11-16-2001

Minutes, November 16, 2001

MINUTES OF THE MEETING
OF THE BOARD OF TRUSTEES

THE UNIVERSITY OF CONNECTICUT

University of Connecticut
Merlin D. Bishop Center
Storrs, Connecticut

November 16, 2001

The meeting was called to order at 11:19 a.m. by Chairman Roger Gelfenbien. Trustees present were: James Abromaitis, Christopher Albanese, Louise Bailey, Philip Barry, Christopher Hattayer, Lenworth Jacobs, Claire Leonardi, Michael Martinez, Frank Napolitano, and Denis Nayden.

Trustees William Berkley, Michael Cicchetti, Shirley Ferris, Linda Gatling, David O'Leary, Theodore Sergi, Richard Treibick, and Kathleen O'Connor, who represents the Governor's Office, were absent from the meeting.

University Staff present were: President Austin, Chancellor and Provost for University Affairs Petersen, Vice President for Institutional Advancement Allenby, Vice President for Financial Planning and Management Aronson, Vice Chancellor for Business and Administration Dreyfuss, Vice Chancellor for Student Affairs Triponey, Assistant Attorney General Shapiro, Dr. Schurin, Ms. Virginia Miller, and Ms. Locke.

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

EXECUTIVE SESSION

On a motion by Ms. Leonardi, seconded by Ms. Bailey, **THE BOARD VOTED** to go into Executive Session at 11:20 a.m. to discuss matters that would result in the disclosure of public records described in Section 1-19 (b) of the Connecticut General Statutes. 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, Albanese, Bailey, Barry, Gelfenbien, Hattayer, Jacobs, Leonardi, Martinez, Napolitano, and Nayden.

President Austin, Chancellor and Provost for University Affairs Petersen, Vice President for Institutional Advancement Allenby, Vice President for Financial Planning and Management Aronson, Vice Chancellor for Business and Administration Dreyfuss, Vice Chancellor for Student Affairs Triponey, Assistant Attorney General Shapiro, Dr. Schurin, and Ms. Virginia Miller were also present.

Executive Session ended at 11:55 a.m. and the Board returned to Open Session at 1:05 p.m. Trustee O'Leary and Assistant Attorney General McCarthy joined the meeting at this time. Trustees Cicchetti, Treibick and Attorney Kathleen O'Connor, who represented the Governor's Office on behalf of Attorney Anne George, participated by telephone.

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

Chairman Gelfenbien welcomed to the Board Mr. Denis Nayden, who chairs the Academic Affairs Committee. Mr. Nayden is Chief Executive Officer of GE Capital and has been active in the UConn community for many years. He now chairs the Capital Campaign.

1. Public Participation

The following members of the public addressed the Board on the topic noted:

- Brad Schwarzenbach, member of USG — Undergraduate Center

  Mr. Schwarzenbach expressed his support for an undergraduate center. He also acknowledged that many students are in favor of one location for academic services. Mr. Schwarzenbach suggested that the center be located in the old School of Business building as a way to promote the campus core concept. In addition, students would welcome an addition to the building that would allow for additional space for group study, because there is a lack of space on campus, especially in the Library and in the dormitories.

- Joe Waller, Chairperson of the USG Student Affairs Committee — Proposed student fee for the Student Union

  Mr. Waller expressed his support for a new student fee for the Student Union. He noted that the Undergraduate Student Government has worked to put out flyers regarding the impact of the fee and of the proposed student union in order to give students an opportunity to voice their opinion in forums and through their senators. In reading over the reports from the senators, he made several points to the Board: 1) students are wary of any new fees, but when given the choice between a fee and cutbacks in the student union, the students pick the fee. The students would also like to see improvements in the programming on campus. The proposed student union will increase programming space and opportunities for student organizations and individuals to participate in activities on campus. Thus it is critical that the entire proposal be approved uncut. Students prefer that fundraising efforts be implemented to either complete the project without imposing the fee or to offset the cost to the students. Fundraising was a common theme in all the forums on campus. Mr. Waller asked the Board to approve the student fee proposal.

- Mike Nichols, USG Senator — Proposed student fee for the Student Union

  Mr. Nichols expressed his support for a new student union fee proposal. He noted that he was asked by a Student Trustee why he chose UConn. He responded that he chose UConn because of its academic reputation. The University has been documented as the top public university in New England and this year UConn rose 10 places in the U.S. News and World Report. The Student Union fee proposal will serve to improve and enhance the social life on campus for students. After reviewing the feedback from the forums and from talking with his classmates, Mr. Nichols concluded that the fee proposal will help to provide programming and other activities that will be beneficial to creating better sense of community and personal growth.

- Matthew DeConcillis, President, SUBOG — Student fees

  Mr. DeConcillis expressed his support for a new student union fee proposal. He noted that students feel that the design and the proposal is the best they have seen. The Student Union Board of Governors (SUBOG) voted unanimously for the fee proposal. The fee is a small price to pay for the many benefits, such as more student activities and events, club space, mailboxes, food courts, etc.

  Chairman Gelfenbien thanked the student speakers for their comments.

2. **Chairman's Report**

(a) Minutes of the meeting of September 26, 2001

On a motion by Ms. Bailey, seconded by Mr. Marinez, **THE BOARD VOTED** to approve the minutes of the meeting of September 26, 2001.

(b) Consent Agenda Items:

On a motion by Dr. Jacobs, seconded by Mr. Cicchetti, **THE BOARD VOTED** to approve the following items listed on the Consent Agenda:

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

(2) Authorized Signatures – University Accounts (Attachment 2)

(3) Purchase of 1455 Storrs Road, Storrs, Connecticut (Attachment 3)

(4) Transfer of Hillside Campus to the City of Waterbury in Exchange for Property on East Main Street, Waterbury, Connecticut (Attachment 4)

(5) Air Rights and Easements Waterbury Downtown Campus Waterbury, Connecticut (Attachment 5)

(6) Designation of Authorized Officer for Sale Purposes for UCONN 2000 General Obligation and Special Obligation Bonds (Attachment 6)

(7) Joint Bachelor of Science/Master of Science Degree in Biodiversity and Conservation Biology (Attachment 7)

(8) Authorization for the University of Connecticut Health Center Finance Corporation to Enter into a One-Year Lease Option at 381 Hopmeadow Street, Simsbury, with Simsbury Medical Associates (Attachment 8)

(9) Authorization to Execute Notice of Federal Interest for the Renovation of the Academic Research Building (Attachment 9)

Vice-Chair Leonardi directed Trustee attention to a revised attachment in item 9. She noted that the revised attachment is a one-page version dealing with only the Academic Research Building. The original attachment includes all the Farmington Campus property.

(10) Awards and Donations (Attachment 10)

(c) Personnel matters (Storrs-based programs and the Health Center) (Attachment 11)

(1) Promotion, tenure and reappointment lists

(2) Sabbatics

(3) Informational matters

On a motion by Mr. Martinez, seconded by Ms. Leonardi, **THE BOARD VOTED** to approve the recommendations indicated on Attachment 11.

3. **President's Report**

(a) Fee Proposal Development Process

President Austin reported that at the Budget Workshop Meeting last June, there was a general discussion of student fees in connection with a fee proposal in the School of Fine Arts. He noted that in the past fees have been developed and imposed in various ways. Now deans have incentives to propose to the administration and the Board the imposition of fees to compensate for challenging budgets. The administration made a commitment to the Board that it would convene a broadly representative internal task force to develop a fee policy. President Austin noted that the charge to the group is at the Trustees' places. The key points of the charge are that the fee structure should balance the general needs with specific user needs and that the fee philosophy should be developed with broad and meaningful student input. They should reflect an appropriate balance of tuition support and specialized classroom material requirement and above all there should be a comprehensible conceptual framework. President Austin noted that as UConn's fee structure evolved, there was not sufficient recognition that those who benefit should pay. He also noted that it was incomprehensible that the institution does not impose laboratory fees in the science and engineering areas where students who major in those programs will be compensated at much higher levels throughout their careers than are the students in the humanities or in education. Because of the many individual issues surrounding the need for fees, it is important to develop the framework and then test each of the fees against the framework. President Austin noted that by next year's budget workshop, there will be a fee proposal that is consistent with this outcome. Chancellor Petersen, Vice President Aronson, and Vice Chancellor Triponey are available to answer any questions.

(b) UConn's Expanded Economic Development Program

President Austin asked Bruce Carlson, Special Assistant for Economic Development, to provide the Board with an update on the University's economic development activities, specifically with respect to the commercialization of technology efforts. President Austin noted that much of the institution's programmatic strength lies in the areas of the basic sciences, particularly biological sciences and engineering. Much of the research of the faculty involves potential patentable and licensable activities that could generate a new revenue flow for the institution. President Austin asked Mr. Carlson to provide a brief summary of the activities.

Mr. Carlson introduced Mike Newborg as the newly appointed Executive Director of the Center of Science and Technology Commercialization. Mr. Carlson gave a powerpoint presentation on the Center for Science and Technology Commercialization. A copy of the handout is attached to the file copy of the Board minutes.

Mr. Carlson noted that during the course of budgetary discussions this past June, President Austin asked him to get to pull together the various business development functions of the University. Slide 1 of the powerpoint presentation represents a functional organization chart of those various pieces. The Office of

Science & Technology Business Development is what is currently known as the umbrella over the Center for Science & Technology Commercialization, the new Research and Development Corporation, and the upcoming Incubator Project for the University.

The Center for Science & Technology Commercialization is what was commonly referred to as the Technology Transfer Office, and for a number of years activity was flat (Handout, page 2). Mr. Carlson noted that since Mr. Newborg's appointment in July 1999, there has been a significant increase in metrics. More importantly, there has been a greater exchange with the faculty, who have begun to disclose the inventions that they are creating in their labs.

In addition to patents, the Center is also responsible for the licensing of University inventions (Handout page 3). Mr. Carlson reported that the chart on Handout page 3 represents the kinds of companies and the types of technologies involved, but to a large extent most of those companies are out-of-state companies, and in a couple of cases under the last item (plant sciences), they are international companies to which the University is creating licenses.

The Center is also providing licenses to start-up companies and those listed on Handout page 4 are Connecticut companies. Mr. Carlson referred to three licenses to start ups in negotiation. Of the three licenses, two will be to Connecticut companies and the third one will be to a start up company. All of the start-ups that the University does create have the potential to contribute to the State's economic development.

The operational activities between FY 96-97 to projected FY 01-02 are represented on Handout page 5. Mr. Carlson directed attention to the chart on page 5, which represents a continuum of the technology development process at the University. The process consists of obtaining an invention disclosure from the faculty member. If it is determined that the invention disclosure needs to be protected and at the same time there is a commercial opportunity, then they would go forward with the patent. Once the patent is in process, then they would try to execute a license for the patent. The goal is that the licenses will produce income. Many licenses will produce income over a number of years, but not necessarily in the first few years, because they may be based on royalty or equity. If the license is successful, revenue is produced, which can lead to the creation of start up companies. Mr. Carlson further explained that the bottom row of the chart refers "Comparable Institutions," and they include institutions that have $10 million research expenditures, either above or below where UConn is. Some of those include the University of Cincinnati, Tufts, Princeton, the University of Houston Health Science Center, Clemson, and Virginia Commonwealth. Mr. Carlson emphasized that this would not constitute a very large economic development program in the sense that several companies would be developed annually or that the revenue generated would solve the University's budget shortfalls. Mr. Carlson clarified that the $4.6 million referenced under the "Licensing Revenue" column represents an average of one license around one technology, which is comparable to Clemson University. The Center expects to have many successes with revenues at least that high if not more. Another important fact is that University policy dictates that revenue be distributed as follows: 1/3 to the faculty member, 1/3 to the department, and 1/3 to the University. If it is put into perspective as a continuum, the increase in the "Invention Disclosures" show a substantial increase from FY 99-00 to FY 01-02 projected. Mr. Carlson attributes the current successes to the increase in staff. Mr. Carlson noted that in a few years, he will provide the Board with a similar chart for FY 03 and FY04 that will be in the million dollar plus range on the licensing revenue.

Mr. Carlson reviewed the specifics on the University's Research and Development Corporation, which is a private, for profit service corporation (Handout page 6). The R & D Corporation was developed in 1984 and has been a wholly owned subsidiary of the UConn Foundation. It went dormant in the early 1990s,

because of lack of capitalization. Mr. Carlson expressed his appreciation to Vice President Allenby for his efforts to reactivate the R & D Corporation in September. Mr. Carlson reported that yesterday the new Research & Development Corporation Board had its first meeting. Many of the members have direct connections to the University and they themselves were very excited to serve on the Board. Mr. Carlson stressed the importance of not having simply a technology driven activity, but building upon the expertise from other schools throughout the University, such as the Schools of Business, Law, and Fine Arts. Mr. Carlson has discussed opportunities with Dean Gutteridge and Dean Newton. They are also looking at opportunities in the School of Fine Arts as they get businesses that need marketing collateral. Their intent is to make this a University-wide function.

The goal of the Research & Development Corporation is to create one to three start-up businesses annually. At this time, they are in the process of utilizing licenses and they are working on starting up one or two companies annually. This means that there would be one to three additional companies in the State. In order to keep the momentum, Mr. Carlson explained that they will need to review between eight and ten platform technologies annually, which will be the basis from which the companies will grow. The advantage for each of those technologies that is not chosen to be a business is that the technology will have been researched thoroughly, so when Mr. Newborg goes out to license that technology, much of the work will have been done through the Research & Development Corporation. Because we are already receiving equity through the licenses that are being done through the Center, their expectation is to have equity as part of each of the companies that come through Research & Development. The R & D Corporation will be the home for the equity portfolio of the University.

The last important aspect of the Office of Science & Technology Business Development is incubators. At this time, the University does not own a formal incubator; however, by the summer of 2002, as part of the second Ag-Bio Building project, there will be five Biotech labs ready for incubation space. They were asked by the administration to form a committee that would determine the policies and procedures for incubation space. The committee met over the last year and reported to the administration that a centralized management function was needed.

Mr. Carlson concluded his presentation with a quick review of the functional organization, which he currently has responsible over. Mr. Carlson stated that his goal over the next few years is to develop incubation space on all the campuses.

Trustee Leonardi asked how the Research & Development Corporation would be funded.

Mr. Carslon responded that currently the Corporation is funded by a Foundation contract through the University. They are hopeful that the University will fund it for the next four years and by year five the Corporation will break even and eventually become self sufficient.

Ms. Leonardi indicated that she is concerned about investment funds, not operating funds.

Mr. Carlson responded that the Research & Development Corporation does not have any capital investment funds.

Ms. Leonardi asked if they would consider capital investment funds or will the staff seek partners with the money.

Mr. Carlson responded that it is a service organization that brings other investments into it; therefore, the Corporation would not have its own funds for investment. He noted that they would be pleased if someone or some organization wished to provide investment funds, but they have not taken that step.

Ms. Leonardi asked who made the decisions and how the decisions are made regarding which of the technologies are successful enough to go into a start up company. She also asked if the decisions are made from soliciting investors or are the decisions based upon the potential of what opportunities are available in order to put a deal together.

Mr. Carlson responded that decisions will be made from the review of the invention disclosures that come in through the Center for Science & Technology Commercialization, the Research & Development Corporation president or staff, and then the Executive Director will go through all the invention disclosures and decide whether the inventions look like that have the opportunity to actually be a business vs. a license opportunity. At that point, the Research & Development staff will have six months to review the invention's potential, discuss it with the investment community and the scientific and technology community, and then determine whether that is really the case, possibly looking at other science or technology at other universities that could be bundled with that to make a stronger small business start-ups. If after six months, inventions are determined that they are not good investment opportunity, it will go back to the Executive Director and he will review the potential for licensing opportunities.

Ms. Leonardi asked if the Board approved the deals that are made or is it within the purview of the administration.

Mr. Carlson responded that the Research & Development Corporation Board just met for the first time yesterday. In his presentation to them, Mr. Carlson recommended that they will inform the R& D Board when they identify the technology. Many of the members of the R & D Board have both business and technology expertise and their insight about the technology and contacts are valuable. After the Board reviews the technology, they will develop a business plan and look at potential investors, and then they will bring the package back to the Board for review.

Dr. Jacobs asked Mr. Carlson to give the Board an idea of the scope of a project and whether or not they would maintain the company or sell it.

Mr. Carlson responded that there are many policies that still need to be created. He noted that when the Research & Development Corporation was active in the past, the intent was to sell off the companies when the University had an opportunity to cash out and reinvest the money to keep the momentum going. At the time, the University was not interested in risk management with a technology company. Mr. Carlson said that he doesn't think that there is the opportunity to make a huge amount of money, but there is always the opportunity for the companies to gain equity, which would probably have a large payoff at some point. He expects that within the first 6 to 10 years it will happen. Also, the University gains royalties from each of these technologies as well, so not only will the University have the equity opportunity, but there might also be significant product development that will also come back to the University.

Trustee Abromaitis asked if the all the labs were Bio labs and if all the Bio labs were wet labs. He also asked about technology with other disciplines.

Mr. Carlson responded that all five labs are wet labs geared for biotechnology. They will research other disciplines in the future. On the Depot Campus, there is a new building that will house the fuel cell institute. Some of the building space may be dedicated to the nurturing of one of the companies, most likely a fuel cell company based on technology coming out of the School of Engineering.

Trustee Abromaitis noted that he and his staff in the Office of Economic and Community Development met with Mr. Carlson and his staff. Commissioner Abromaitis indicated that his office was impressed with the project. The State Office of Economic and Community Development has agreed to participate initially in the set up stage and hopefully during the financing stage. This will be determined in the near future.

President Austin noted that the University must be attentive to the bottom line and he hopes that enough revenues are generated to reinvest in the University's research enterprise. Independent of the numbers, President Austin emphasized that in order to successfully recruit and retain faculty who work in these areas, institutions must possess the equipment or the technology for faculty to flourish. It is a necessary condition for the University's success and he expressed his gratitude to the UConn Foundation for facilitating this project. President Austin praised the efforts of Mr. Nayden for his role in the Capital Campaign and also the efforts of David Marks and his colleagues on the Investment Committee. He also noted that Dave

Barden, Harold Schwenk, Denis McCarthy, and Laura Estes have brought particularly rich expertise, especially about the markets in which the University operates.

President Austin updated the Board on the University's financial status. He noted that for the last several months, the University has been wary of the outcome of the State revenue situation and how it will impact the University's budget. He received word of an agreement by the Governor and the leadership of the Senate and the House that roughly 2/10 of a percent appropriate reduction will be sustained. This will impact the Storrs-based programs by $459,460 and the Health Center by $183,658. This is in addition to the $3 million reduction in the Storrs-based programs and approximately $900,000 at the Health Center. These are numbers applied to a base of $182 million State appropriation for the Storrs-based programs and $73.8 million for the Health Center. Although the administration had hoped for a 10% increase, President Austin expressed his gratitude to the State's elected leaders for their confidence in the University, especially during these difficult times. He has been told that both CSU and the Community-Technical Colleges sustained a similar reduction.

Because of the constrained economy, he has spoken many times about finding alternative funding sources. Usually, that has been through private philanthropy, which remains vital, but President Austin has also reinforced his message to the faculty to generate more federal funds to augment what otherwise might have been contributed by the State. Last year at this time, we reported a $18.5 million appropriation from the federal government. President Austin noted that this year he has reason to believe the total package will be approximately $28 million. While funding for UConn has not been finalized, there is nearly $15 million is in three appropriations bills, which have received Congressional approvals. These bills now await President Bush's approval. There is another $10.5 million in the Defense Appropriations Bill, $5 million for fuel cell, $2 million for nanotechnlogy and $3.5 million for infectious diseases. Finally, Senator Dodd is working diligently to acquire $2.25 million for the National Center for Gifted and Talented in the Neag School of Education. President Austin concluded that it all of this funding comes through, the University will still have challenges, but it could be worse.

President Austin noted that the University completed last night its Metanoia program that arose out of the events of September 11. Trustee Hattayer and Professor Paul Goodwin from the Department of History Co-Chaired a committee of students, faculty, and staff and they put together a wonderful program. Before the Board is a large poster that describes some of the events. The cumulative set of events were highly meaningful and were well attended by students and faculty. He acknowledged his appreciation to both Trustee Hattayer and Professor Paul Goodwin.

President Austin asked Vice Provost for Multicultural Affairs Ronald Taylor to update the Board on the progress made by the Diversity Task Force. Vice Provost Taylor reported that several Board members met with the Diversity Task Force after the last Board meeting to express support for the work of the Committee and to discuss their aspirations for the plan, and to also emphasize the importance of involving the Health Center. Over the last few weeks, Committee members have met with the staff at the Health Center. They are scheduled to meet again this Tuesday and hope to assess their progress and to incorporate the strategies developed at the Health Center into the overall plan. The Committee will then present the Board with the document that has been evaluated by the campus. At the conclusion, the Task Force will refine the document and present it to the Board for its review. The Committee has met twice to review the final set of recommendations from one of the sub-committees. They have also begun drafting the outline of the document itself and continue to make progress.

Chairman Gelfenbien indicated that he looks forward to the report and thanked Executive Vice President Deckers for collaborating with the members of the Task Force.

4. **Academic Affairs Committee Report**

(a) Committee Chairman's report on Committee activities

Vice-Chair Nayden reported that the Committee met this morning and discussed the Joint Bachelor of Science/Master of Science Degree in Biodiversity and Conservation Biology. This program will be housed within the Department of Ecology and Evolutionary Biology in the College of Liberal Arts and Sciences. It is an integrated degree program enabling students to obtain two degrees in an expedited manner. The curriculum is comprised of existing courses within the Department of Ecology and Evolutionary Biology and the College of Agriculture and Natural Resources. Because the program utilizes existing courses, no new resources are required to offer it. After discussion, the Committee voted to recommend that the full Board approve this program.

5. **Financial Affairs Committee Report**

(a) Committee Chairman's report on Committee activities

Dr. Jacobs reported that the Financial Affairs Committee met this morning. He also noted that the Audit Subcommittee meeting met briefly at noon. The Financial Affairs Committee discussed eight items on the agenda of which seven items were approved under the Consent Agenda.

(1) Audit Subcommittee Meeting

(b) Greek Housing Project update

Dr. Jacobs reported that the Committee heard a housing update, which included discussion on developing 1,000 new apartments and on the Greek Housing Project.

(c) Item requiring Board discussion and approval:

(1) Fourth Supplemental Indenture Authorizing University of Connecticut Special Obligation Bonds, 2002, Series A (To be distributed)

The Committee also discussed extensively the Fourth Supplemental Indenture authorizing University of Connecticut Special Obligation Bonds, 2002, Series A. On a motion by Ms. Leonardi, seconded by Mr. Hattayer, **THE BOARD VOTED** to approve the Fourth Supplemental Indenture authorizing the University of Connecticut Special Obligation Student Fee Revenue Bonds, 2002, Series A.

THE BOARD APPROVED a motion by Ms. Leonardi and seconded by Mr. Martinez to add to the agenda a Proposal for a Student Union Building Fee.

On a motion by Mr. Hattayer, seconded by Ms. Leonardi, **THE BOARD VOTED** to approve a Student Union Building Fee.

Chairman Gelfenbien expressed his appreciation to the students who spoke in support of the fee.

Vice-Chair Leonardi asked that the language in the fee proposal be adjusted so that student fees are used to replenish residential life reserves.

Vice President Aronson agreed that the resolution would be brought back to the Board with revised explanatory language in keeping with the Board's discussion concerning repayment to the reserves.

Trustee Napolitano expressed some concerns about the Undergraduate Center proposal. He noted that there has been a lot of discussion over the past several months about the Center. He felt that conceptually the Center makes a great deal of sense, because it will enhance the undergraduate experience by providing academic services in one location, but the proposal should also ensure that there is proper management, coordination, focus, and ways to measure the outcomes. Interim Vice Provost Suman Singha has provided much documentation regarding the proposal background and what the administration hopes to achieve. Mr. Napolitano directed attention to page 2 of The Undergraduate Center document, which he noted that there are 17 functions that are going to be housed in this new facility. He noted that while none of these functions are new, they will now be consolidated and it will be important to coordinate these activities as Brad Schwarzenbach, member of USG, stated earlier. He would like to ensure that there is a coordinated effort by possibly conducting a programmatic audit to assure that the functions are viable and cost effective, have efficient staffing, and to determine which programs require enhancement or consolidation with another function. Mr. Napolitano also noted that under the direction of the Chancellor's office, Interim Vice Provost Singha, and the Academic Affairs Committee, there will be adequate discussion and evaluation of the current functions.

Chancellor Petersen responded that the administration is doing just that for many of the areas on campus. He acknowledged the importance of Brad Schwarzenbach's comments regarding the efficiency of a central location. The Chancellor stated that there are three reasons that makes this combined project critical, both programmatically and economically: 1) this proposal brings together all the academic functions, so that it will be easier to serve the students in the ways that are critical to learning; 2) it lets the administration review new ways to efficiently administer those functions, so that more resources can be added to those functions. Student surveys over the years have revealed that there is less satisfaction in academic advising at the freshman and sophomore levels. The administration is committed to increasing the number of advisors as the administrative functions are combined. It is one of Vice Provost Singha's major tasks this year to develop an organizational chart, which the Board has previously asked for. Chancellor Petersen feels that once the building is ready, there will be enough funds saved from consolidation efforts to provide more assistance and academic support to the students.

Chairman Gelfenbien noted that he had already asked Vice-Chair Nayden to discuss this in the Academic Affairs Committee and to also review the capital that is required to make this work. He still has concerns over the funding of this project.

Trustee Hattayer expressed his concerns about the timeframe for additional Committee discussion of the project. He suggested that the administration work on two tracts – build the infrastructure, so that the space needed by the students and the academic functions can materialize alongside review of the programmatic implications and functional efficiencies as Trustee Napolitano noted earlier. Chairman Gelfenbien agreed.

6. Health Affairs Committee Report

(a) Committee Chairwoman's report on Committee activities

Vice-Chair Leonardi reported that the Health Affairs Committee met on November 6, 2001. The Committee heard a report from the auditors, KPMG, who issued an unqualified opinion for last year. The Committee also heard a report from the Health Center's compliance officer, who is a long-time employee, but new to this position. She has been reviewing the various areas of risk and is reported to be doing an excellent job.

The Committee discussed the financials, which have been critical to the Board over the last year and a half. As President Austin noted earlier, they received notification of a reduction of the State appropriation. She asked for clarification regarding the exact amount.

Vice President Aronson responded that it is \$800,000.

Vice-Chair Leonardi noted that for the first quarter, which ended September 30, the deficit was approximately \$523,000 compared to the estimated \$204,000 that was budgeted, which is a variance of approximately \$319,000. Ms. Leonardi noted that if the change in the State appropriation was not included, the Health Center actually has a favorable variance of approximately \$375,000. In terms of operations, the most troubling issue in the past was on the clinical operations side. The entire clinical enterprise, which consists of John Dempsey Hospital, UConn Medical Group, and UConn Health Partners, which are the doctors that the University recently hired, was favorable to budget by approximately \$923,000. She noted, however, that there was an actual deficit of \$260,000, but the Health Center had budgeted approximately \$1.2 million. John Dempsey Hospital showed a profit of revenues over expenses. She cautioned that this sounds good, but what is actually happening is that there is a healthy increase in patient volume, which is good, but there are still concerns about the continuous decline in reimbursements.

(b) Items requiring Board discussion and approval:

(1) Approval of a Separation Policy for Unclassified Board of Trustees Exempt Managers and Confidential Employees (Attachment 12)

The Committee discussed the Separation Policy for Unclassified Board of Trustees Exempt Managers and Confidential Employees and recommended it for full Board approval. **THE BOARD APPROVED** a motion by Dr. Jacobs, seconded by Mr. Martinez.

Vice-Chair Leonardi indicated that this policy replaces the one that had expired. She noted that it was tabled at the last Health Affairs meeting so that the Committee could review some comparable information from private health care institutions.

(2) Indemnification of the Cystic Fibrosis Foundation (Attachment 13)

On a motion by Mr. Martinez, seconded by Mr. Albanese, **THE BOARD VOTED** to approve the Indemnification of the Cystic Fibrosis Foundation.

Vice-Chair Leonardi asked for a motion to add to the agenda a resolution dealing with a proposed public/private venture to construct an ambulatory surgery center on the Health Center property. **THE BOARD APPROVED** a motion by Mr. Martinez and seconded by Ms. Bailey.

She noted that this item was not discussed in the Health Affairs Committee and asked Mr. Carlson to elaborate on the details.

Mr. Carlson directed Trustee attention to the one page Briefing Paper on the Ambulatory Surgery Center at their places. During the financial crisis, the General Assembly made several inquiries about where the Health Center is going. The Health Center administration developed the Integrated Strategic Plan in response to these requests, which was approved by the Board last May. The Integrated Strategic Plan called for four signature programs at the Health Center, which included programs in cancer, bone biology and musculoskeletal, brain and human behavior, and

Connecticut health. Mr. Carlson explained that his discussion will concentrate on the implementation of the Musculoskeletal Signature Program through the development of a Musculoskeletal Institute. He discussed a major financial opportunity that has presented itself in the development of a key component of the Musculoskeletal Institute. Mr. Carlson noted that the components of the institute include an Ambulatory Surgery Center, Diagnostic Imaging Services, Rehabilitation Services, research labs, physician offices, and possibly an Osteoporosis Center. They would like to package all of the activity referred to as the musculoskeletal program under the Institute. The one area that needs external or regulatory approval is the Ambulatory Surgery Center and they are in the process of developing a certificate of need. This issue with this is that the Health Center has developed a relationship with Health Resources International, which is a company that has developed ambulatory surgery centers in the mid-1970s. This company has developed these centers nationally and internationally throughout 1970s and 1980s. They are now in a position to expand their expertise to new areas such as developing a surgery center in connection with an academic enterprise, which will present the opportunity for clinical collaboration with research and training. This venture is expected to successfully create a new kind of cost effective surgery centers. Mr. Carlson noted that the certificate of need application is almost complete and that they have until November 29, 2001 in which to submit it. Therefore, they are seeking Board approval to allow them to submit the certificate of need to form a limited liability company, Farmington Surgery Center LLC, as a joint venture with Health Resources International, and to enter into a operating agreement with them as well. They have completed their discussions last evening with a final agreement to be reached regarding funding. Mr. Carlson is confident that on Tuesday, they will finalize the negotiations and have the partnership put together so as to submit the certificate of need application the week after Thanksgiving. Mr. Carlson stressed that this ambulatory center is very important to the Health Center, because they are literally out of space. They have nine operating suits, but there are plans to discuss a tenth operating room, which is needed now. It is expected that the Center will not come on-line until late 2003. There have been discussions with a specific candidate to head the Institute and there is a good chance of attracting this candidate if this project comes together. If they are unable to get the certificate of need or Board approval, then he may not be as interested in the position. Mr. Carlson asked the Board for its approval to move forward.

Vice-Chair Leonardi clarified that the Board is approving the concept and delegating to the Chairman and herself the final approval of the actual deal. She emphasized that it is important that the Board understand the basic structure about the partnership, including the University's contributions, Health Resources International's contributions, and the importance of a partnership for this venture.

Chairman Gelfenbien suggested that this discussion take place during Executive Session of the special Health Affairs meeting, which will follow the Board meeting this afternoon. He encouraged interested Board members to attend this meeting for more details.

Vice-Chair Leonarid asked if a show of hands would be appropriate to determine which Trustees would rather not vote on the issue until they had more details. She clarified that by voting on this issue, the Board would be delegating their rights.

Chairman Gelfenbien noted that the vote must take place during public session.

Vice-Chair Leonardi responded that by a show of hands now, the Board can vote in Public Session following Executive Session. Chairman Gelfenbien agreed.

Chairman Gelfenbien asked to put a motion to the Board and see how it goes. Vice-Chair Leonardi stated that if a Board member wants to wait for more details, thus voting no, then they should raise their hand. Chairman Gelfenbien clarified that they are asking the Board to give them the authority to make these arrangements with the other group sometime next week.

Mr. Albanese moved, and Mr. Martinez seconded a motion to put the Ambulatory Surgery Center Joint Venture resolution on the table. **THE BOARD APPROVED** the motion to put the resolution on the table and the resolution.

Chairman Gelfenbien encouraged Board members to attend the special Health Affairs meeting following the Board meeting.

Trustee Napolitano raised concerns about the Separation Policy. Specifically, he asked why the term differs for the length of the notice period between the Health Center and the Storrs-based programs. He noted that there is a one-month difference. Vice-Chair Leonardi asked Health Center Chief Operating Officer Susan Whetstone to explain.

Chief Operating Officer Whetstone responded that the Health Center is attempting to move closer to the Storrs policy, but the Health Center offers something that Storrs does not, which balances the two policies. The Health Center offers health care for one year from separation and the separation package is weighted differently. She noted that being a health care center, they are concerned about providing that service to Health Center employees.

Mr. Napolitano asked for more clarification about the equity of the notice between the two campuses. He noted that an individual employee who is being notified and gets eight weeks severance pay at the Health Center vs. the individual who get 12 weeks severance at Storrs and has worked the same length of service. He asked if the value of the health insurance is comparable.

Ms. Whetstone responded that it is the value of the health insurance.

Mr. Napolitano asked her to explain how that is moving toward a uniform policy.

Ms. Whetstone responded that the Health Center administration did not feel comfortable rescinding the health care, because it has always been part of the severance package offered to employees. They wanted to continue it, but didn't want to enrich the package to the point that it was significantly more than what was offered at Storrs.

Mr. Napolitano noted that neither policy makes sense because the length of the severance is too long for the amount of service as is the health insurance. He feels that the University is being overly generous in one area and compensating in another.

Chairman Gelfenbien asked both campuses to come together to discuss making the severance packages more comparable.

Vice-Chair Leonardi cautioned that the Health Center administration needs to review what its competitors in the health care industry offer. The Health Center cannot offer a package very different from other competitors, because that is where they attract most of their employees.

Chairman Gelfenbien noted that there may be some good reasons to do it and suggested that a comprehensive discussion take place.

7. Student Life Committee Report

(a) Committee Chairwoman's report on Committee activities

Ms. Bailey reported that the Student Life Committee met on October 22, 2001. Dr. Triponey outlined several changes in the proposed academic calendar, which would allow for a more rigorous calendar. She noted that the proposal is currently being discussed. If the process moves quickly, the changes will become effective next fall. If it is a lengthy process, the changes will not go into effect until Fall 2003.

Ms. Bailey asked Vice President Triponey if she thought there were any highlights she might want to share with the Board.

Vice President Triponey thought that at this point the changes would not go into effect until Fall 2003. She noted that the proposal is being reviewed by the Scholastic Standards Committee. Then their recommendations will go to the Senate.

Vice-Chair Bailey also reported that Dr. Saddlemire described some of the responses the Dean of Students Office, all of Student Affairs, have been dealing with respect to the events of September 11. He commended the USG on their efforts to work with the administration. A candlelight vigil was held with a large student and staff attendance on September 12.

The Committee also discussed the Undergraduate Center and the bond package.

Ms. Bailey encouraged all Board members to attend any of the student life meetings. She also welcomed the addition of new Alumni Trustee Barry.

Dr. Jacobs commented that the President provided a document that outlined what the University has done regarding the Metanoia program. Two other universities used this document as an example of how to communicate to students. He felt that this was very effective.

8. Institutional Advancement Committee Report

(a) Committee Chairman's report on Committee activities

Mr. Treibick reported that the Institutional Advancement Committee met via teleconference on Tuesday, October 30, 2001. He noted that as of September 30, new gifts and commitments were $10.3 million, which is down 2% from the same time last year. Cash gift receipts were $8.1 million, which is an 8% increase over the same period last year. The number of donors is 8217, which is up 19% over last year. While the results to date through September are on target of what was originally planned, he offered a word of caution as the effects of the downturn of the economy begin to take hold and with more recent reporting, the Foundation is beginning to see a slowing in the major gift category. Mr. Treibick believes that the University may face some pressure to reach earlier estimates or even perhaps realize the same support levels as last year. He has confidence in the infrastructure that is in place and is certain that they will make every effort to achieve the stated goals. The Committee will keep the Board apprised of its progress.

(b) Items requiring Board discussion and approval:

The Institutional Advancement Committee recommended approval to the full Board for the five naming recommendations in the School of Business and one naming recommendation in the School of Nursing. Mr. Treibick reported that all meet the previously established financial naming guidelines with the exception of the naming in the School of Nursing, which was made in recognition of Miss Josephine A. Dolan's longstanding commitment to the School. The naming recommendations are listed in Attachments 14 and 15 of the agenda.

Mr. Treibick motioned, and Ms. Bailey seconded a motion to approve the following naming recommendations for the School of Business and for the School of Nursing. **THE BOARD APPROVED** the motion.

(1) Naming Recommendations for the new School of Business Building: (Attachment 14)

(a) Paul '69, '72 & Renee Speltz Atrium Foyer

(b) Steven K. '80 & Sindy Steinberg Graduate Lounge

(c) William A. Fochi, Sr. '63 Student Breakout Room

(d) Richard M. Hisey '82 Student Breakout Room

(e) John A. '66 & Kim Cutler Study Carrel

(2) Recommendation to Name the Josephine A. Dolan Conference Room in Storrs Hall of the School of Nursing (Attachment 15)

Mr. Treibick reported that Mr. Riordan updated the Committee regarding the excellent progress with respect to a change in the Alumni Association ByLaws to develop a process for the nomination and election for new Board members, which will create a more inclusive process nationally.

Lastly, Vice President Allenby spoke briefly to the Committee about the Research & Development Corporation within the context of technology transfer at UConn, which we heard more about earlier from Mr. Carlson. Vice President Allenby also updated the Committee on the sale of the Barney House.

(c) Development Report (Attachment 16)

9. Adjournment

The next meeting of the Board of Trustees will be scheduled for Tuesday, January 22, 2002 at 1:00 p.m. at the University of Connecticut Health Center, Farmington, Connecticut.

There being no further business, the Board meeting adjourned at 2:26 p.m.

Respectfully submitted,

Louise Bailey
Secretary