

EXECUTIVE SESSION
UTAH STATE UNIVERSITY BOARD OF TRUSTEES
OCTOBER 20, 2006

Minutes of the Regular Meeting of the Utah State University Board of Trustees held in the Alma Sonne Board Room of the University Inn at 9:30 a.m.

MEMBERS PRESENT

Richard L. Shipley	Chairman
R. Brent Nyman	Vice Chairman
David P. Cook	
Robert L. Foley	
Douglas S. Foxley	
David Johnson III	
Suzanne Pierce-Moore	
Kellie S. Wood	

MEMBER EXCUSED

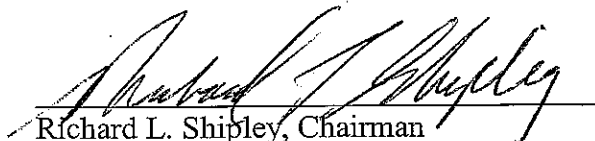
Richard L. Nelson
Noah A. Riley

UNIVERSITY REPRESENTATIVES PRESENT

Stan L. Albrecht	President
Raymond T. Coward	Executive Vice President and Provost
Craig J. Simper	General Counsel
Sydney M. Peterson	Chief of Staff
Lee H. Burke	Assistant to the President and Board of Trustees Secretary

Items Discussed: Personnel and Legal

The Executive Session adjourned at 9:35 a.m.


Richard L. Shipley, Chairman


Lee H. Burke, Secretary

December 1, 2006
Date

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Raymond T. Coward	Executive Vice President and Provost
Gary A. Chambers	Interim Vice President for Student Services
W. Glenn Ford	Vice President for Business and Finance
M. Kay Jeppesen	Vice President and CIO for Information Technology
Brent C. Miller	Vice President for Research
Ned M. Weinshenker	Vice President for Strategic Ventures and Economic Development
David T. Cowley	Associate Vice President for Financial Services/Controller
Craig J. Simper	General Counsel
Sydney M. Peterson	Chief of Staff
John DeVilbiss	Executive Director of Public Relations and Marketing
Stanley Kane	Director of Facilities Planning
Jodi Bailey	Chief Audit Executive
R. Douglas Ramsey	President-elect of Faculty Senate
Rory J. Weaver	President of the Professional Employees Association

Jill J. Ballard
Lee H. Burke
Mira G. Thatcher

President of the Classified Employees Association
Assistant to the President and Board of Trustees Secretary
Secretary

OTHERS PRESENT

Joshua Schultz ASUSU

MEMBERS OF THE MEDIA PRESENT

Megan Roe *The Herald Journal*
Amy Stewart *Ogden Standard Examiner*

Chairman Shipley conducted the meeting and welcomed those present, including Joshua Schultz who represented Trustee Riley, and Douglas Ramsey who represented John Kras. He excused Trustee Nelson, also Trustee Riley who was getting married that day.

The updated Board of Trustees Policy and Procedures Manual was distributed to the Trustees. Dr. Burke indicated that the manual had important information for the Trustees.

I. Chairman's Report

A. Action Item

Chairman Shipley expressed appreciation to President Albrecht for the enjoyable dinner at his home on Thursday evening to honor outgoing Trustees. He indicated that Resolutions of Appreciation and Commendation were presented to Douglas D. Anderson, L.J. Godfrey, and Lynnette T. Hansen, and asked for Trustees' approval of the Resolutions.

Action: Trustee Foley moved approval of the Resolutions of Appreciation and Commendation to Douglas D. Anderson [Resolution 06-10-1] (Appendix A), L.J. Godfrey [Resolution 06-10-2] (Appendix B), and Lynnette T. Hansen [Resolution 06-10-3] (Appendix C). Trustee Nyman seconded the motion, and the voting was unanimous in the affirmative.

B. Date of the Next Board of Trustees Meeting

The next Board of Trustees meeting will be held on Friday, December 1, 2006, as a telephone conference call.

C. Trustee Committee Reports

1. Athletics Committee

Athletics Committee Chairman Nyman reported that three members of the Athletics Committee were contacted by Todd Jensen, a USU alumnus, who wanted to present ideas to them which could be used to increase attendance at USU home football games. After listening to Mr. Jensen's ideas, members of the committee had serious concerns about the creation and operation of a 501(c)(3) non-profit organization. Several questions were raised about the proposal, and how Mr. Jensen would accomplish the plan. The Trustees thanked Mr. Jensen for his interest. No action was taken.

Committee Chairman Nyman stated that the Athletics Committee will meet before the next Regular Meeting in December.

2. Audit Committee

Audit Committee Chairman Cook reported that the Audit Committee met the morning of October 20 (see agenda items, Appendix D). They received reports from Jones, Simpkins LP for the USU Research Foundation with an unqualified opinion on those financial statements. The Committee also received a status report from the auditors of USU's general financial statements. It is expected that there will be an unqualified opinion on the USU financial statements. The auditors have finished their review of debt covenant compliance, and USU is in compliance.

The Committee also received a management report from Vice President Ford regarding internal controls. Jody Bailey, Chief Audit Executive, reported on the activities of the Internal Audit Department. Committee Chairman Cook said the Committee found the reports to be satisfactory.

3. Enrollment Committee

Enrollment Committee Chairman Pierce-Moore reported that Provost Coward reviewed enrollment numbers with the Enrollment Committee on October 19 (see agenda items, Appendix E). He reported that enrollment has stabilized after a three-year decline. Enrollment for first-time students as well as transfer students increased. USU has been successful in recruiting out-of-state students.

II. President's Report

A. Memorial Service for President Kermit L. Hall

President Albrecht stated that Del Loy and Lynnette Hansen, Fred R. Hunsaker, Craig J. Simper, Mrs. Albrecht, and he went to Albany, New York, for the Memorial Service honoring the life of President Kermit L. Hall. Several individuals spoke representing different time periods in President Hall's life, including President Albrecht. The addresses were touching, moving, humorous, and included events about President Hall's experiences and contributions.

President Albrecht delivered letters to Mrs. Hall from the USU Trustees, the Utah Board of Regents, leaders of the LDS Church First Presidency, and also a book of remembrances and photos of events compiled by John DeVilbiss that took place while Kermit Hall was president of USU. He said that Mrs. Hall was extremely appreciative that individuals from USU came to the service. She is doing well and will move to Ohio to live near her sister.

B. University Advancement

Trustees were given an update for the University Advancement capital campaign (Appendix F) for their information.

President Albrecht indicated that M. Scott Mietchen resigned as Vice President for University Advancement. He introduced Kent Clark, Special Assistant to the President for Advancement. He said that Mr. Clark will chair, for the next few months, the four-person committee taking over responsibilities of the Vice President for University Advancement. The other members of the transition committee are David Driggs, Patty Halaufia, and Joan Scheffke. President Albrecht said that the capital campaign will continue to move forward.

C. USTAR Update

Vice President Weinshenker reported that the USTAR Governing Board meets the third Thursday of every month. Two proposals from USU were taken to the September meeting – the Biofuel Initiative and the Directive Energy Sensors Technology program. No formal action was taken on those proposals in September or October due to the fact that the Governing Board realized they must go through rule making before the funds could flow. However, they have given a letter, from Dinesh Patel, Chairman of USTAR, indicating that the Biofuels program will most likely get funding once the procedures are put in place.

The Governing Authority Board hired Edward R. "Ted" McAleer as Executive Director. He is compiling information on rule making which will hopefully be ready for the November meeting.

Vice President Weinshenker stated that Ted McAleer is heading the USTAR outreach program which is going forward. President Albrecht met with other presidents of state universities, and they have started the outreach process. Vice President Weinshenker indicated that it is very important for USU to have a comprehensive data base of all the research being done at USU and that it be easily accessed by outside companies. We will begin to compile that as soon as USTAR picks the software program that will handle all of the information.

Vice President Weinshenker said an assistant professor has been hired to work in the area of Biofuel.

Vice President Brent Miller has chosen building 620 on the Innovation Campus to start housing USTAR projects.

D. Regional Campus/Distance Education

President Albrecht said USU will soon announce a gift of \$250,000 for the Uintah Basin campus. He was in Denver this week at a meeting hosted by Qwestar with the CEOs of fifteen oil and gas companies working in the Uintah Basin. President Albrecht spoke about the vision for the Uintah Basin campus and the opportunity to construct an education and energy research building on the new property. He said there will be follow up to coordinate additional support.

He said plans are also moving forward for construction of the UCAT/USU building. It will be the first new building on the campus.

Trustee Foley said that at the last legislative session, the Legislature appropriated funding through UCAT for a building that will be jointly used by USU and the Uintah Basin Applied Technology Center. He said that Uintah Basin community leaders feel that the building should be constructed on the new campus property which was donated by Robert Williams. A 99-year lease has been worked out for USU to lease 20 acres of the property on which the building will be constructed. Trustee Foley expressed appreciation to President Albrecht for his efforts.

Trustee Foley said that the community in Vernal is excited about this. Robert Williams purchased 137-acres for \$5.3 million and donated it to USU last year. The county will use \$12 million of mineral lease funds for infrastructure and roads that will service this property and other areas. The campus will be bordered by Main Street, and a road running north/south will be constructed on the west side of the

property. Trustee Foley said the new roads will be wonderful additions to the entire area, but specifically to the campus.

President Albrecht said construction of the new building will begin very soon. He met with Senator Hatch concerning Federal funding for the Uintah Basin education and energy research facility which will be the second building on the campus. He thanked Trustee Foley and his colleagues for their leadership in moving this forward.

E. College Department Meetings

President Albrecht reported that he and Provost Coward will meet with individual departments in order to interact more closely with faculty groups. The first of those meetings was held last week.

F. Open Meetings Laws

Trustees were given a summary of the open meetings law (Appendix G) prepared by William T. Evans, Assistant Attorney General, for their information. General Counsel Craig J. Simper reported that one of the recent changes in the law is the requirement to record and take minutes of closed meetings which can be inspected by judicial order.

Mr. Simper drew attention to Section 52-4-205 which describes the purpose for closed meetings. He emphasized that only those items mentioned in that section can be discussed in closed meetings. Dr. Burke drew attention to the newly added statement in the law that "any violation of this would constitute a Class B misdemeanor."

Chairman Shipley asked that the Trustees closely review the revised Open Meetings law.

G. Recent Events

President Albrecht reported on the following events:

1. Washington, D.C. Trip

President Albrecht was in Washington, D.C. on October 1-3. He met with Omar Kadar, Bill Marriott, Joyce Winterton, James King, and Fitz Elder. He made a presentation to congressional staffers of senators and representatives which was a great opportunity to expose them to Utah State University. He felt that the trip was successful.

2. Recruiting Open Houses

Interim Vice President Gary Chambers praised his recruiting team and student ambassadors who are doing an outstanding job. He said they are excited, dedicated, and loyal, and are a wonderful caliber of people who tell the USU story.

Interim Vice President Chambers reported that in the last month and a half 6,219 students received direct presentations from USU's recruiting staff. Of those, 577 were multicultural students. With multicultural students there is some funding available for disadvantaged scholarships. More than 600 students are high ability students with an Index of 125 or higher. Interim Vice President Chambers said scholarships in the amount of \$1.3 million have been awarded so far.

He said that a tremendous aid to students is that if they bring their admission applications, their high school transcripts, and ACT scores to the open houses, they can immediately receive scholarship letters stating the kind of scholarships that will be offered to them. Interim Vice President Chambers said they have awarded 76 scholarships to date through that process.

According to Interim Vice President Chambers, 173,000 mailings have gone out to students at the schools they are targeting. He said that 2,600 phone calls have been made to students and parents who have shown an interest in USU. The phoning is new this year in order to make more personal contacts with students and parents. There is a new department within Student Services which deals with retention and the first-year experience for new students. Representatives of that department have attended the open houses, and parents are excited to learn about those services now available to their students.

Vice President Chambers reported that in Idaho 400 students have been seen and 120 parents; 62 scholarships awarded, 10,000 direct mailings sent, and 694 phone calls.

At the open house held in Boise only 52 people attended. Presentations were also made at high schools. Students who had not been reached before were contacted, and some showed an interest in USU. He said there has not been a USU recruiting open house in Boise for six years.

At the open house held in Idaho Falls there were 234 people, almost the same number as last year. Many were interested in USU, and are aware that USU is interested in enrolling them. In Idaho Falls, 15 presidential scholarships were awarded. That is the best scholarship awarded this year, and includes full tuition and fees for four years.

There were 167 people who attended the open house in Pocatello.

There have been a total of 18 presidential scholarship awarded to students from Idaho. Interim Vice President Chambers said the visits to Idaho have been very effective.

There were 58 people at the open house in Evanston, Wyoming, and 14 scholarships were awarded.

The recruiting team will begin visiting Utah high schools in November. President Albrecht said upcoming open houses will be held in Cache Valley, Davis County, Provo, Salt Lake County, St. George, and Las Vegas. A reception will be held in California. We are starting to break into new markets.

H. The President's Report, August 2-October 13, 2006

The *President's Report* for August 2-October 13, 2006 (Appendix H) was distributed to the Trustees. President Albrecht pointed out that the ground breaking for the new Agricultural Complex was held on September 9. He said that there was a good turnout including members of the Utah State Senate and House.

III. College of Business

Chairman Shipley reported that he attended the Dean's Convocation for the College of Business on October 18. Kem Gardner, Chairman of Gardner Properties L.C., was the featured speaker. Chairman Shipley received a letter written to members of the USU Board Trustees from McKenzie Anderson, ASUSU Business Senator, supporting a renovation of the Orson A. Christensen Auditorium in the George S. Eccles Business Building. He distributed a copy of the letter to the Trustees (Appendix I) for their information. Chairman Shipley said that Provost Coward has already had discussions with Dean Anderson regarding possible solutions concerning the auditorium.

IV. Consent Agenda

Trustees were given the following consent agenda material for their consideration:

Minutes of the Regular Meeting Held on September 8, 2006;
Resolution 06-10-4 Certificate of the Treasurer for the Period 1 July 2005 to 31 July 2006 (Appendix J);
Resolution 06-10-5 Report of Investments for July 2006 (Appendix K);

Resolution 06-10-6 Capital Improvement Priority List for 2007-2008 (Appendix L);
Resolution 06-10-7 Contract/Grant Proposals and Awards for August 2006
(Appendix M);

Acceptance of the following written reports:

Academic/Provost (Appendix N);

Faculty and Staff Activities and Achievements (Appendix O);

Business and Finance (Appendix P);

Business and Finance Performance Dashboard, October 2006 (Appendix Q);

Extension/Continuing Education (Appendix R);

Information Technology (Appendix S);

Research (Appendix T) and Strategic Ventures and Economic Development
(Appendix U);

Research and Strategic Ventures and Development Performance Dashboard, FY 2006
(Appendix V);

Technology Management Indicators (Appendix W);

USU Innovation Campus (Appendix X);

Research Expenditures for June YTD (Appendix Y);

Undergraduate Research Report (Appendix Z);

Student Services (Appendix AA);

University Advancement (Appendix BB);

Monthly Gift Comparison-Summary of Private Support (Appendix CC);

Alumni (Appendix DD);

2006 Summer Chapter Events (Appendix EE);

Tailgate Information (Appendix FF);

ASUSU (Appendix GG);

Athletics (Appendix HH);

Public Relations and Marketing (Appendix II);

Public Relations and Marketing Performance Dashboard, October 5, 2006
(Appendix JJ);

Faculty Senate (Appendix KK);

Professional Staff (Appendix LL);

Classified Staff (Appendix MM);

Executive Session, to be held on December 1, 2006, to discuss those items which are
permitted by law to be discussed in Executive Session.

Action: Trustee Foley moved approval of the Consent Agenda items, and Trustee Cook
seconded the motion. The voting was unanimous in the affirmative.

V. Action Agenda

A. Revised Investment Policies and Guidelines

Trustees were given the proposal for revised Investment Policies and Guidelines (Appendix NN) for their consideration. (Vice President Ford reviewed the minor changes which were in the updated Investment Policies and Guidelines brought to the Trustees as an addendum and is Appendix NN.) Chairman Shipley said a great deal of time has been spent on the revision of the Investment Policies and Guidelines.

Chairman Shipley noted that under the section on the Endowment Pool, it lists the advancement/management fee at 2 percent. He said this had previously been 3.5 percent. He said that President Albrecht has indicated that he will try to lower that fee to 1.5 percent over time, but this policy indicates that the fee will not exceed 2 percent. President Albrecht said that letters have been sent to all endowment holders indicating the change in policy and the fee.

Chairman Shipley asked if the management fee of 2 percent on all quasi-endowment and reserve funds in the Cash Management Investment Pool was from the same pool of money as the management fee for the Endowment Pool. Vice President Ford said this is the Cash Management Investment Pool and quasi-endowments which are more departmental and operating funds. He said this fee has not yet been implemented, but the option to do so is in the policy.

Trustee Wood said Alumni Relations has quasi-endowments and asked if the management fee had previously been 1 percent and now changed to 2 percent. Vice President Ford said there previously was not a quasi endowment management fee. He said this would allow a charge of up to 2 percent, but that would not take place without going through the correct process. President Albrecht said he was not aware of charging a fee on the quasi endowment in the past. Vice President Ford said the policy places a limit not to exceed 2 percent. He said the goal is that as earnings increase they will be beyond whatever fee is assessed. Vice Chairman Nyman said this policy establishes a management fee ceiling.

Trustee Cook called attention to the requirement under "Delegation of Responsibility" that "the Board of Trustees shall require institutional compliance with the State Money Management Act, Rules of the Money Management Council, and UMIFA." He asked whether individuals familiar with the law and the policy had reviewed the revised policy in that context. Vice President Ford said it was reviewed by Associate Vice President for Financial Services/Controller David Cowley, himself, the Investment Advisory Committee, and Brian Foisy who is the Assistant Commissioner for Financial Services for the Utah System of Higher Education. It has been reviewed in context of the revisions and policies.

Trustee Foxley stated that the group that worked on the revised Investment Policies and Guidelines met on a regular basis and spent a great deal of time. It was reviewed extensively by the Foundation. He said that Vice President Ford and David Moore were assiduous in moving it forward. If approved by the Trustees, it will be placed on the Board of Regents' agenda in October. Chairman Shipley added that Trustees Foxley, Nyman, and he had also participated in the discussions concerning the revised policy.

(See action below.)

B. Proposal to Amend the Utah State University Policy Manual, Section 105.2.1(2) Athletic Council

Trustees were given a proposal to amend the Utah State University Policy Manual, Section 105.2.1(2) Athletic Council (Appendix OO) for their consideration.

(See action below.)

C. Proposal to Amend the Utah State University Policy Manual, Section 403.4 Procedures for Alternative Course Requirements Due to Conflicts with Sincerely Held Core Beliefs

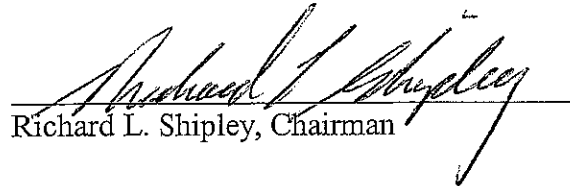
Trustees were given a proposal to amend the Utah State University Policy Manual, Section 403.4 Procedures for Alternative Course Requirements due to conflicts with sincerely held core beliefs (Appendix PP) for their consideration.


Action: Trustee Foley moved approval of Resolution 06-10-8 the revised Investment Policies and Guidelines (Appendix NN); Resolution 06-10-9 proposal to amend the Utah State University Policy Manual, Section 105.2.1(2) Athletic Council (Appendix OO); and Resolution 06-10-10 the proposal to amend the Utah State University Policy Manual, Section 403.4 Procedures for Alternative Course Requirements due to Conflicts with Sincerely Held Core Beliefs (Appendix PP). Trustee Nyman seconded the motion, and the voting was unanimous in the affirmative.

VI. USU Board of Trustees Workshop

Chairman Shipley invited Trustees and administration to convene at the Board of Trustees Workshop at 11 a.m. at the Student Living/Learning Center.

The Regular Meeting adjourned at 10:25 a.m.


Richard L. Shipley, Chairman


Lee H. Burke, Secretary
(Minutes Taken by Mira G. Thatcher)

December 1, 2006
Date Approved