

January 2007

Minutes January 30, 2007

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**MEETING OF THE BOARD OF TRUSTEES
UNIVERSITY OF CONNECTICUT**

AGENDA

University of Connecticut
Rome Commons Ballroom
South Campus Complex
Storrs, Connecticut

January 30, 2007

OPEN SESSION

The meeting was called to order at 11:12 a.m. by Chairman John Rowe. Trustees present were: James Abromaitis, Louise Bailey, Philip Barry, Gerard Burrow, Andrea Dennis-LaVigne, Peter Drotch, Lenworth Jacobs, Jr., Salmun Kazerounian, Rebecca Lobo, Michael Martinez, Michael Nichols, Thomas Ritter, Wayne Shepperd, and Janine Braun, who represents the Governor's Office.

Trustees Denis Nayden and Richard Treibick participated by telephone.

Trustees Michael Bozzuto, George Coleman, Linda Gatling, and F. Philip Prelli were absent from the meeting.

University staff present were: President Austin, Provost and Executive Vice President for Academic Affairs Nicholls, Executive Vice President for Health Affairs Deckers, Vice President and Chief Financial Officer Aronson, Vice President and Chief Operating Officer Feldman, Vice President for Student Affairs Saddlemire, Vice Provost for Academic Administration Singha, Vice Provost for Academic Affairs Makowsky, Vice Provost for Enrollment Management Evanovich, Vice Provost for Research and Graduate Education Anderson, Associate Vice President for Public and Environmental Safety Hudd, Associate Vice President of Administration and Operations Services Callahan, Associate Vice President for Human Resources and Payroll Services Munroe, Chief Audit and Compliance Officer Walker, Interim Executive Director of Architectural and Engineering Services Bradley, Dr. Schurin, Health Center Chief Financial Officer Upton, Health Center Chief of Staff Carlson, and Ms. Locke.

Assistant Attorneys General Ralph Urban and Michael Sullivan were also present.

EXECUTIVE SESSION

On a motion by Mr. Drotch, seconded by Ms. Bailey, **THE BOARD VOTED** to go into Executive Session at 11:15 a.m. to discuss collective bargaining, personnel, and litigation matters. The Chairman noted that on the advice of counsel only staff members whose presence was necessary to provide their opinion would be permitted to attend Executive Session.

Trustees present were: Abromaitis, Bailey, Barry, Burrow, Dennis-LaVigne, Drotch, Jacobs, Kazerounian, Lobo, Martinez, Nichols, Ritter, Rowe, Shepperd, and Janine Braun, who represents the Governor's Office.

Trustees Nayden and Treibick participated by telephone.

University staff present were: President Austin, Provost and Executive Vice President for Academic Affairs Nicholls, Executive Vice President for Health Affairs Deckers, Vice President and Chief Financial Officer Aronson, Vice President and Chief Operating Officer Feldman, Associate Vice President for Public and Environmental Safety Hudd, Associate Vice President of Administration and Operations Services Callahan, Associate Vice President for Human Resources and Payroll Services Munroe, Chief Audit and Compliance Officer Walker, Interim Executive Director of Architectural and Engineering Services Bradley, Dr. Schurin,

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Police Department Senior Associate Director Blicher, and Health Center Chief of Staff Carlson. Assistant Attorney Generals Ralph Urban and Michael Sullivan were present.

Attorney Jack Reid from the law firm of Gordon, Muir, and Foley, LLP was also present.

Executive Session ended at 12:15 p.m. The Board returned to Open Session at 1:00 p.m. Trustee Nayden participated by telephone.

All actions taken were by unanimous vote of the Trustees present.

1. Public Participation

There were no members of the public who wished to address the Board.

2. Chairman's Report

(a) Matters outstanding

(b) Minutes of the meeting of November 14, 2006

On a motion by Ms. Bailey, seconded by Mr. Shepperd, **THE BOARD VOTED** to approve the minutes of the meeting of November 14, 2006.

(c) Consent Agenda Item:

(1) Contracts and Agreements for the Storrs-based programs
and the Health Center (Attachment 1)

Vice-Chair Drotch pointed out that the administration requested that Item #5, T-Mobile, Inc, be removed from the Consent Agenda for further consideration.

On a motion by Mr. Drotch, seconded by Mr. Shepperd, **THE BOARD VOTED** to approve the contracts and agreements for the Storrs-based programs and the Health Center.

(d) Personnel matters (Storrs-based programs)

(1) Recommendations for Designation as Board of Trustees
Distinguished Professor, Academic Year 2006-2007 (Attachment 2)

Chairman Rowe said that each year the Board has the opportunity to recognize distinguished faculty. This year the faculty-student-administrator selection committee has recommended three faculty members for designation as Board of Trustees Distinguished Professor.

On a motion by Dr. Burrow, seconded by Mr. Barry, **THE BOARD VOTED** to approve the recommendation of the Distinguished Professor Selection Committee and designate the following faculty members as University of Connecticut Board of Trustees Distinguished Professors: Michael Neumann (Department of Mathematics), John D. Salamone (Department of Psychology), Sandra K. Weller (Department of Molecular, Microbial, and Structural Biology, University of Connecticut Health Center).

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(2) Designation of Emeritus Faculty (Attachment 3)

On a motion by Mr. Martinez, seconded by Mr. Shepperd, **THE BOARD VOTED** to approve the designation of emeritus status to the following faculty members effective January 1, 2007:

1. Abrahamson, Mark, Professor, Department of Sociology
2. Irwin, Judith W., Professor, Department of Curriculum and Instruction
3. Katz, Leonard, Professor, Department of Psychology
4. Miller, David R., Professor, Department of Natural Resources Management and Engineering
5. Schroeder, David B., Professor, Department of Natural Resources Management and Engineering
6. Tiberio, David, Associate Professor, Department of Physical Therapy

(3) Sabbatics (Attachment 4)

On a motion by Ms. Bailey, seconded by Mr. Drotch, **THE BOARD VOTED** to approve the sabbatic leave list.

(4) Informational matters (Attachment 5)

Chairman Rowe commented briefly on the Advisory Search Committee for the next President. The Board discussed this matter in detail today during Executive Session. The *University of Connecticut Law and By-Laws* specifically call for the Chairman of the Board of Trustees to serve as the Chairman of the Advisory Search Committee. As such, Chairman Rowe indicated that he has convened a Committee that is broadly representative, including the faculty members of the Senate Executive Committee, members of the public, Health Center faculty, a faculty member from a regional campus, undergraduate and graduate student representatives, and members of the Board of Trustees, particularly those who chair Board committees. The Committee has an appropriate balance of gender, race, and ethnicity. Chairman Rowe said he was pleased to report that the Committee membership includes Governor Rell, who asked to be placed on the Committee as an active member. Chairman Rowe said that her interest is clear evidence of her commitment to the University now and going forward.

Chairman Rowe noted that Committee meetings will begin in February. Since the Committee is large, a smaller working group from the various constituencies will be established to facilitate some of the administrative aspects of the search process. Associate Vice President for Human Resources and Payroll Services Donna Munroe has agreed to staff the Search Committee. The first meetings will cover the organizational activities and provide an opportunity to hear from the President and other constituency groups about their views on the search. Chairman Rowe will brief the Board in Executive Session at each Board meeting. He said he is optimistic that the Committee will select the next leader of the University before the beginning of the fall semester.

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3. **President's Report**

President Austin introduced Professor Jeremy Paul, who has been selected as the new Dean of the School of Law. Professor Paul is a graduate of Princeton University and received his law degree from Harvard. He holds the Thomas F. Gallivan, Jr. Chair in Real Property Law and has served with distinction as Associate Dean. His appointment comes at the conclusion of a rigorous national search. President Austin said that he has served with him on several University-wide committees and was very pleased with his appointment.

President Austin thanked Professor Kurt Strasser for his leadership as Interim Dean following the departure of former Dean Nell Newton.

President Austin also welcomed Ms. Lisa Lewis as the new Executive Director of the Alumni Association. Ms. Lewis comes to UConn from The Association to Advance Collegiate Schools of Business (AACSB International). She spent most of her career at the University of South Florida in several positions culminating from head of the USF Student Alumni Association to President of the Alumni Association, a position she held for seven years.

President Austin also welcomed Mr. Bhupen Patel, who will join the administration shortly as Director of Construction Assurance. He will report jointly to the President and to Trustee Ritter in Mr. Ritter's role as Vice-Chair of the Construction Management Oversight Committee. This appointment is similar in organizational structure and behavioral expectation to that of Mike Walker, who reports to the President and to the Vice-Chair of the Joint Audit and Compliance Committee.

Mr. Patel is a civil engineer by training and holds a Master of Science in civil engineering from UConn. He served for many years as Director of Public Works for the City of Hartford.

Finally, the President noted that Dr. Barry Feldman, who has served in an interim capacity as Vice President and Chief Operating Officer, has been named to the position on a permanent basis. A search committee chaired by Dr. Richard Schwab, Dean of the Neag School of Education, produced a short list of very competitive candidates. President Austin congratulated Dr. Feldman as the successful candidate for this position.

Vice President Feldman reported that both he and Associate Vice President Munroe are available to report to the Board on the successful efforts of the administration and the two bargaining units, the University of Connecticut Professional Employees Association (UCPEA) and the University of Connecticut Chapter of the American Association of University Professors (AAUP). Both bargaining units have concluded tentative agreements with the University, about which the Board received an update during Executive Session. Vice President Feldman recognized the excellent work that Associate Vice President Munroe and her team as well as the negotiating teams for both bargaining units. Dr. Feldman indicated that those who are familiar with the process know that the negotiation process can be difficult and demanding.

Associate Vice President Munroe asked for the Board's approval of the two recently negotiated collective bargaining unit agreements. Each contract is for four years. The general wage package in each case total approximately 4.99%, which is comparable to most of the other State public collective bargaining agreements. The outcomes of both rounds of negotiations were productive in that a number of the University's interests as well as a number of the collective bargaining units' interests were met.

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- (a) Collective Bargaining Agreement between the University of Connecticut and the University of Connecticut Professional Employees Association (Attachment 6)

On a motion by Dr. Rowe, seconded by Mr. Drotch, **THE BOARD VOTED** to approve the negotiated settlement between the University of Connecticut and the University of Connecticut Professional Employees Association for a four-year collective bargaining agreement to be effective July 1, 2007 through June 30, 2011.

Trustee Kazerounian abstained from voting on this item.

- (b) Collective Bargaining Agreement between the University of Connecticut and the University of Connecticut Chapter of the American Association of University Professors (Attachment 7)

On a motion by Dr. Rowe, seconded by Mr. Drotch, **THE BOARD VOTED** to approve the negotiated settlement between the University of Connecticut and the University of Connecticut Chapter of the American Association of University Professors for a four-year collective bargaining agreement to be effective July 1, 2007 through June 30, 2011.

Trustee Kazerounian abstained from voting on this item.

President Austin also expressed his gratitude to Associate Vice President Munroe for her efforts. He also acknowledged UCPEA President Kevin Fahey and UCPEA Vice President Kathleen Sanner. He will also convey his appreciation to Mr. Edward Marth, Executive Director of the University of Connecticut Chapter of the American Association of University Professors.

President Austin said that he has provided the Board with provisional briefings on the University's proposed collaboration with Dubai. Provost Nicholls returned recently from Dubai, having led a significant team of UConn faculty and staff to try to bring more definition to that project. There are still many issues that need to be resolved as the administration moves toward the planning stage. President Austin asked Provost Nicholls to update the Board.

- (c) Dubai Program Update

Provost Nicholls stated that his presentation to the Board was informational and he was not bringing forward anything for approval. He said that the question that he is asked most often is why the University would be interested in this partnership. In responding to this question, Provost Nicholls discussed the Dubai program from three perspectives – the programs, the learning environment, and the opportunities for students and faculty in Connecticut.

Programmatically, the University would have the opportunity to start with a blank page in Dubai. It would be a unique opportunity for developing interdisciplinary relationships in education and research among UConn's various schools and colleges. In addition to the sciences and the professional schools, the social sciences and humanities departments would participate in scholarship relating to a unique confluence of cultures in the rapidly changing social, economic, and political environment that characterizes that part of the world.

In addition to programmatic opportunities, this proposal would be a wonderful and unique opportunity to design a campus, a living environment, and student support services, according to the national and international best practices. A superior curriculum will be supported by the first-class student and faculty learning and teaching services that, together with active, engaged student experiences, are the hallmarks of a UConn education.

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Another significant component is the impact on students in Connecticut. Provost Nicholls mentioned that he had referenced at the Academic Affairs Committee meeting the fact that we are developing a new academic plan, which will call for a major shift of the University's programming into more globalization and into the international arena. He mentioned, for example, that only 12% of our undergraduate students have any sort of meaningful experience in another country, and the number of international students admitted to our undergraduate programs is extremely small. The existence of a full-service regional campus in Dubai, one that teaches UConn courses for UConn degrees and with UConn faculty, will provide a seamless way for substantial numbers of Connecticut-based students to spend a semester or a year experiencing a vibrant, fast-changing, and diverse international community.

The following schools and colleges have been interested and active in the project to date: the College of Liberal Arts and Sciences, the School of Business, the Neag School of Education, and the School of Engineering. Provost Nicholls highlighted a few of the unique opportunities in specific programmatic areas:

- The research opportunities for Marine Sciences, Coastal Studies, and Ecology and Environmental Biology are abundantly available in the Arabian Gulf.
- The Communications and Journalism Departments have potential involvement with "Dubai Media City" in both education and scholarship.
- The Emirate of Dubai is requesting the assistance of the Neag School of Education for systemic reform of Dubai's K-12 educational system, an enormously promising and rare research opportunity for a U.S. institution.
- To prepare students for the global economy the School of Business has been expanding its international activities through several avenues, including the Center of International Business Education and Research (CIBER) and many bilateral agreements with schools across the globe. UConn-Dubai would provide Connecticut students with a global experience through attending classes and/or internships in Dubai. In addition, it would train the region's students for work with the multinational corporations located in Dubai, including many U.S. corporations.
- By developing graduate programs in engineering at Dubai, the School of Engineering can expand its research into technical areas critical to the Gulf region including information science and engineering, telecommunications, nanotechnology, sustainable energy, infrastructure engineering, and environmental engineering.

Provost Nicholls continued to say that the benefits of a UConn program in Dubai also include name recognition in the Emirates, the entire Middle East through South East Asia, and Africa. We will also have enhanced opportunities to recruit students from UConn-Dubai to come to the United States to study in graduate programs at Storrs and the Connecticut regional campuses.

This opportunity to build from scratch a world-class teaching and research institution is unparalleled. The fact that the entire cost will be borne by the Dubai government, and that a constant stream of overhead dollars will permit enhancements to our programming at all our campuses, is exciting and unique. The benefits to our students, the enabling of a global vision for UConn, and enhanced opportunities for Connecticut-based businesses make this project a once-in-a-lifetime opportunity.

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However, this is a new venture. Neither UConn nor any public institution in the State has ever taken on a project of this type before. Provost Nicholls said he wants to reassure the Board that they are proceeding very carefully and are considering a number of significant issues:

1. No negative fiscal impact on the State of Connecticut. Our model calls for no State ownership of any land buildings or equipment in Dubai. The University would present to the Dubai government a bill for all of our academic services.
2. Quality control. All programmatic offerings must be of the very highest quality. We would control faculty hiring and standards. We would also control the curriculum and its standards.
3. Adherence to all federal and state statutes regarding human rights, discrimination, oversight of higher education, interactions with foreign governments, and lines of authority.
4. We are openly seeking input about the project, its design, and its implementation.

If, after all of our consultations and discussions we remain convinced that this is the right path for the University, then the Provost anticipates coming to the Board with a proposal to offer certain degrees and programs in Dubai, and with a business plan that would address all aspects of the operation.

Chairman Rowe asked Vice-Chair Jacobs if the Academic Affairs Committee had discussed UConn-Dubai project. Vice-Chair Jacobs responded that they have not taken up a discussion in any detail. The Committee is aware of the proposal and the Provost has mentioned some of the issues. Vice-Chair Jacobs stated that the Committee is well prepared to look at all of the issues that the Provost described.

Chairman Rowe asked if the Senate representatives to the Board have any comments or concerns they wanted to address.

Faculty Senate Representative Gary English said that most of the issues discussed between faculty members, Provost Nicholls, and other administrators at various venues were well represented by Provost Nicholls' presentation today.

Chairman Rowe also asked Assistant Attorney General Urban if he had any comments about this venture. Assistant Attorney General Urban said that there are a number of issues still being resolved between the Attorney General's Office, Provost Nicholls, and the University administration. As they get deeper into the details, the issues increase. At this juncture, the University has been given the go ahead to enter into an agreement for the final planning stages of going forward with this proposal. Whether there is sufficient authority to go ahead with a final deal has not been determined. Attorney General Urban said that it looks as though this proposal may require specific legislative authority in some form.

Chairman Rowe said that he wanted Board members to understand that obtaining approval to move forward with the planning phase does not mean that the University has approval to move toward the final phase. Assistant Attorney General Urban added that the process is subject to final review of the final planning phase agreement.

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Trustee Dennis-LaVigne said that even though this proposal had not been discussed at length in the Academic Affairs Committee, many of the Committee members met with the delegation when they were on campus in December and had the opportunity to ask several questions, which was very helpful.

Chairman Rowe noted that, as he mentioned previously, he had the opportunity to serve as an outside reviewer, Harvard University's very extensive program with Dubai, which was based in the Medical School. Chairman Rowe said that their arrangement has been ongoing for several years and the experience has been mutually beneficial and very stimulating both academically and programmatically.

Provost Nicholls reiterated that at this point he just wanted to keep the Board informed on the current progress of this initiative.

President Austin thanked Provost Nichols for his leadership. President Austin said that although this venture is unusual, it is an opportunity with huge upsides amidst numerous uncertainties that must be considered.

(d) Other matters

Provost Nicholls provided a brief update on the Conflict of Interest and External Earnings Policy development. The administration was concerned that the University have appropriate policies and procedures in place regarding faculty consulting issues and faculty conflict of interest issues. There are policies in place, such as the Extra Compensation Policy, which was approved by the Board several months ago, which contains a section on consulting activities. What the administration has been trying to accomplish is to assure the primacy of academic integrity through the disclosure, review, and effective management of any potential conflicts. To this end, the administration established a working group to review and revise relevant policies and procedures. As a result, policies have been created to address both the conflict of interest and research and faculty consulting issues that are consistent between the Storrs-based programs and the Health Center. In addition, there are now clear lines of accountability for approving and reporting on these policies. In addition, the Working Group is recommending the implementation of these policies be independently monitored through the Office of Audit, Compliance and Ethics, and reported to the Joint Audit and Compliance Committee. Provost Nicholls said that he wants to notify the Board that they have developed the policies and submitted them for consideration to the University Senate and the Council of Deans. Provost Nicholls hopes to bring these policies to the Board for approval at the March meeting.

4. Academic Affairs Committee Report

(a) Committee Chairman's report on Committee activities

Vice-Chair Jacobs reported that the Academic Affairs Committee met this morning. Provost Nicholls spoke briefly about the Academic Plan and indicated that it will be posted on the web. The Plan will be brought to the Board for further deliberation in the Spring.

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(b) Items requiring Board discussion and approval:

- (1) Notification of Proposed Changes to the
University of Connecticut Laws and By-Laws
(Art. XV.K.1.b, Sabbatic Leaves) (Attachment 8)

On a motion by Mr. Martinez, seconded by Mr. Shepperd, **THE BOARD VOTED** to approve the notification of proposed changes to the *University of Connecticut Laws and By-Laws*, Article XV, K.1.b, Sabbatical Leaves.

- (2) Application for Trademark for The National Research
Center on the Gifted and Talented within the Neag
School of Education (Attachment 9)

On a motion by Ms. Lobo, seconded by Dr. Burrow, **THE BOARD VOTED** to approve the obtainment of a trademark for The National Research Center on the Gifted and Talented (NRC/GT) in the Neag Center for Gifted Education and Talent Development in the Neag School of Education.

- (3) Doctor of Philosophy Degree in Public Health with
a Concentration in Occupational and Environmental
Health Sciences (Attachment 10)

On a motion by Ms. Bailey, seconded by Dr. Burrow, **THE BOARD VOTED** to approve the establishment of a Ph.D. Program in Public Health with a concentration in Occupational and Environmental Health Sciences.

- (4) Graduate Certificates in Nursing Specialties within
the School of Nursing (Attachment 11)

Vice-Chair Jacobs noted that during this morning's Academic Affairs meeting, the Committee heard testimony from Interim Dean of the School of Nursing Carol Polifroni regarding the nursing shortage and about some of the initiatives in progress targeted at addressing the need.

On a motion by Mr. Nichols, seconded by Dr. Burrow, **THE BOARD VOTED** to approve six graduate certificates in Nursing specialties (Community Health, Neonatal, Patient Care Service System Administration, Psychiatric Mental Health, Acute Care of the Adult, and Primary Care of the Adult).

- (5) Master of Science Degree in Clinical and Translational
Research (Attachment 12)

On a motion by Dr. Burrow, seconded by Dr. Dennis-LaVigne, **THE BOARD VOTED** to approve the Master of Science program in Clinical and Translational Research, to be offered at the University of Connecticut Health Center.

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5. Financial Affairs Committee Report

(a) Committee Chairman's report on Committee activities

Vice-Chair Drotch reported that the Financial Affairs Committee met this morning. The Committee discussed several proposals regarding the Health Center tuition and fees for Fiscal Years 2008 and 2009. The Trustees were reminded that the Health Center Board of Directors has limited flexibility in setting tuition and fees. The Board of Governors for Higher Education sets the parameters. The Health Center's proposal for tuition and fees for Fiscal Years 2008 and 2009 reflected those parameters and the proposal was presented to the Health Center Board of Directors, who approved tuition and fee recommendations. Vice-Chair Drotch reported that the Financial Affairs Committee held a discussion about access and affordability and approved the proposed recommendations.

Vice-Chair Drotch asked the Board for a collective vote on Attachments 17 through 23, which are located under the Health Affairs Report.

(b) Items requiring Board discussion and approval:

- (1) Project Budget (Planning) for the Student Union Quadrangle
Site Work and Landscape – Phase I (Attachment 13)

On a motion by Dr. Rowe, seconded by Dr. Burrow, **THE BOARD VOTED** to approve the Planning Budget for Phase I to renovate and improve the Student Union Quadrangle in the amount of \$1,282,800.

- (2) Project Budget (Design) for Repair and Renovation of the
Avery Point Pool and Gym Facility (Attachment 14)

On a motion by Dr. Rowe, seconded by Dr. Burrow, **THE BOARD VOTED** to approve the Design Budget for the repair and renovation of the Avery Point Campus pool and gym facility in the amount of \$3,145,273.

Vice-Chair Drotch noted that there were several items for information. He said that there were no major issues that came before the Committee on the Construction Status Report. Two major projects have been closed out recently, the Student Union and the Burton Family Football Complex/Mark R. Shenkman Training Center. The remaining projects are in various stages of process.

There were a few non-agenda items that were carried forward from previous meetings. One was the matter of expanding faculty, thereby reducing the student/faculty ratios. At the last Board meeting, tuition rates were approved for the Storrs-based programs. The Financial Affairs Committee held an extensive discussion regarding the need for 175 additional faculty positions over the next five years – 35 per year. The tuition increases that the Board adopted did not include funding for those positions. The Board requested that the administration seek other opportunities and to come up with a strategy to fund these positions, which are important in maintaining the high level of quality we expect in the classroom.

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The Committee heard a brief status report on a number alternatives being considered, some of which will require legislative input and approval. Those discussions continue. There is nothing to report to the Board regarding the addition of those faculty lines, but the issue remains a high priority.

The Committee heard a report on the gas contract. At a previous meeting, the Board approved for the first time a contract to lock in prices for natural gas for this academic year. It is expected that there will be a fairly significant savings in our budget for energy costs. Even though we have had a warm period to begin this winter season, and gas prices as a result have fallen, the University is still on target for achieving a \$4 million savings in both gas and electricity for this current year.

With respect to the Cogeneration facility, the Committee had asked for some information on the savings that should accrue to the University in future years. The Committee received an update of the net present value savings, which are substantially in excess of the cost of the facility. On balance, the decision to move forward with that project a number of years ago was a very worthwhile move on the part of the University.

In the last meeting, there was some uncertainty as to what the sprinkler costs would be for the Charter Oak Suites. Differences have been resolved and the cost of the sprinklers are expected a bit less than was estimated and approved at the last meeting.

The Committee received the Financial Report for the six months ended December 31, 2006. He said that the University is on target and they expect to have for the full fiscal year a slightly better bottom line performance than was budgeted. We have the energy savings offset by a significant increase in financial aid.

Chairman Rowe added that it is important to note that the administration had the foresight and vision to bring on line the Cogeneration plant. The University is reaping significant savings, perhaps greater than what would have been expected, which can be applied to student financial support. Chairman Rowe acknowledged this benefit and President Austin's forward planning.

6. Joint Audit and Compliance Committee Report

(a) Committee Chairman's report on Committee activities

Vice-Chair Nayden reported that the Joint Audit and Compliance Committee met on December 6, 2006. He was pleased to report that Code of Conduct training is ongoing University-wide. The goal is 95% attendance by June 30, 2007.

The outside auditors, UHY, continue to work with UCONN 2000 auditing. Currently, UHY is approximately 80% complete with the project audits and is on track to complete the entire engagement by late June. Vice-Chair Nayden said that there will be updates going forward.

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The Committee expects the draft management letter by the end of February for project audits 2003-2006, which will begin the process of finalizing the details of that work. In March, they will begin the agreed-upon procedures for auditing and tracking Deferred Maintenance and equipment. As a matter of process, regular updates are occurring with the audit staff, finance staff, and the President's oversight group, including President Austin, who attended the most recent meeting on January 23, 2007. The Committee expects to have future engagements completed by the end of June. Final Management Letters will be sent to the Chair of the Joint Audit and Compliance Committee, and be presented as requested. This process will be followed on an ongoing basis.

Vice-Chair Nayden reported that there are a couple of trends in the findings. There are some invoices that are lacking appropriate sign off and some missing documentation. Those processes and controls are being tightened up. There is a request to the Legislature to change the language from "the requirement to audit all invoices," to language that considers statistical sampling of the invoices in an effort to establish a materiality concept that is practical. Mr. Brohinsky will be bringing this issue to the Legislature. All indications are that the current costs are within the range of the original RFP's and the outside auditors will provide the Committee with an update at its March meeting.

Seward and Monde have completed their NCAA audit of the Division of Athletics' annual revenues and expenditures. There were no material findings.

KPMG will present their annual report for the University of Connecticut Health Center at the March 1, 2007 meeting.

7. Buildings, Grounds and Environment Committee Report

(a) Committee Chairman's report on Committee activities

Vice-Chair Ritter reported that the Buildings, Grounds, and Environment Committee last met on January 19, 2007. At the last Board meeting, issues were raised regarding the expense of the certification process. In an effort to address those concerns, the Committee discussed extensively the LEED policy. Mr. Richard Miller presented his findings to the Committee. Mr. Miller reported that the University has Sustainable Design Guidelines, which are currently applied to all construction projects. The Committee is working on a policy that also incorporates the implementation process. Because of several concerns about implementation, it was decided that the Committee consider the implications more carefully at their next meeting. Vice-Chair Ritter stated that the Committee is in agreement that there should be a presumption that all new buildings should be LEED constructed. Vice-Chair Ritter indicated that they need to obtain the official costs of LEED certification, which might have some impact on the Financial Affairs Committee. They will report the costs to the Board as soon as possible.

Vice-Chair Ritter asked that the UConn Sustainable Design & Construction/LEED Policy be removed for further review.

(b) Items requiring Board discussion and approval:

- (1) UConn Sustainable Design & Construction/LEED Policy (Attachment 15)

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(2) Sewer System Rules and Regulations (Attachment 16)

Vice-Chair Ritter stated that the Sewer System Rules and Regulations was one of the first items the Buildings, Grounds, and Environment Committee considered. Vice-Chair Ritter acknowledged Associate Vice President Callahan's efforts in working out the details with officials from the Town of Mansfield. Vice-Chair Ritter asked Associate Vice President Callahan to update the Board on this issue.

Associate Vice President Callahan said that the rules and regulations are a set of standard rules to be applied primarily to users of the University's sewer system that reside off campus. They were drafted by outside counsel and were reviewed by our technical staff at the University who are responsible for managing the Waste Treatment Plant and the Sewer Collection System, as well as by the Town of Mansfield's Public Works staff. The rules and regulations were subject to review at two public meetings and modified in response to comments received at the first public meeting. Associate Vice President Callahan stated that the only noteworthy issue was a set of State regulations called FOG (Fat, Oil and Grease), which is the disposal of foods, oils, and greases into the system. These new regulations incorporate the guidelines applicable across the State in the next two years.

Vice-Chair Ritter reiterated that a lot of what this Committee oversees involves the interrelationship between the Town of Mansfield and the Storrs Campus.

On a motion by Dr. Burrow, seconded by Dr. Rowe, **THE BOARD VOTED** to approve the Sewer System Rules and Regulations for the University and its non-University affiliated users to become effective July 1, 2007.

Vice-Chair Ritter said that several months ago the resolution dealing with the Farm Tech Building was brought to the Board for approval subject to review by the Buildings, Grounds, and Environment Committee. The Committee raised a number of issues, which over the last month were resolved. Since the last meeting, they hired an environmental attorney to review the environment issues pertaining to the potential property acquisition. The Committee feels very comfortable with the proposed clean up and unanimously approved the project. In addition, there is \$500,000 being held in escrow to be used for additional environmental costs. The environmental attorney said that this would be a normal way of concluding the project.

Chairman Rowe said that with respect to the e-mail volume on this issue, it has been very useful to have the Buildings, Grounds and Environment Committee involved in the governance. Chairman Rowe acknowledged Vice-Chair Ritter's time and effort on this Committee.

8. Construction Management Oversight Committee Report

(a) Committee Chairman's report on Committee activities

Vice-Chair Ritter reported that the Construction Management Oversight Committee last met on November 20, 2007. The Committee discussed the search for a new Construction Assurance Director, which recently culminated with the appointment of Mr. Bhupen Patel. Mr. Patel served for many years as Director of Public Works for the City of Hartford. Vice-Chair Ritter

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has known Mr. Patel for 25 years. He has an excellent reputation from his work in the City of Hartford.

Mr. Bradley led an extensive discussion on the ISES Facilities Condition Analysis (FCA) report, which contained findings of buildings on the Storrs campus, Depot campus, regional campuses and the Health Center. They reviewed buildings at Storrs to see what condition they were in, and a few were subject to demolition. With the anticipated demolitions, the University's overall rating/grade improves slightly. Vice-Chair Ritter said that it is an expensive proposition and it is important to be mindful of maintaining the condition of our buildings.

Mr. Bradley also took the Committee through a sample project management timeline. This overview provided the members with a more comprehensive understanding of the beginning of a proposed project to final completion.

Since the last meeting, the University fulfilled its statutory requirement to provide by December two reports to the General Assembly. The Committee is meeting today at 3:00 p.m. and part of their discussion will cover that review. Vice-Chair Ritter said that they kept to their timetable and he felt comfortable that the mission of that statute has been fulfilled.

Chairman Rowe also added that the Committee is very active. He reminded the Board that the establishment of the Committee was part of the resolution dealing with the issues relating to construction oversight and UCONN 2000. The Committee not only includes Board of Trustees members, but several experts from the community that were selected by the Governor and the Legislature.

9. Student Life Committee Report

(a) Committee Chairwoman's report on Committee activities

Vice-Chair Bailey reported that the Student Life Committee last met on December 6, 2006. Trustee Kazerounian distributed the latest draft of the proposed Student Legal Services Office. This proposal was brought to and endorsed by the Undergraduate Student Government. The Attorney General's Office is in the process of reviewing the proposal. The Committee held a lengthy discussion on some of the items that would still need to be included in this proposal. Vice-Chair Bailey said that she would keep the Board informed. She thanked Trustee Kazerounian for his efforts.

Vice-Chair Bailey also reported that some Board members are meeting to talk about how to deal with the tuition increase, which is necessary to provide the appropriate level of service for students.

The next meeting of the Student Life Committee will be held on February 8, 2007.

10. Institutional Advancement Committee Report

(a) Committee Chairman's report on Committee activities

Trustee Barry gave the report of the Institutional Advancement Committee on behalf of Vice-Chair Treibick. Mr. Barry stated that the Institutional Advancement Committee did not meet prior to this Board meeting. However, the Committee is concerned about the State Ethics Board's opinion affecting gifts to the state, which everyone hopes will be resolved soon. The Committee feels that this opinion is affecting the Foundation's fundraising efforts.

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- (b) Development Progress Executive Summary (Attachment 24)

Trustee Barry directed Trustee attention to Attachment 24, the Development Progress Executive Summary for the period July 1, 2006 to November 30, 2006, and to a revised handout that covers the period July 1 to December 31, 2006. A copy of the Handout is attached to the file copy of the Board minutes.

The Executive Summary illustrates that the UConn Foundation is about \$3 million above in new gifts and pledges as compared to the same time last year. We are behind in the cash basis gift receipts, but that is more a calendar issue and they typically balance out better at the end of the year rather during the first half of the year.

Trustee Barry reported that Vice President for Development Lisa Baronio is here today to answer any questions.

Chairman Rowe stated that the matter has come up earlier today in the Board's discussion with respect to fundraising efforts. He said that he had a slight interaction recently as they were trying to schedule the President's Search Advisory Committee meeting. At one point, it was thought that it would be convenient to hold the meeting at Aetna, but Chairman Rowe was informed that it would constitute a gift to the state from Aetna, so a meeting could not be held there.

Chairman Rowe reiterated that it was important to get clarification on the rules and regulations going forward.

Trustee Barry said that the Committee was afraid that the State Ethics opinion would primarily affect State universities and the private schools would gain, but the reverse seems to be happening. It seems that all philanthropic activities state are slowing down and are being deferred to a later time at all types of institutions. Thus, the whole gamut of fundraising has been affected by this interpretation.

11. Health Center Report

- (a) Report on Health Center activities

Health Center Board of Directors Chair Burrow clarified that Vice-Chair Drotch obtained Board approval for Health Center Items 1-7 (Attachments 17-23) as part of the Financial Affairs Report.

- (b) Items requiring Board discussion and approval:

- (1) Proposed Tuition and Fees Rates for Fiscal Year 2008 and Fiscal Year 2009 for the University of Connecticut Health Center (Attachment 17)

On a motion by Mr. Shepperd, seconded by Dr. Jacobs, **THE BOARD VOTED** to approve the proposed tuition and fee increases for the School of Medicine and the School of Dental Medicine for the 2007-08 and 2008-09 academic years.

Trustee Kazerounian abstained.

- (2) School of Medicine and School of Dental Medicine Student Activities Fee (Attachment 18)

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On a motion by Mr. Shepperd, seconded by Dr. Jacobs, **THE BOARD VOTED** to approve the School of Medicine and the School of Dental Medicine recommendation for a Student Activities Fee increase from \$100 to \$125.

Trustee Kazerounian abstained.

- (3) School of Medicine Post Baccalaureate Program Fee (Attachment 19)

On a motion by Mr. Shepperd, seconded by Dr. Jacobs, **THE BOARD VOTED** to approve an increase from \$75 to \$85 in the annual School of Medicine Post Baccalaureate Program Fee, effective July 1, 2007.

Trustee Kazerounian abstained.

- (4) School of Medicine College Summer Fellowship Program Fee (Attachment 20)

On a motion by Mr. Shepperd, seconded by Dr. Jacobs, **THE BOARD VOTED** to approve the School of Medicine recommendation for a College Summer Fellowship Fee increase from \$25 to \$30.

Trustee Kazerounian abstained.

- (5) School of Medicine Transcript, Dean's Letter and Verification Fee (Attachment 21)

On a motion by Mr. Shepperd, seconded by Dr. Jacobs, **THE BOARD VOTED** to approve the School of Medicine recommendation for a Transcript, Dean's Letter and Verification Fee increase from \$125 to \$150.

Trustee Kazerounian abstained.

- (6) School of Medicine Application Fee (Attachment 22)

On a motion by Mr. Shepperd, seconded by Dr. Jacobs, **THE BOARD VOTED** to approve the School of Medicine recommendation for an Application Fee increase from \$75 to \$85.

Trustee Kazerounian abstained.

- (7) School of Dental Medicine Application Fee (Attachment 23)

On a motion by Mr. Shepperd, seconded by Dr. Jacobs, **THE BOARD VOTED** to approve the School of Dental Medicine recommendation for an Application Fee increase from \$60 to \$75.

Trustee Kazerounian abstained.

Dr. Burrow reported that the activities of the Health Center Board of Directors for the past several years have been directed primarily at the review of the clinical practice and the clinical facilities. The Board of Directors' attention was directed to the fact that the John Dempsey Hospital is over 30 years old and has never had a major renovation.

The second issue involves the number of beds. The Hospital is fully staffed with 224 beds, but in reality there are only 108 medical/surgical (flexible) beds available. The remaining beds are very specialized and dedicated to wards for prison, psychiatry, maternity and neonatal patients. The

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Health Center is running a hospital that is too small in terms of being able to deal with general patient flow.

After numerous meetings, which culminated in an all-day retreat, the Board of Directors reached a consensus that the John Dempsey Hospital requires a major overhaul if not a new building. Unless that Hospital expands the number of flexible beds, it will not be financially viable. The Board of Directors went through the process of hiring an outside consultant to verify the need for a new hospital. The Health Center Board of Directors supports the proposal, which is before the Board of Trustees today.

Chairman Rowe said that this decision has been very carefully considered and evaluated by the Health Center Board of Directors. In addition, the Board of Directors has had the benefit of an external consultant, who is an expert with respect to the development, management, and siting of clinical facilities, and the evaluation of the marketplace. Considering the age of the John Dempsey Hospital, it is clear that the facility is too small to be efficient and is approaching capacity in terms of its volume in many of its critical services. Another important consideration is its location in the Farmington Valley, which is an area in which the population is growing. Dr. Rowe said that during his career he had led large academic health science centers and has some experience in this matter. He also had an opportunity to meet independently with the consultant and to review the information.

Vice President for Health Affairs Deckers gave a brief power point presentation on "Securing the Future of the State's Academic Health Center." A copy of the presentation is attached to the file copy of the Board minutes.

Chairman Rowe underlined the statements made by Dr. Deckers about Medicaid patients in Slide 11. He referenced an article in a local newspaper this morning about this proposal and said the article gave the impression that the John Dempsey Hospital was a hospital that dealt with well-insured people from the Farmington Valley.

Chairman Rowe asked for confirmation that the data does not include patients from the Department of Corrections. Dr. Deckers confirmed this point. Chairman Rowe summarized that the John Dempsey Hospital has a balanced patient population. Dr. Deckers confirmed that the patient activity is not well known or understood, but the administration plans on informing the public.

In response to Dr. Deckers' discussion about the Financial Assumptions listed in Slide 22, Chairman Rowe reiterated the major points on funding the proposal. Chairman Rowe stated that the proposal does not request any new money from the State. The proposal includes private fundraising and reallocation of some of the UCONN 2000 funding that was already targeted for the Health Center (Health Center will re-prioritize their projects), and it includes building a hospital sufficient in efficiency and scale that the revenue stream and the Hospital would support debt service for funds that would be borrowed by the Health Center. The proposal does not include any additional taxpayer monies. The following is needed from the State: 1) approval to reallocate some of the Health Center funds, and 2) support of the State to back up the bonds, so the University would receive a favorable interest rate. Chairman Rowe said that it was important that the Board understand what we are asking the State to do and what we are not asking the State to do.

Vice President Deckers indicated that the research, educational, and clinical components are all interrelated. He said that the Health Center's ability to recruit top quality faculty will be hampered by limitations on the hospital side. Vice President Deckers added that when those limitations express themselves, then there are weaknesses in the Medical and Dental Schools and weaknesses

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on the research side as well. He wanted the Board to understand that the Hospital is critical to the strength of the Medical and Dental Schools.

Chairman Rowe said that he needed to leave the meeting, because the New England Association of Schools and Colleges is here today reviewing the University's accreditation, and he asked Dr. Burrow to take over the meeting.

Dr. Burrow reinforced that the Health Center Board of Directors is committed to fiscal prudence and responsibility.

Trustee Shepperd raised concerns about the \$8 million cost of fringe benefits in one year. He asked for confirmation that the Health Center is obligated by contract to pay out this amount.

Vice President Aronson responded that although there is no State operating money in the John Dempsey Hospital, the Hospital is nevertheless a State entity that has State-wide collective bargaining contracts. The same fringe benefit structure is applied to the Hospital, the University and State-wide. Vice President Aronson said that the fringe benefit rates are not set by the University, but as a result of collective bargaining between the State and all of the bargaining agents and coalitions. The State Comptroller issues those rates every year. In 2005, the difference between what the Hospital paid and the CHA member average was \$8 million. As Dr. Deckers said earlier, this year the cost will probably be about \$10.5 million.

Dr. Deckers confirmed that this amount represents the clinical side – the staff that work primarily in the UConn Medical Group (UMG) and its clinics.

Vice-Chair Drotch asked if this proposal contemplates the expansion of the size (enrollment) of the Medical and Dental Schools. Dr. Deckers responded that initially the plan did not consider enrollment, but he said that it was a very interesting question that is actually being considered nationally. Once again, they are faced with a number of groups nationally who believe that there are not enough students being trained in medical and dental schools going forward. The biggest issue that they would have relative to expanding student size would come in the first two years of medical school. The first two years involve courses on the basic sciences, which require more space and more faculty. Dr. Deckers said he believes that they have received and will continue to receive outstanding support from clinical faculty in the integrated institutions. He thinks they could take more medical students and more residents at the clinical level, but the basic science level would be more difficult without an expansion of faculty and facilities.

In addition to all the funding issues, Dr. Deckers emphasized that they would still need to obtain a Certificate of Need and gain approval at level as well.

Vice-Chair Jacobs commented that the Health Center proposal is a critically important. Clearly, the School of Medicine needs to have the Academic Gap of \$12 million and possibly more funded, so that the School is protected for education and research. He agreed that a new John Dempsey Hospital needed to be built for all the reasons outlined earlier. Vice-Chair Jacobs said that his concern is for the care of the poor and the issue of approximately 80,000 Medicaid days in the City of Hartford is a major one. Vice-Chair Jacobs felt that more discussion is needed on who is going to take care of the poor, so that they are not hurt in this new initiative.

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Dr. Deckers emphasized that today 22% of our patient days are committed to people who are Medicaid recipients. That makes John Dempsey Hospital the fifth highest percentage in the State of Connecticut, which is a fact that is not well known. With all the hospitals in the State, they would like to see something done about the fact that for every dollar of Medicaid cost, the Hospital is paid 68 cents. He said that the gap needed to be closed. As a State institution, the Health Center is committed to serving the needs of other agencies and other vulnerable populations within those agencies. They have made this known to the Department of Corrections and the Department of Social Services, and they currently work with the Department of Mental Retardation. They would welcome expanding those opportunities, because it gives the Hospital great credibility when they go to bargain relative to their General Fund subsidy and support for the institution.

Dr. Burrow added that the other issue is that individuals want to go to a facility that is close to their home. He did not believe that a new hospital or additional beds would take people away from other facilities.

Dr. Deckers referenced an additional sheet of information that was provided – “Comparative Data, Medicaid Inpatient Patient Days as a Percentage of Total Patient Days.” These data illustrate the Hospital’s commitment.

Dr. Burrow said that he thought Vice-Chair Jacobs was concerned that the additional beds would attract more patients.

Vice-Chair Ritter followed up on Vice-Chair Jacobs’ concerns and asked if the consultants were asked to consider what the impact might be on St. Francis Hospital or Hartford Hospital.

Dr. Deckers expanded on an issue that the Board may or may not be aware of. Last January, the CEO’s of the other institutions asked to meet with President Austin and Vice President Deckers, because they received information that the administration wanted to reorganize and revamp the John Dempsey Hospital and to increase the number of beds. President Austin and Dr. Deckers met with the hospital leaders several times, and Dr. Deckers met with them a few more times after that. Dr. Deckers confirmed that they understood the issues of the Academic Gap. Dr. Deckers said that they seemed amazed that the Hospital could be as efficient as it was and to provide an operating margin to service the Academic Gap when they had to service the fringe benefit burden as well. He felt that they also understood the need for faculty and an adequate Hospital to support the Health Center’s mission. Dr. Deckers said that he and President Austin also made them aware of the data generated by the consultant that indicated that in the next decade the region could easily take between 150 and 200 new beds. Chairman Rowe examined the same information. Dr. Deckers indicated that at this point, the talks broke down.

Vice-Chair Ritter asked if the consultant was asked to look at the impact on Hartford Hospital and on St. Francis Hospital. Dr. Deckers responded that the consultant was not specifically asked.

Vice-Chair Ritter said he learned today that the John Dempsey Hospital, St. Francis Hospital, and Hartford Hospital are about the same status in terms of patient mix. Many are concerned the percentage will change dramatically with a new hospital. If we are committed to keeping the same percentage or maintain parity in terms of patient mix, he asked if there was anything they could do as a Board to keep maintain this and not harm the intent of this project.

Dr. Deckers said that he could not think of anything that the Board could do to assure that the current patient mix stayed the same. He does not know how the mix occurs generally. In the last six months, they have seen a significant increase in Medicaid patients, a decrease in Medicare

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patients, and a significant increase in self-paying patients. Health Center Chief Financial Officer Upton has been trying to figure out why this is happening.

Vice President Aronson offered some clarification. She said it is difficult to control the patient mix, because patients have the right to choose where they want to go. In addition, the John Dempsey Hospital cannot turn anyone away. However, Vice President Aronson said that there are parts of the mix that they might be able to influence, which is an important part of our public mission. The Health Center has a very close working relationship with the Department of Mental Retardation and the John Dempsey Hospital is the provider of dental care for citizens with mental retardation, including in-patient activity to the extent that we are able to invest in that. She said that it is possible that through programmatic expansion, they could get to some of those issues.

Vice-Chair Ritter said that Hartford Hospital for a while subsidized St. Francis when they were going through a difficult time. He stressed that this issue is a real concern, and it is something that he thinks a lot of people care about and that we should be cognizant of that as we move forward.

Vice-Chair Ritter asked if the Town of Farmington was consulted. Dr. Deckers said that they would be meeting with officials on February 13.

Vice-Chair Ritter stated that this would be a massive new payment to the Town of Farmington in terms of a pilot payment. He said that about 168 towns will lose revenue, and Farmington will gain revenue.

Vice President Aronson could not speak to whether it would be a zero sum gain. She does not know how they are going to approach that. She agreed that it would be a big pilot payment increase for the Town of Farmington, which could affect the distribution. Vice-Chair Ritter asked if there have been discussions. Vice President Aronson said there have been.

Vice-Chair Ritter asked whether, if the Board recommended a 352-bed facility and the Office of Health Care Access came back with a proposal for fewer beds, the Board would be consulted.

Dr. Burrow said that they would bring the proposal back to the Board.

President Austin spoke to the impact on St. Francis Hospital and on Hartford Hospital. What he remembered from the consultant's report was the estimate that this proposal would take roughly half of the projected demand going forward over the next several years. Dr. Deckers and Dr. Burrow have given informative presentations on this matter. He wanted to thank Chairman Rowe and Dr. Burrow for their support and for asking important questions guided by their experience as leaders of these kinds of facilities.

President Austin also expressed concern that this issue not be looked upon as simply as a newer and bigger hospital, but as a necessary condition, according to our external consultants, to maintenance of the robust vitality of the State's public Medical and Dental Schools. It is the education of physicians and dentists that is our chief programmatic concern. As the data suggest, the Health Center can no longer rely on the Hospital with its current size and age to generate a revenue flow that is going to plug the Academic Gap. The Medical and Dental Schools have excellent reputations and are competitive nationally. In the absence of an upgrade and a plan for the future, there are not too many options. President Austin concluded by saying the expansion proposal was a necessary act to continue to give the citizens of Connecticut access to the very best dental and medical education.

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Vice-Chair Drotch raised some concerns about the Academic Gap. He directed attention to Slide 7 in the power point presentation. He said that they looked at a \$6.8 million academic deficit for Fiscal Year 2006 when the Hospital was earning \$5.5 million. In the current projections for Fiscal Year 2007 going forward, the \$5.5 million in profit will go toward a \$9.5 million loss. This represents about a \$15 million swing, which would suggest with the academic deficit, will now be substantially larger, perhaps over \$20 million, for Fiscal Year 2007.

Dr. Deckers stated that over the two years of the Biennium what the Health Center is looking for is \$13.5 million added to their direct subsidy in Fiscal Year 2008.

Vice-Chair Drotch said that he is looking at the data year-by-year. If you put the pieces together for the year we are in now (FY 2007), the Hospital goes from a \$5.5 million profit to a projected \$9.5 million loss, which is a \$15 million swing. If the Academic Gap was almost \$7 million in Fiscal Year 2006, the implication is that we are looking at well over a \$20 million Academic Gap this year. If you look at the projections for Fiscal Years 2008 through 2013 on this schedule, collectively there is another \$45 million in Hospital losses on top of the Gap. Vice-Chair Drotch said he wonders, from a narrower perspective for the Storrs-based on the University side, where are we going to find the sources of financing for these expense levels.

Health Center Chief Financial Officer Upton responded that the Health Center is talking to the Legislature about the Academic Gap as an above current services request in the Fiscal Year 2008-2009 budget. Fiscal Year 2007 is clearly an issue. There are things the Health Center is doing as they relate to generating additional revenue sources. The Health Center administration has renegotiated all of their managed care contracts that become effective in January and February. They have renegotiated with at least five payers. The range of increases in Year 1 for those contracts are anywhere from 10 to 22%. They have instituted a cost accounting system that allows them to identify exactly what the cost of providing care by payer and by service, and they have essentially re-priced those contracts to get the right price for the product that they are delivering. The Health Center will see about \$5 million of additional revenue simply from that action. They estimate the current year's deficit will be approximately \$16 million. Vice President Aronson has been talking to Office of Policy and Management Secretary Genuario about deficit appropriations. It will be necessary to find a solution for this fiscal year.

Vice-Chair Drotch added that a solution may be needed through Fiscal Year 2013 and possibly beyond. Mr. Upton responded that if the Health Center were to receive Academic Gap funding and fringe benefit differential funding, then the deficit would be seriously impacted. Vice-Chair Drotch reiterated his earlier question to Dr. Deckers about the capacity of the Medical School. Vice-Chair Drotch referenced a discussion a few meetings ago about the application pool and how difficult it was to accept enough highly qualified students because of capacity constraints. He was hopeful that the administration was also considering an enrollment expansion at the Medical and Dental Schools as part of this.

Dr. Deckers said that this may be a consideration that would have to be made after they have dealt with the pressing issue on the table today.

Mr. Upton said that there was another issue regarding the Academic Gap as the Health Center projects out the current year. Another factor involves the UConn Medical Group (UMG), which is part of the Academic Gap calculation mostly because of the education piece. Because of the recruitment of new faculty, UMG is seeing better performance. They are still losing money, but not

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as much as was originally expected. When the administration reviewed December's numbers, the Academic Gap itself was on target as it related to their budget. The problem is the Hospital. As was mentioned earlier, it is not making the budgeted expectations so that covering the Gap is making things more difficult. There is some improvement at UMG that is helping. As part of the budget process, the put in \$9 million on top of the \$65 million that Dr. Deckers mentioned of improvements, which is being implemented. They are on track to provide the \$9 million to cover the budget gaps.

Dr. Burrow said that this proposal represents a large amount of money. It is a risk and there are obviously political issues to consider. He said that not taking this opportunity might be a bigger risk.

Trustee Martinez said that as he prepared for today's important meeting, he had made up his mind to vote in opposition of the Health Center expansion proposal in order to bring attention to his personal disappointment over the lack of support and vision to further explore the proposal for a school of veterinary medicine. However, he said that he could not in good conscience vote no for a project and a vision that would be great for the University, the State and the nation. No matter how disappointed he was, he said that he would vote in favor in the hope that somehow the Board could revisit the proposed veterinary school in the near future. There are new activities in Washington, D.C. and new initiatives proposed by the new Congress that may create the "perfect storm" for a UConn veterinary school.

Dr. Burrow recused himself and turned the meeting over to Vice-Chair Ritter.

(8) John Dempsey Hospital Replacement/Expansion (Under separate cover)

THE BOARD VOTED to authorize the construction of a 546,000 square foot, 352 bed facility to provide for the replacement and expansion of the John Dempsey Hospital, to include a request that the General Assembly designate this a named project under Phase 3 of UCONN 2000 to enable the possible reallocation of funds within existing annual and aggregate bond limits under the law.

Those voting in favor were: Trustees Abromaitis, Bailey, Barry, Dennis-LaVigne, Drotch, Kazerounian, Lobo, Martinez, Nayden, Nichols, Ritter, Rowe, and Shepperd. Those who abstained were: Trustees Burrow and Jacobs. The resolution passed.

13. Adjournment

The next meeting of the Board of Trustees is scheduled for Tuesday, March 13, 2007 at 1:00 p.m. at the Waterbury Campus, Waterbury, Connecticut.

There being no further business appearing, the Board meeting adjourned at 2:55 p.m.

Respectfully submitted,

Louise M. Bailey
Secretary