student Government President explained how differential tuition addresses student, university and regent goals of assuring student success. These funds are used to improve academic advising and career advising, while enhancing the first year student experience.

Secondly, Vice Chancellor for Administrative Affairs, Jim Freer, spoke about the facilities connection, and the challenge of providing the right facilities in the right place and at the right time to match program priorities. Short term space solutions must be developed due to the amount of time it takes to obtain funding.

The top priority for the near future is completion of the remodeling of the Upham Science building, followed by construction of a new business and economics building. Two buildings that are not worth remodeling will be demolished

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UW-Madison: Update on Cogeneration Project

Nancy Ives, Assistant Vice President gave an update on the status of the UW-Madison /MGE Cogeneration project. Rob Cramer, Administrator of the Division of Facilities Development and John Harrod, Acting Associate Vice Chancellor from UW-Madison reported that the maximum cost of the project increased from \$87.5 million to

\$90 million for MGE to assure performance of the finished facility. This will guarantee the outputs of steam and chilled water. Discussion is ongoing relative to the water supply for the facility. This has delayed the official start of the 6-month PSC approval process, and could also affect project costs. Construction is expected to begin in Spring 2003, with completion in Spring 2005. Mr. Cramer reported that MGE has agreed to use the state's goal relative to minority business involvement on the state portion of the project. Regent Randall asked that Cramer pursue those standards on the entire project, to illustrate common goals in this partnership.

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Report of the Assistant Vice President

Building Commission Actions

Assistant Vice President Ives reported that the Building Commission approved about \$32M for three projects at their September meeting, including \$26 M for the new Fine Arts facility at UW-Stevens Point.

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On behalf of the Physical Planning and Funding Committee, Regent Gracz moved adoption of the following resolutions by the Board of Regents. Regents Randall and Schneiders seconded the motion and it carried unanimously.

UW-Whitewater: Approval of the Design Report and Authority to Construct a Wells Residence Hall Fire Sprinkler System Project

Resolution 8602: That, upon the recommendation of the UW-Whitewater Chancellor and the President of the University of Wisconsin System, the Design Report be approved and authority be granted to construct a Wells Residence Hall Fire Sprinkler System project at an estimated total project cost of \$1,972,000 (\$1,000,000 Program Revenue-Cash and \$972,000 Program Revenue Supported Borrowing).

UW-Madison: Authority to Petition for Annexation of Arboretum

Resolution 8603: That, upon the recommendation of the UW-Madison Chancellor and the President of the University of Wisconsin System, authority be granted to petition for annexation to the city of Madison 1,070 acres of the total approximate 1,260 acres of the University of Wisconsin-Madison Arboretum.

UW Hospitals and Clinics Authority on Lease and Affiliation Agreements

Resolution 8604: WHEREAS, the University of Wisconsin Hospitals and Clinics Authority (the “Authority”) is a public body corporate and politic created by Chapter 233 of the Wisconsin Statutes, as amended, for the purpose of maintaining, controlling and supervising the use of the University of Wisconsin Hospitals and Clinics (“UWHC”); and

WHEREAS, the Authority leases the space occupied by the UWHC on the UW-Madison campus from the Board of Regents of the University of Wisconsin System (“Board of Regents”) pursuant to a “Lease Agreement” dated as of June 29, 1996; and

WHEREAS, an “Affiliation Agreement” between the Authority and the Board of Regents, also dated as of June 29, 1996, specifies how the Authority and the Board of Regents will continue to work together to fulfill their interrelated mission, and addresses personnel, external relations, education, research planning, financial support, networking, professional staff, insurance and other matters; and

WHEREAS, on April 16, 1997, the Authority issued \$50 million of its Variable Rate Demand Hospital Revenue Bonds, Series 1997, for the purpose of financing improvements to UWHC facilities; and

WHEREAS, on March 23, 2000, the Authority issued \$56.5 million of its Hospital revenues Bonds, Series 2000, for the purposes of financing improvements to UWHC facilities; and

WHEREAS, the Authority has been recently authorized by legislation and proposes to issue up to \$68.5 million of its Hospital Revenue Bonds, Series 2002 (the “Bonds”), for the purpose of financing additional improvements to UWHC facilities; and

WHEREAS, the Authority has informed the Board of Regents that Financial Security Assurance, Inc., a municipal bond insurance company considering issuing an insurance policy insuring the payment of principal and interest on the Bonds (the “Bond Insurer”), is unwilling to insure the Bonds because the Bond Insurer fears that the Authority’s access to UWHC facilities may be terminated under the Lease Agreement and Affiliation Agreement, without adequate provision for the repayment of the Authority’s Hospital Revenue Bonds; and

WHEREAS, the Authority has indicated to the Board of Regents that it would be materially helpful to the Authority’s effort to obtain bond insurance and to market the Bonds, and an inducement to the Bond Insurer to insure such bonds, if the Board of Regents clarified under what conditions the Board of Regents might terminate the Lease Agreement and Affiliation Agreement;

NOW, THEREFORE, to the extent not inconsistent with Wisconsin law, the Board of Regents hereby resolves as follows:

1. The Board of Regents intends to keep the Lease Agreement and Affiliation Agreement in effect through their respective current termination dates of June 29, 2032, absent material deviation by the Authority from the policy objectives the Lease Agreement and Affiliation Agreement.
2. The Board of Regents will not exercise its option to terminate the Lease Agreement or Affiliation Agreement, or both, unless and until the Board of Regents, the Wisconsin Legislature, or some other party, or some combination of the foregoing, makes arrangements to adequately provide for the protection of bondholders. The term “adequately provide for the protection of bondholders” shall mean: (i) the Board of Regents has received the consent of the Bond Insurer, or (ii) the Bonds are redeemed or defeased in accordance with their terms, or (iii) legislation has been enacted or other appropriate action has been taken such that the obligor assuming the obligations of the

Authority, if other than the Board of Regents of the State of Wisconsin, (a) is a public or not-for-profit entity, (b) is bound by the covenants in the Master Indenture of Trust and 2000 Series Supplement to the Master Indenture of Trust and 2002 Series Supplement to the Master Indenture of Trust, and (c) is financially able, in the judgment of the Bond Insurer, to pay debt service on the Bonds.

3. This Resolution shall not be revoked, rescinded or amended without the prior consent of the Bond Insurer.

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ADDITIONAL RESOLUTIONS

Offering the following resolution of appreciation, Regent Jones, a graduate of UW-Whitewater, referred to the university's theme "Stay close, go far", observing that UW-Whitewater's many exciting accomplishments continue to benefit the UW System as a whole. The resolution was adopted by acclamation with a round of applause.

Resolution of Appreciation to UW-Whitewater

Resolution 8605: Whereas, the Board of Regents is very pleased to have been invited to the University of Wisconsin-Whitewater for this month's meetings; and

Whereas, the Board's visit has been enhanced by guided tours of the campus and some of the university's outstanding facilities, including the Kachel Fieldhouse, Esker Hall, and the Irvin L. Young Auditorium; and

Whereas, highlighting the strengths of this university and its special role in the University of Wisconsin System, presentations were made on Diversity, Disability and Student Success; Student Success through Fiscal and Facility Planning; and the UW-Whitewater: Goal-Focused and Data-Driven; and

Whereas, it was a particular pleasure to hear beautiful music expertly performed by the UW-Whitewater Jazz Symposium, String Ensemble, Gospel Choir, Saxophone Quartet, Piano and String Band; and

Whereas, the Regents are grateful for the gracious hospitality extended by Chancellor Miller and the people of the campus and community, and for the opportunity to meet campus and community leaders at a special reception and dinner;

Therefore, be it resolved, that the Board of Regents hereby thanks the University of Wisconsin-Whitewater for a very interesting and enjoyable visit.

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CLOSED SESSION

The meeting was recessed at 11:15 a.m. and reconvened at 11:35 a.m., at which time the following resolution, moved by Regent Marcovich and seconded by Regent Randall, was adopted unanimously on a roll-call vote, with Regents Axtell, Barry, Boyle, Burmaster, Gottschalk, Jones, Klauser, Krutsch, Marcovich, Mohs, Olivieri, Randall, Schneiders, and Smith (14) voting in the affirmative. There were no dissenting votes and no abstentions.

Resolution 8607: That, the Board of Regents recess into Closed Session, to consider UW-Madison Honorary Degree Nominations, as permitted by s.19.85 (1)(f), *Wis. Stats.*, to confer with Legal Counsel, as permitted by s.19.85(1)(g), *Wis. Stats.*

The Board arose from closed session at 11:50 a.m., at which time the meeting was adjourned.

Judith A. Temby, Secretary