

**Resources Committee
Ohio Board of Regents
Minutes of the Meeting of April 10, 2003**

The meeting of the Resources Committee of the Ohio Board of Regents was held at the Regents' offices in Columbus, Ohio. In attendance were the following:

Ohio Board of Regents members:

Edmund Adams
Donna Alvarado
Bruce Beeghly
Jeanette Brown
Gerald Miller (Committee Chair)
Thomas Noe
J. Gilbert Reese
Ralph Schey

Ohio Board of Regents staff:

Roderick Chu, Chancellor
Deborah Gavlik, Associate Vice Chancellor, Government Relations
Neal McNally, Assistant Director, Budget & Resource Planning
James Nargang, Assistant Director, Capital Development
Richard L. Petrick, Vice Chancellor for Finance
Yavonne Stertzler, Analyst, Budget & Government Relations
Shaun Yoder, Legislative Liaison

Guests:

Dan Albrinck, University of Cincinnati
Bob Burke, Association of Independent Colleges & Universities of Ohio
Linda Carr, University of Toledo
Laura Fidler, University of Cincinnati
Gaylyn Finn, Bowling Green State University
Jim Johnson, Sinclair Community College
Joy King, Association of Independent Colleges & Universities of Ohio
David Maley, Northeastern Ohio Universities College of Medicine
Chuck Mann, Owens Community College
Jonathan Martin, Cleveland Orchestra
Joan McKay, Ohio Faculty Senate
James Menger, Cleveland Orchestra
James Plummer, University of Cincinnati
Roy Ray, University of Akron
Richard Worthing, Kent State University

April Consent Agenda Items

The meeting was called to order by Regent Miller. Vice Chancellor Rich Petrick welcomed Jon Martin, Richard Worthing and James Menger, who briefed the Committee on the proposed \$5.8 million joint-use agreement between Kent State University and the Music Arts Association. Regent Brown described the Cleveland

Orchestra as a high-quality premier cultural institution, and said its relationship with higher education represents a valuable asset.

Vice Chancellor Petrick introduced Jim Plummer, Laura Fidler and Dan Albrinck, who briefed the Committee on the University of Cincinnati's proposal to pledge student fees in support of an \$80 million bond issuance. Mr. Plummer stated that the bond proceeds would be used to finance the Center for Academic Research Excellence (CARE), which represents a cornerstone of the Millennium Plan—the University's ongoing effort to double its bio-medical research holdings every 7 to 10 years. The University intends for the Millennium Plan to tie directly to the Third Frontier Program and aims to attract federal grants from the National Institutes of Health and private grants through corporate partnerships. Mr. Plummer also said that the actions recently taken by the House of Representatives to eliminate the Capital Component would have devastating effects on campus budgets. Regent Noe asked if UC's board of trustees is comfortable with such a large debt issue in light of the downgrade to the University's outlook by Moody's Investors Services. Mr. Plummer stated that UC's board of trustees is comfortable with the proposal, and that a contingency plan was also approved by the board of trustees. Mr. Albrinck noted that a recent \$60 million donation to the University's endowment had already helped improve UC's outlook and bond rating. Vice Chancellor Petrick noted that the National Institutes of Health recently announced plans to distribute \$15 billion on a competitive basis for exactly the types of research programs the CARE project will undertake.

Jack Boyle briefed the Committee on Cleveland State University's proposal to pledge student fees in support of a bond issuance not to exceed \$43 million, to be used to rehabilitate Howe Mansion, and to build a new administrative center and recreation and fitness center. Mr. Boyle also noted that CSU had purchased bond insurance, which increased the University's bond rating to AAA. Regent Alvarado asked whether user fees would be charged to both students and non-students. Mr. Boyle responded in the affirmative, stating that the University was in the process of conducting a survey to ascertain student willingness to pay a fee for usage of a recreational/fitness facility.

Gaylyn Finn briefed the Committee on Bowling Green State University's request to pledge student fees in support of a bond issuance not to exceed \$20 million, to be used to make capital improvements to the University's utility systems and IT upgrades to its residence halls. Mr. Finn said student demand requires BGSU to respond to the marketplace by upgrading the IT infrastructure in its residence halls. Regent Miller asked if Bowling Green's student fees were competitive with other peer institutions. Mr. Finn said that BGSU's student fees are indeed competitive.

Roy Ray briefed the Committee on the University of Akron's request to pledge student fees in support of a bond issuance not to exceed \$62.7 million, of which \$20 million is existing debt to be refinanced. Mr. Ray noted the significance of the Capital Component, which was recently eliminated in the House-passed version of the FY 2004-2005 operating budget bill. He stated that the University of Akron is working with Standard & Poor's and Moody's to evaluate the negative effects of the Capital Component's elimination, which would be conveyed to the Senate as they begin budget deliberations. Mr. Ray said that the University has developed a contingency plan that

would increase the student facility fee to retire the debt associated with their request. Regent Alvarado asked if the increased room rates to be used to finance the new honors dormitory would apply only to those students living in the honors dorm. Mr. Ray said that only the students living in the honors dorm would be assessed the increased fee. Regent Noe said that it's standard practice to charge students a higher room rate for living in state-of-the-art dorms because they enjoy the benefits directly.

Vice Chancellor Petrick briefed the Committee on the release and distribution of \$220,048 in FY 2003 Police and Fire Protection funds. These funds were initiated by the legislature and are intended to help address the strain on important public services some local governments experience when student enrollments increase the population of small municipalities. The Controlling Board items from March were also reviewed. There were 59 items totaling \$71 million, which represented the first release of funds from the capital bill that was passed by the General Assembly last December.

Regent Miller made a motion to recommend approval for all of the action items on the Committee's April consent agenda. The motion was seconded and carried. The meeting was adjourned.

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