

1. Agenda Approval

Does the Board have any changes or additions to the agenda?

2. Minutes Approval

BOARD ACTION

To approve the minutes from November 29 and 30, 2006 as submitted.

To approve the minutes from January 8, 2007 as submitted.

3. Rolling Calendar

BOARD ACTION

To approve February 28 and 29, 2008 as the date and Boise State University as the location for the regularly scheduled February Board meeting.

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STATE BOARD OF EDUCATION
 TRUSTEES OF BOISE STATE UNIVERSITY
 TRUSTEES OF IDAHO STATE UNIVERSITY
 TRUSTEES OF LEWIS-CLARK STATE COLLEGE
 BOARD OF REGENTS OF THE UNIVERSITY OF IDAHO
 STATE BOARD FOR PROFESSIONAL-TECHNICAL EDUCATION
 TRUSTEES FOR THE IDAHO SCHOOL FOR THE DEAF AND THE BLIND

DRAFT MINUTES
 STATE BOARD OF EDUCATION
 November 29-30, 2006
 Salmon River Room
 Idaho State University
 Pocatello, Idaho

A regular meeting of the State Board of Education was held November 29-30, 2006 in Pocatello, Idaho, at Idaho State University Student Union Building in the Salmon River Room. Board President Laird Stone presided over the meeting. Members present were:

Laird Stone, President
 Milford Terrell, Vice President
 Paul Agidius, Secretary
 Blake Hall
 Rod Lewis

Karen McGee
 Sue Thilo
 Absent: Marilyn Howard, State
 Superintendent

November 29, 2006

EXECUTIVE SESSION

The Board entered into Executive Session at 6:00 p.m. at Idaho State University in the Student Union Building Clearwater Room.

M/S (Stone/Agidius): To move into executive session 6:00 p.m. pursuant to Idaho Code Section 67-2345(1), on November 29, 2006 via teleconference. A roll call vote was taken; motion carried unanimously.

M/S (Lewis/Agidius): To go out of Executive Session at 8:30 p.m. Motion carried unanimously.

In executive session, the Board (a) considered hiring a public officer, employee, staff member or individual agent; (b) considered the evaluation, dismissal or disciplining of, or complaints or charges brought against a public officer, employee, staff member of

individual agent, or public school student; (c) conducted deliberations concerning labor negotiation or to acquire an interest in real property which is not owned by a public agency; (d) considered records that are exempt from public inspection; (e) to consider preliminary negotiations involving matters of trade or commerce in which the governing body is in competition with governing bodies in other states or nations; and, (f) considered and advised its legal representatives in pending litigation or where there is a general public awareness of probable litigation.

November 30, 2006

The Board convened at 8:00 a.m. at Idaho State University, Student Union Building, Salmon River Room. Board President Laird Stone presided.

BOARDWORK

Board President Stone recognized State Superintendent-Elect, Tom Luna. He also noted that Dr. Marilyn Howard was unable to attend the meeting due to reasons of health. He went on to extend thanks and appreciation to Dr. Howard, on behalf of the Board and the citizens of Idaho for her many years of dedication to the common goal of creating the best education system possible for the students of Idaho. He will present a special gift to her at a later date.

1. Agenda Approval

M/S (Terrell/Thilo): To approve the agenda as submitted or amended. Motion carried unanimously.

2. Approval of Minutes

M/S (Agidius/Thilo): To approve the minutes of the October 11-13, 2006 meeting as submitted. And, to approve the minutes of the November 1, 2006 meeting as submitted. Motion carried unanimously.

3. Rolling Calendar

M/S (McGee/Thilo): To approve December 6-7, 2007 as the date and Idaho State University as the location for the December 2007 regularly scheduled Board meeting. Motion carried unanimously.

At this time, Board President Stone announced that the executive committees of the State Board of Education, the Idaho School Superintendents Association, and the Idaho Education Association will hold a joint meeting on December 13, 2006, in Boise, from 9:00 a.m. to noon. The purpose of that meeting is to discuss the legislative agenda and the goals for education in Idaho in order to better address questions that may come up during the 2007 Legislative session.

Board President Stone also announced that the discussion by the Board regarding medical degree offerings in Idaho had continued. He noted that the idea of a feasibility study to determine the need, and how the need can be addressed had been proposed. He suggested the Board may want to consider a unanimous consent agreement to work with the Governor and Legislature to support the IMA feasibility study in order to move that effort forward.

Board member Hall suggested that a long range, independent study would be appropriate to provide guidance to the three institutions and the Board from a vision standpoint. He suggested the Board take a more pro-active approach.

M/S (Hall/McGee): For the Idaho State Board of Education to encourage the Idaho Legislature to fund a study of relevant facts and offer options to the State of Idaho regarding the feasibility and viability of offering a medical degree through Idaho's higher education system; and to resolve that the Idaho State Board of Education utilize an external consultant with experience in these matters for the study. Motion carried unanimously.

Board member Hall clarified his motion, indicating that he intended that the study be conducted by an independent consulting agency to provide the study, not one affiliated with any of the institutions. Board member McGee and Lewis agreed. Board member Lewis suggested that the Board President outline the process by which the study should be conducted.

At this time, Board President Stone introduced Dr. Mike Rush who addressed the Board. Dr. Rush made the sad announcement to the Board that one of their staff members, Emergency Services Training Coordinator Lonnie Dyer of the Division of Professional-Technical Education had passed away unexpectedly on November 27, 2006. Dr. Rush noted that Mr. Dyer was the former fire chief of the Worley Fire Department. His funeral was scheduled for Monday, December 4, in Worley, Idaho. Board President Stone offered condolences to the family on behalf of the Board.

OPEN FORUM

1. Katie Rupert, a student representative from Boise State University, addressed the Board. She spoke in favor of the expansion of the Student Union Building and emphasized its importance to the students.
2. Ryan Sargent, Idaho State University Student Body President addressed the Board. He welcomed the Board to ISU. He thanked the Board for their consideration during last year's fee setting which helped relieve some of the burden on students. He also thanked the Board for allowing him to serve on the Student Aid Task Force.

At this time, Board member Hall asked to add an item to the Business Affairs and Human Resources Finance Agenda.

By unanimous consent, the Board agreed to add an agenda item having to do with Boise State University and the delegation of authority to sign contracts related to the BCS bowl game as the first item on the Business Affairs and Human Resources Finance agenda.

CONSENT AGENDA

M/S (Thilo/Agidius): To accept the consent agenda as presented. Motion carried unanimously.

1. BARH – Section I – Boise State University – New Positions and Changes to Positions

By unanimous consent, the Board approved the request by Boise State University for six (6) new positions supported by appropriated and local funds, title, term, salary and FTE changes to four (4) positions, and delete one (1) position.

2. BAHR – Section I – Idaho State University – New Positions

By unanimous consent, the Board approved the request by Idaho State University for two (2) new positions (2.0 FTE).

3. BAHR – Section I – University of Idaho – New Positions

By unanimous consent, the Board approved the request by the University of Idaho to establish eleven (11) new positions.

4. BAHR – Section I – Lewis-Clark State College – New Positions

By unanimous consent, the Board approved the request by Lewis-Clark State College for three (3) new positions funded by appropriated and grant funds.

5. PPGAC – Alcohol Permits Issued by University Presidents

Information item.

6. IRSA – Quarterly Report – Program Changes Approved by the Executive Director

Information item.

PLANNING, POLICY & GOVERNMENTAL AFFAIRS

1. Presidents' Council Report

Dr. Tim White of the University of Idaho reported to the Board on behalf of the

Presidents' Council. He indicated that the Presidents are interested in helping to shape the parameters of the proposed medical program feasibility study.

Dr. White went on to report that the Presidents discussed the concept of the educational corridor in northern Idaho. He explained that they are supportive of the concept while keeping in mind the unique facility needs that are specific to each institution. Board member Hall indicated that the Board would like assistance from the Presidents' Council in determining what the Board's priorities should be for each institution related to that concept.

Dr. White reported that the Presidents had discussed employee benefits and will bring recommendations to the Board at a later date. Dr. White discussed the draft statement for higher education; a copy will be distributed electronically to the Board for the January meeting. Dr. White reported that the Presidents' Council had delegated the dual enrollment project to the provosts; a report will be presented to the Board at a later date. Dr. White explained that the Presidents' Council had discussed the community college issue, but had no further clarity to contribute on that topic.

Board member McGee commented on progress of the dual enrollment discussion and the positive response of the superintendents to what had taken place so far.

Dr. White introduced Chris Murray, the new Vice President of University Advancement at the University of Idaho.

At this time the Board moved to item 6 of the Planning, Policy and Governmental Affairs Committee agenda.

6. Eastern Idaho Technical College Board Appointment

M/S (Thilo/McGee): To approve the appointment of Renee R. Magee to the Eastern Idaho Technical College Advisory Council for a term beginning immediately and ending December 31, 2009. Motion carried unanimously.

President Bill Robertson of Eastern Idaho Technical College addressed the Board and explained the purpose of the EITC Advisory Council. He introduced the credentials of Renee Magee to the Board. Board member Hall noted he had met periodically with the Advisory Council. He encouraged the other Board members to attend one of the meetings to hear from them directly about concerns or issues they may have.

2. Idaho State University Progress Report

Dr. Art Vailas presented the Idaho State University progress report to the Board. He discussed the various activities, efforts, concerns, needs and issues regarding the ISU's programs and services. Dr. Vailas reviewed the strategic partnerships ISU had established worldwide and also discussed the budget planning and accountability process that had been put into place. He noted that the communication between the

faculty and administration is greatly improved. In addition, a taskforce is studying the campus governmental structure. Dr. Vailas touched on the accomplishments of the students and indicated that there had been recent changes in the management at ISU. He provided information to the Board regarding enrollment numbers.

3. Idaho School for the Deaf and the Blind Progress Report

Harvey Lyter and Jeff Woods of the Idaho School for the Deaf and Blind presented their report to the Board. Mr. Lyter asked the Board to note the changes made administratively as well as the progress made in addressing the various challenges over the past few years. Mr. Lyter briefly overviewed the legal requirements that regulate the operation and delivery of services. He encouraged the Board to keep those legal requirements in mind as it considers future delivery models.

Mr. Lyter noted that the ISDB had complied with the 2006 JFAC Guidance. He discussed the 2006-2007 CAMPUS program, changes in the outreach program, the anticipated future impacts related to the educational interpreter act, and the realignment of the campus and outreach budget elements. Mr. Lyter summarized the strategic planning issues of the ISDB and noted that current services must be maintained until a new model is in place.

Mr. Lyter concluded his report with a review of a number of success stories. He noted that a three-year legislative audit turned up no findings. In addition, the ISDB has graduated 92% of its eligible seniors, which is the best graduation rate in the state. He pointed out that many challenges still lay ahead for the institution and its professional staff, but they are very interested in providing support in whatever the next steps are.

Board member McGee thanked Mr. Lyter and his staff. Board member Terrell noted that the first meeting of the transition team for the Blind had taken place. He indicated that the transition team looked forward to continuing the effort. He also noted that in the future all transition team meeting agendas, minutes and programs would be provided in audible and Braille format.

4. Idaho Museum of Natural History Progress Report

Melinda Dick presented a report to the Board for the Idaho Museum of Natural History. She discussed the history and the mission of the museum, and highlighted the various functions, services, programs, and offerings it provides to the state. She noted that 2009 marks the 75th anniversary of the museum. The Board thanked Ms. Dick and commended the work of the museum. As a point of information, the Executive Director Johnson noted that Ms. Dick had visited with him regarding the accreditation issues.

5a. Idaho State Historical Society Board Appointment – District 3

Karen Echeverria of the Board office presented this item on behalf of the Idaho State Historical Society.

M/S (McGee/Stone): To approve the appointment of Fred Walters to the Idaho State Historical Society Board for a term starting January 1, 2007 to December 31, 2013. Motion carried unanimously.

5b Idaho State Historical Society Board Appointments – District 6

M/S (McGee/Stone): To approve the appointment of Bert Marley to the Idaho State Historical Society Board for a term starting January 1, 2007 to December 31, 2013. Motion carried unanimously.

6. Eastern Idaho Technical College Board Appointment (moved up in the agenda)

7. First Reading – Amendment to Board Policy III.V

M/S (Stone/Thilo): To approve the first reading of the amendment to Board Policy Section III.V. -- Articulation and Associate Degree Policy. Motion carried unanimously.

8. First Reading – Amendment to Board Policy Bylaws J.

M/S (Terrell/Stone): To approve the first reading of the amendment to Board Bylaws – Section J, Presidents' Council. Motion carried 6-0 (Agidius absent during the vote).

9. First Reading – Amendment to Board Policy II.I.

M/S (Lewis/Terrell): To approve the first reading of the amendment to Board Policy Section III.I – Leaves – All Employees. Motion carried 5 to one (Stone dissenting, Agidius absent during the vote).

By unanimous consent, the Board took up item 2 of Section I, and items 4 and 5 of Section II of the Business Affairs and Human Resources Agenda (BAHR).

BAHR – Section I, Item 2

2. University of Idaho – Multi Year Contracts – College of Law and School of Journalism and Mass Media

a. College of Law programs in Boise

M/S (Thilo/Stone): To approve the request by the University of Idaho for a five-year contract for the employment of the Director of External Programs and Instructor in Law, full-time, fiscal year, non-tenure track appointment, in substantial conformance to the form submitted to the Board, and to authorize the Vice President of Finance and Administration of the University of Idaho to execute the contract. Motion carried unanimously.

This item was presented by University of Idaho Vice President of Finance and Administration Doug Baker. He introduced Dean Burnett who explained that the issue of concern related to the American Bar Association accreditation standard requirements. Board member Agidius pointed out the request is for the approval of the multi-year contract, not a waiver of policy.

b. School of Journalism and Mass Media

M/S (Thilo/Agidius): To approve the request by the University of Idaho for permission to search for and appoint a non-tenure track senior instructor in a multi-year appointment for the School of Journalism and Mass Media, such appointment to be under a contract in substantial conformance to the form submitted to the Board and to authorize the Vice President of Finance and Administration of University of Idaho to execute the contract. Motion failed 2-5 (Agidius and Thilo voting Aye).

Doug Baker presented this item to the Board. Board member Hall asked for clarification. Mr. Baker noted that being able to offer a multi-year contract gives the institution greater flexibility and more possibility of success in terms of recruitment and retention. He explained that the Council on Academic Affairs and Programs (CAAP) had discussed drafting a recommendation regarding a policy change along the same lines. The UI indicated that approval of this position is time sensitive. Kent Nelson, UI legal counsel, spoke to the Board to clarify the rationale for requesting this waiver.

During discussion, Board members voiced concerns and agreed this is a sensitive issue. They observed that the same argument being presented by the University of Idaho might be used by all the other institutions as well. The Board suggested CAAP should bring a proposed policy change to the Board with more detail.

BAHR – Section II, Items 4 and 5

4. Idaho State University – CAES Facility/Idaho Falls

M/S (Hall/McGee): To approve the request by Idaho State University to proceed with financing and construction of the Center for Advanced Energy Studies in Idaho Falls and to authorize the Division of Public Works to award a design-build contract to Big-D Construction, the selected design-build team. The motion includes funding that comes from a combination of Idaho National Lab (INL) Settlement funds, U.S. Department of Housing and Urban Development grants, and bond proceeds, and the entire cost of the project shall not exceed \$17.0 million. In addition the motion provides approval for the lease agreement for the CAES building in cooperation with the Idaho National Laboratory. Motion carried unanimously.

Ken Prolo, Idaho State University, introduced Dr. Harold Blackman, Director of CAES to discuss the project. Board member Hall explained that the Board had received all the details regarding the CAES facility during previous meetings. He indicated that the materials provided in the agenda materials appeared to be in order.

5. Idaho State University -- 2006 General Revenue Bonds

M/S (Hall/Agidius): To approve a Supplemental Resolution authorizing the issuance and sale of \$10 million in general Revenue Bonds, Series 2006, of the Board of Trustees of Idaho State University; authorizing the execution and delivery of a bond purchase agreement and providing for other matters relating to the authorization, issuance, sale, and payment of the Series 2006 Bonds. A roll call vote was taken; motion carried unanimously.

Board member Hall explained that this bond allows the CAES project to go forward.

INSTRUCTION, RESEARCH AND STUDENT AFFAIRS

At this time Board member McGee introduced Stuart Tennant, the new Chief Postsecondary Academic Officer for the Office of the State Board of Education.

1. Idaho State Board of Education Report on Commonalities and Differences Among Colleges and Schools Within Idaho's Public Higher Education Institution

Dr. Richard Jacobsen of Boise State University College of Engineering presented this item. He provided background details for the Board. He noted that there are four Idaho universities offering undergraduate engineering – Boise State University, BYU-Idaho, Idaho State University and the University of Idaho. In addition, there are four common programs -- Civil Engineering, Computer Science, Electrical Engineering and Mechanical Engineering. Dr. Jacobsen explained that the demand is high for all of these programs. He went on to discuss the unique programs and degrees among Idaho's three state Colleges of Engineering and summarized their budgets. Dr. Jacobsen discussed the regional impact of the Colleges of Engineering on the business community.

Board member Hall thanked the institutions for their work on this project. He asked the Board office to maintain the slides for the purpose of referencing them in the future. Board President Stone asked that the information be kept current. Tony Fernandez of Lewis-Clark State College pointed out that the newly formulated Notice of Intent includes a place where similar programs at other institutions can be listed.

2. New Graduate Program – Master of Nursing and Master of Science in Nursing – Boise State University

M/S (McGee/Agidius): To approve Boise State University's request to offer a Master of Nursing and Master of Science in Nursing. Motion carried unanimously.

Sona Andrews of Boise State University discussed this item and introduced Pam Springer from the BSU Nursing Department. Dr. Andrews noted that the need for nurses is acute both statewide and nationally. She explained that these two degrees

are a result of a highly collaborative effort between BSU and ISU. In addition, BSU and ISU will collaborate on courses delivered throughout the state and online. A signed agreement between the two universities has been completed. Dr. Andrews complimented all those involved at BSU and ISU who worked on the collaboration and memorandum of agreement.

Board member Lewis applauded the collaboration as well as the material provided to the Board for being so thorough in addressing the points. Board member Agidius agreed and noted that the trust that is displayed in this type of cooperation is noteworthy.

3. Report on Governor's Nursing Taskforce

Jane McClaran from the Division of Financial Management was introduced. Executive Director Dwight Johnson noted that both he and Ms. McClaran served on the taskforce. Ms. McClaran reported that Governor Risch identified the nursing shortage as one of his priorities. She explained that Governor Risch increased funding to Lewis-Clark State College and the College of Southern Idaho for their nursing facilities because they had already passed through various levels of the approval process.

At the time the Board agreed, by unanimous consent, to move to item 6 of the Instruction, Research and Student Affairs agenda.

6. Science and Technology Advisory Council (STAC) Legislative Stimulus Package

Board member McGee introduced this item. Mr. Karl Tueller, Executive Director of the Idaho Office of Science and Technology, addressed the Board. He noted that Governor Risch requested the Science and Technology Advisory Council to make a legislative proposal that would substantially stimulate and grow Idaho's science and technology education, commerce and research and development infrastructure. Mr. Tueller discussed the proposed stimulus package which amounts to about \$48.8 million dollars; \$38.8 million in appropriations and \$10 million in tax credits. The stimulus package is divided into four areas: (1) Education; (2) Commerce; (3) Infrastructure; and (4) Oversight Organizations. The Board thanked Mr. Tueller for his presentation and for his support of the Math and Science requirements.

4. Student Taskforce Recommendations

M/S (Stone/Agidius): To support the recommendations of the task force and continue to work with key legislators and other stakeholders to implement a need-based grant program for Idaho. Motion carried unanimously.

Board member Thilo introduced this item. She acknowledged the hard work of Dana Kelly in the Office of the State Board of Education in addressing the request from the 2006 Legislature regarding needs-based scholarships for Idaho students. Ms. Thilo reported that the taskforce created a draft proposal that focused on early childhood

awareness for students and a shared commitment between the federal government, parents, students, institutions and the state.

There was lengthy discussion about how the funding would work, who would administer the funds, and what the criteria and process would be for qualifying. Board member Thilo explained that the taskforce proposed that a funding recommendation be presented to the 2007 Legislature for their consideration. She noted there were a number of details that still needed to be finalized.

Board member Lewis indicated he would vote in favor of the motion with the understanding that the Board would work out the details prior to it going to the Legislature. Board President Stone agreed. Executive Director Johnson noted that the Board staff is already working on that effort. Board President Stone requested that the proposed legislation be reviewed first by the Executive Committee of the Board.

5. High Need Teacher Loan Forgiveness Legislation

M/S (Hall/Terrell): To approve that the subcommittee continue working with the Legislature to develop a means of meeting the need for highly qualified teachers throughout the state of Idaho by offering tuition reimbursement, grants, loans from business or other scholarship opportunities. Motion carried 6-0 (Agidius absent during the vote).

Board member Thilo presented this item and noted that it related to the high school redesign effort and finding qualified teachers for the specific content area where they are most needed. This is a loan forgiveness program for new teachers going into high need areas. It also applies to existing teachers who need to be certified to teach in one of the high need areas.

Board member Terrell asked for the same terms as the previous item.

7. Review of Community College Interim Committee Recommendations

Matt Freeman of the Legislative Services Office updated the Board on the work of the Legislature's Interim Committee on Community Colleges. Board member Terrell noted that it appeared the discussion is at the same point as it was last year at this time and urged the Board to take a position of some sort. Board member Lewis noted that the Board had taken a position last year and strongly advocated it. Since then the Board's subcommittee, which included Board members Stone, Lewis and Hall, had met to discuss various ideas and approaches.

The Board discussed at length various options that the Board might consider for starting up and maintaining a new or existing community college. Board member Hall noted that Idaho already has an existing community college system with two institutions: North Idaho College and the College of Southern Idaho. He pointed out that the state dollars those two institutions receive are greater in comparison to what they get from local

taxes and tuition. Board member Hall explained that the concept under discussion at this time targets state funds to academic programs and not extracurricular activities.

Board member Lewis reported that the concept agreed upon was to earmark the state funds and that they not be just for maintenance, but also for matching and incentive funds for start up, and moving professional-technical courses out of existing institutions. It was noted that the term "academic" included professional-technical education programs as well.

The Board's subcommittee members explained that it had discussed other ideas such as having an existing community college fill the gap by offering services in other areas. Another idea was to support the lowering of the voting threshold to approve the creation of a local taxing district for any new community college.

Board member McGee asked Mr. Freeman about the budgetary impact. Matt Freeman noted that there were two approaches proposed at the last meeting of the Interim Committee. The big issue was what to do with the existing community college functions embedded in the existing four-year colleges. Another was whether or not to buy out the two existing community colleges what they are paid in property taxes. There would be significant fiscal impact in either case. He explained that the concept of state funding for just an academic/PTE community college function without extracurricular offerings was not discussed by the Interim Committee.

Executive Director Johnson reminded the Board that it had already voted to earmark \$10 million dollars to go toward the creation of a community college system. Board member Lewis indicated he would propose in a motion that it would be \$10 million for each community college as start-up in the first year.

Board member Terrell asked for something to be immediately drafted by Board staff so that the Board could discuss it later in the meeting. Board President Stone directed Board staff to do so.

8. Update on the Grangeville School District Split

Karen Echeverria presented this item to the Board. She noted that the districts voted in favor of the school district split two weeks ago. As a result, the Board is responsible to appoint members to the local board. Superintendent Davis asked that this item be put on the January Board agenda. The Board agreed.

9. Idaho's Assessment System Approval Under Title I of the Elementary and Secondary Education Act of 1965 (ESEA) as Amended by the No Child Left Behind Act of 2001 (NCLB)

Board member McGee reported that Idaho is now fully compliant with the requirements of the No Child Left Behind Act.

BUSINESS AFFAIRS & HUMAN RESOURCES -- Section I – Human Resources

A new item was added to the agenda at this time.

Boise State University – BCS Invitation Agreement Approval

M/S (Hall/Agidius): To approve Boise State University's acceptance of an invitation to participate in a Bowl Championship Series football game if such an invitation is extended to the University, and to delegate to the Executive Director of the State Board of Education final approval of such agreements as necessary for the University's acceptance, and upon that approval, to authorize the Vice President for Finance and Administration at Boise State University to execute said agreements. Motion carried 6-0 (McGee absent during the vote).

Board member Hall explained that under Board rules, the Executive Director has Board authority to approve contracts up to a certain level. It is anticipated that should BSU be invited to participate in the Bowl Championship Series, the amount would exceed that level. This motion gives the Executive Director the one-time authority to approve the BCS agreements.

1. Office of the State Board of Education – New Position – Chief Postsecondary Academic Officer

M/S (Hall/Lewis): To approve the request by the Office of the State Board of Education to hire Stuart Tennant as Chief Postsecondary Academic Officer in Academic Affairs (1.0 FTE) at a salary equal to or greater than 75% of the Executive Director's base salary. Motion carried 6-0 (McGee absent during the vote).

2. University of Idaho – Multi Year Contracts – College of Law and School of Journalism and Mass Media (this item was moved to a earlier point in the agenda)**3. University of Idaho – New Positions – University Advancement**

M/S (Lewis/McGee): To postpone this item until the February meeting and at that meeting request the University of Idaho to give a full presentation, without any proprietary information regarding their fundraising campaign where they seek Board support for their campaign and then, secondarily, take up the request for the 19 positions. Motion carried 5-2 (Agidius and Stone dissenting).

Dr. Tim White and Chris Murray of the University of Idaho presented this item to the Board. Dr. White discussed the staffing plan that would allow UI to raise \$300 million which would be used to support student scholarships as well as faculty endeavors. The staffing plan is to support a comprehensive campaign over a two-year process to seek and acquire private gifts in four critical areas: faculty, students, programs and facilities.

Mr. Murray discussed the campaign plan, including creation of a fundraising infrastructure that addresses needs critical to the UI.

Mr. Murray explained that even if all 19 positions were approved at this meeting, it would take up to two years to fill them all. Board President Stone noted the salary ranges add up to over a million dollars. Mr. Murray indicated that the funding of those positions will be by redirecting funds internally and also with support from the Foundation. Dr. White pointed out that as far as redirecting funds, it is in keeping with the strategic plan that allows the UI to target high priority efforts by moving funds away from less important efforts. He emphasized that no positions would be filled if there are not sustainable funds to support those positions. Dr. White clarified that the source of funds would not be from student fees.

The Board discussed at length the timing of this request and lack of notice provided to the Board by the UI regarding the fundraising campaign itself. Several Board members argued the point that the Board should have been informed of the fundraising campaign prior to receiving a request for positions.

BUSINESS AFFAIRS & HUMAN RESOURCES – Section II – Finance

At this time the Board moved to item 13 of the BAHHR Section II agenda.

13. College and University Audit presentation – Moss Adams, LLP

M/S (Agidius/McGee): To accept from the Audit Committee the Fiscal Year 2006 financial audit reports for Boise State University, Idaho State University, University of Idaho, Lewis-Clark State College, and Eastern Idaho Technical College, as presented by Moss Adams, LLP. Motion carried 6-0 (Hall absent during the vote).

Board member Terrell introduced the Audit Committee and explained that the Committee met in advance of the regular Board meeting to review the audit report. Board member Agidius introduced Kent Edmunds, the newest member of the Audit Committee. Mr. Agidius introduced Mary Case of Moss Adams, LLP, who reported to the Board. She introduced the audit team: Scott Simpson, Tammy Erickson and Pam Cleaver.

Ms. Case discussed the audit report briefly, touching on the critical elements of the process. She noted that the audits were conducted in accordance with Generally Accepted Government Auditing Standards (GAGAS), and included an auditor's opinion on the basic financial statements.

Scott Simpson reported on the Boise State University audit. He explained that the report was issued on November 13, 2006. The audit of the financial statements and the federal compliance were unqualified. There were no issues or findings on the federal programs. There was one finding related to the 2005 financial statement where there is a restatement, meaning there is an error in the statement due to a lack of internal controls in place. In 2006, BSU did catch and correct the error. In the financial statement issued this year it shows it is corrected. He indicated no conflict with

management was encountered during the audit.

Pam Cleaver reported on the Idaho State University audit. She noted that the audit report was issued November 15, 2006. The audit on the financial statement and the federal compliance were unqualified. Under federal awards, there was a finding in the prior year and it was fully corrected this year. She pointed out that under the required communication, a proposed adjustment was noted. There were no disagreements with management. Mr. Edmunds asked about the adjustment, year-to-year, and Board member Agidius explained that the Audit Committee had already made the recommendation to address it.

Mary Case reported on the University of Idaho audit. She discussed the various aspects of the audit. An unqualified opinion on the financial statement was issued, as was the report on the federal compliance. There was one internal control finding reported on the financials. The UI was a high risk auditee and so 50% or more of the programs had to be looked at. Ms. Case reviewed the various findings that were noted during the audit and explained them for the Board's benefit. There was a request from Board member Hall for follow-up by the Audit Committee to provide assurances to the Board that the findings were being addressed and a status report on the progress made to date. Board member Agidius agreed. Board member Terrell requested that the follow-up information be provided to the Board at the meeting in February 2007.

Tammy Erickson reported on the Lewis-Clark State College audit. She noted a report was issued on November 5, 2006. The report on the financial statements and compliance were unqualified. There were no findings or issues noted. LCSC qualified as a low-risk auditee.

Tammy Cleaver reported on Eastern Idaho Technical College audit. The final report was issued November 6, 2006. The audit report on the financial statement and compliance was unqualified. There were no findings or conditions reported. A prior year finding was fully corrected. EITC was a low-risk auditee.

Board member Hall asked Ms. Case if the Board needed to take immediate action on anything. Mary Case noted that assurances for a follow-up by the Audit Committee would be beneficial. Board member Hall asked Mr. Edmunds if he had any recommendations. He indicated he had none at this time, but urged the Board to appoint the other members of the Audit Committee very soon.

Board member Agidius indicated that the motion on the federal compliance audit would be presented at the February meeting.

1. Boise State University – Facilities Financing Plan

Stacy Pearson of Boise State University presented this item. Dr. Kustra provided background information and explained how the financing plan fit with the long-term strategic plan. He noted further consideration of the funding for the stadium suite

project showed the necessity of taking a different approach. Ms. Pearson reported that this information item discloses the amount of debt BSU would incur pending Board approval of proposed new buildings. She presented an overview of the debt management objectives and the approach that BSU would take. Board member Lewis thanked Ms. Pearson and asked BSU to provide details at a future time based on the assumption that state funding is less than 3%, 2% and 1%. Ms. Pearson agreed to follow up.

2. Boise State University – Student Health, Wellness, Counseling, Nursing Building

M/S (Stone/McGee): To approve the request by BSU to construct, in conjunction with the Division of Public Works, a Student Health, Wellness and Counseling Center, to include additional program space for the Department of Nursing. The motion includes funding that comes from bonds, facility fee reserves, and private gifts, and the entire cost of the project shall not exceed \$25 million. The University may not request the Division of Public Works to award a contract for construction of this project prior to Board approval of the issued debt. Motion carried unanimously.

3. Boise State University – Student Union Building Expansion

M/S (Hall/Stone): To approve the request by Boise State University to proceed with construction of the Student Union Building expansion project, in conjunction with the State Division of Public Works. The motion includes funding that comes from the strategic facilities fee, and the entire cost of the project shall not exceed \$30,650,000. The University may not proceed with construction of this project prior to board approval to issue debt. Motion carried unanimously.

6. University of Idaho – Amendments of Faculty-Staff Handbook

M/S (Stone/Agidius): To approve amendments to University of Idaho Faculty-Staff Handbook Sections 5300 “Copyrights, Protectable Discoveries and Other Intellectual Property Rights,” and 5400 “Employment Agreement Concerning Intellectual Property.” Motion carried unanimously.

7. University of Idaho – Parking Lot Site Lease

M/S (Agidius/McGee): To authorize the Vice President for Finance and Administration at the University of Idaho to execute a site lease with Johnson and Stephens, LLC, in substantial conformance to the form submitted to the Board. Motion carried unanimously.

8. University of Idaho – Contract for Vending Rights

M/S (McGee/Agidius): To authorize the Vice President for Finance and Administration at the University of Idaho to execute a contract with Idaho Beverages, Inc., in substantial consistency with the draft submitted as part of this agenda item. Motion

carried unanimously.

9. University of Idaho – Pierce Property Re-conveyance

M/S (Stone/Agidius): To adopt the attached resolution as presented in the Board agenda materials, and authorize the Vice President for Finance and Administration at the University of Idaho to execute re-conveyance documents in substantial conformance to the form submitted to the Board. Motion carried unanimously.

10. Lewis-Clark State College – Management Agreement for Residence Hall

M/S (Hall/Thilo): To approve the request by Lewis-Clark State College to enter into a management agreement with College Town Development Idaho, LLC, to allow LCSC to administer and rent a privately developed and funded residence hall, and to authorize the Vice President for Administrative Services to sign the enclosed management agreement (as presented in the Board materials), and represent the Idaho State Board of Education on documents related to this transaction. Motion carried unanimously.

11. Amendment of Board Policy – Policy Section III.T.4. – First Reading – Intercollegiate Athletics

M/S (Hall/Agidius): To approve for First Reading the changes to Idaho State Board of Education Governing Policies and Procedures, Section III.T.4., Intercollegiate Athletics. Motion carried unanimously.

12. Idaho Promise Scholarship –Increase Category B Award

M/S (Thilo/Terrell): To approve the amount of the Idaho Promise Scholarship, Category B, to be two hundred and seventy-five dollars (\$275) for the Spring semester, 2007, for a total of five hundred and twenty-five dollars (\$525) for the 2006-2007 academic year, per eligible student for those current recipients who maintain eligibility, and for qualified first-year entering students under the age of twenty-two in the Spring 2007. Motion carried unanimously.

Jeff Shinn of the Board office presented this item. He noted that each year, by law, the Board is able to increase the amount based on the anticipated applications.

DEPARTMENT OF EDUCATION

Dr. Jana Jones asked to move to item C at this time.

C. Property Transfer: Fremont County School District #215 and Sugar-Salem School District #322 – Jana Jones

M/S (Agidius/McGee): To approve the hearing officer's recommendation that the petition be approved.

AMENDED M/S (Agidius/McGee): To approve the hearing officer's recommendation and findings that the petition be approved. Motion carried 5-0 (McGee and Terrell absent during the vote).

Dr. Jana Jones introduced this item. Mr. Shawn Walters appeared as the petitioner. Superintendent Alan Dunn from the Sugar Salem School District reminded the Board that the intent of the law is to give people choice. He indicated that Sugar Salem supports Mr. Walters' request. Mr. Walters discussed the petition and noted that students in the area under consideration had been attending schools in the Sugar Salem School District #322 for many years. In addition, buses from #322 had been allowed to pick up students in this area. However, a recent change in the busing policy now precludes buses from #322 from picking students up on this route and that is what prompted this petition.

Dr. Jones noted that Fremont County did not send a representative to the meeting. She explained that she had spoken with the superintendent and he had indicated that the Fremont School District did not have a strong position on the petition. It was reiterated that approval of this motion simply allows the item to go on the local ballot.

A. Superintendent's Report – Marilyn Howard

Dr. Jana Jones read Dr. Howard's final report to the Board. The Board asked Dr. Jones to convey to Dr. Howard their thanks along with an acknowledgement of their appreciation for her years of service to the state. The Board also thanked Dr. Jones as well for her participation on the various Board efforts and wished her well.

B. FY 2008 Public School Budget Request

Dr. Jones briefly discussed several points related to this item. She noted that certain concepts might be worth the Board's consideration as far as the original intent behind the requests.

D. Appointment to the Idaho State Curricular Materials Selection Committee – Jana Jones

M/S (Hall/Agidius): To approve the request for an appointment to the Idaho State Curricular Materials Committee as submitted. Motion carried unanimously.

At this time the Board returned to the REGULAR BOARD AGENDA

Lloyd Mues of the University of Idaho was invited to update the Board on the plans to renovate the Kibby Dome. He indicated that a feasibility study is underway and anticipated a formal presentation at the meeting in February.

IRSA Item 7 - Continued

7. Review of Community College Interim Committee Recommendations (continued)

The Board returned to discussion of this item. A draft resolution was provided to the Board by the Board staff as directed. Lengthy discussion and fine tuning of the draft continued.

AMENDED M/S (Lewis/Hall): To approve the Community College motion that is before the Board at this time. Motion carried 6-0-1 (Thilo abstained).

M/S (Lewis/Hall): To change the wording of paragraph A.6 to clarify it so that it reads: An existing community college may dissolve its taxing district, and use the state funding to offer instructional programs and support. In such event, extracurricular activities may not be funded with state funds, and governance of the community college will transfer to SBOE as set forth in paragraph #5.

Board member Thilo asked for clarification on item A.6. It was explained that new community colleges would get state funds for their academic and professional-technical programs only. Board member Hall pointed out that the motion provides for two types of community colleges in the state: the traditional community college which gets funding from the state, but also has its own governing board; and, the academic model which is governed by the Board.

Board member Hall discussed the approaches that the existing four-year colleges could choose to take if the professional-technical education component were moved out into a local community college. Board member Lewis explained that the \$10 million for each new community college incorporates the funds necessary to help the universities if such a transition is made. It was noted that the language of these two options does not mandate that the four-year institutions move the PTE function. Board member Agidius pointed out that this is a conceptual idea which will likely change, however, it does provide the Legislature with a basis for discussion. Board member McGee pointed out that the Interim Committee had asked the Board to give some guidance on this issue.

Board member Thilo expressed concern that the existing community colleges would no longer be able to offer extracurricular activities if they opt out of their taxing districts. Board member Hall observed that neither NIC nor CSI would be required to change anything because it is a matter of choice. Board members Hall and Lewis explained that the proposal should incentivize new community colleges to opt for a local taxing district. Board member McGee noted concerns about the professional-technical education component because it isn't clear that the word "academic" also includes professional-technical education programs. She indicated that it is her understanding from the discussion that would be worked into the language of the proposal.

M/S (Terrell/Agidius): To adjourn the meeting at 7:00 p.m. Motion carried unanimously.

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STATE BOARD OF EDUCATION
TRUSTEES OF BOISE STATE UNIVERSITY
TRUSTEES OF IDAHO STATE UNIVERSITY
TRUSTEES OF LEWIS-CLARK STATE COLLEGE
BOARD OF REGENTS OF THE UNIVERSITY OF IDAHO
STATE BOARD FOR PROFESSIONAL-TECHNICAL EDUCATION
TRUSTEES FOR THE IDAHO SCHOOL FOR THE DEAF AND THE BLIND

DRAFT MINUTES
STATE BOARD OF EDUCATION
SPECIAL TELECONFERENCE MEETING
650 West State Street
Basement Conference Room
Boise, Idaho
January 8, 2007

A special meeting of the State Board of Education was held January 8, 2007 in the basement conference room of the Len B. Jordan Building, at 650 West State Street, Boise, Idaho. The meeting was conducted by conference call. Board Vice President Milford Terrell presided.

Milford Terrell, Vice President	Karen McGee
Paul Agidius, Secretary (by phone)	Sue Thilo (by phone)
Blake Hall (by phone)	Tom Luna, State Superintendent
Rod Lewis (by phone)	Absent: Laird Stone

The meeting began at 9:05 a.m. MT with a roll call of Board members.

OPEN SESSION

Board Vice President Terrell introduced the agenda and outlined the meeting timeline. He welcomed State Superintendent Tom Luna to the Board.

M/S (McGee/Luna): To accept the Board agenda as posted. A roll call vote was taken; motion carried unanimously.

BUSINESS AFFAIRS & HUMAN RESOURCES – Finance Section

1. Boise State University – Press Box/Sky Suites

M/S (McGee/Hall): To approve Boise State University's request to proceed with construction of the Press Box/Stadium Sky Suite facility at Bronco Stadium and to

authorize the Division of Public Works to award a design-build contract to FFKR Architects and Layton Construction for a total project budget not to exceed \$35.9 million. The University may proceed with construction activities but will limit expenditures to currently available project cash until the issuing of debt in February 2007. A roll call vote was taken; motion carried 6-0 (Terrell recused himself from the vote).

Board Vice President Terrell introduced President Bob Kustra of Boise State University and congratulated him and the BSU football team for their winning performance at the Fiesta Bowl game in Glendale, Arizona. Dr. Kustra thanked the Board and went on to present this item.

Dr. Kustra introduced Stacy Pearson and Gene Bleymaier to discuss the details of the Press Box/Stadium Sky Suite facility project. He noted this is a \$39.5 million project. Gene Bleymaier discussed the sale of the suites, club seats and loge seating noting that most have been sold. He indicated that BSU had been planning this stadium expansion project for several years and will continue to plan for future development based on demand and need.

Stacy Pearson outlined the overall steps that had been taken to date on this project and described the new facility. Stacy Pearson referred the Board members to the agenda materials and went over the details related to the financing and costs associated with the project. The funding request will be on the February Board agenda.

Mr. Luna asked what the cost savings would be if the debt was retired earlier. Board Vice President Terrell asked BSU to have that information available for the February Board meeting.

2. Boise State University – Bonding for Press Box/Sky Suites, Student Health Center, Student Union Expansion

Stacy Pearson introduced this item. The Board agreed to hear BSU's presentation with the understanding that a motion and vote would have to wait until the exact figures were available to them later in the morning. Ms. Pearson referred the Board members to the agenda materials and discussed the relevant details for their understanding and consideration.

3. University of Idaho – Research Dairy

M/S (Agidius/Thilo): To approve the request by the University of Idaho to seek a one-time appropriation of General Funds for the Agriculture Extension Service for FY 2008 in the amount of \$10 million from the Idaho Legislature, and to seek modification of the federal Morrill Act for the purpose of allowing the State of Idaho to apply real estate assets in the Agriculture College Endowment for acquisition of real estate, buildings and fixtures for experimental farms and provide these assets to the University of Idaho for use as the endowment beneficiary. This approval is for seeking the appropriation and

federal law changes only. The University shall return to the Board after completion of these steps for further authority to proceed with planning and construction. A roll call vote was taken; motion carried 5-1-0 (Terrell voted Nay and Luna abstained).

President Tim White of the University of Idaho presented this item to the Board. He provided background details and noted that the UI is seeking a one-time appropriation and also modification of the federal Morrill Act for the purpose of allowing the State of Idaho to apply real estate assets in the Agriculture College Endowment for acquisition of real estate, buildings, and fixtures for experimental farms and provide these assets to the UI for use as the endowment beneficiary.

Dr. White introduced Kent Nelson and Dean John Hammel of the UI who were participating by phone to provide additional detail and answer questions. Dean Hammel summarized the programmatic aspects of this proposal. Board member Thilo asked about changing the Morrill Act and Kent Nelson indicated a modification will bring it into the 21st century.

Board Vice President Terrell expressed concerns with the UI's appropriation assumptions and asked the UI to keep that in mind for future requests. Mr. Luna abstained from the vote due to a possible conflict of interest.

4. Idaho State Historical Society – Agency Operations

M/S (Lewis/Hall): To approve a Supplemental Request for FY 2007 for the Idaho State Historical Society in the amount of \$75,500, General Funds (\$23,500 ongoing and \$52,000 one-time) for a new financial manager position and payment of financial contractor billings, and an FY 2008 request in the amount of \$53,000 (ongoing). No new FTE position is requested. A roll call vote was taken; motion carried 6-1 (Terrell voted Nay).

Board staff Jeff Shinn presented this item. He noted that as a result of two different audits, a determination was made that higher level staffing is needed to oversee that financial operation at the State Historical Society. An available FTE will be used. Keith Peterson, the Interim Director of the Historical Society strongly urged the Board to approve the request.

5. Office of the Idaho State Board of Education – Deaf Transition Committee Staffing

M/S (McGee/Lewis): To approve a Line Item request for FY 2008 for the Office of the State Board of Education in the amount of \$60,000, General Funds (\$58,000 ongoing, \$2,000 one-time) for a staff position to support the Deaf Transition Committee. One new FTE position is requested. A roll call vote was taken; motion carried unanimously.

INSTRUCTION, RESEARCH AND STUDENT AFFAIRS

1. Opportunity Scholarship Legislation

M/S (Thilo/Agidius): To approve the legislation for the Opportunity Scholarship Program and to authorize staff to forward the legislation to the Division of Financial Management. A roll call vote was taken; motion carried unanimously.

Board member Thilo discussed this item and provided background details for the Board. Board staff, Stuart Tennant was introduced to provide more details.

2. High Need Educator Loan Forgiveness

M/S (Thilo/Agidius): To approve the legislation for High Need Educator Loan Forgiveness and to authorize staff to forward the legislation to the Division of Financial Management. A roll call vote was taken; motion carried unanimously.

3. North Idaho Corridor

M/S (Thilo/Agidius): To support the concept of developing an education corridor in Coeur d'Alene to increase and improve access to higher education in North Idaho. A roll call vote was taken; motion failed 2-5 (Board members Agidius and Thilo voted Aye).

Board member Thilo briefly discussed the need for the coalition of partners that would allow growth to occur and also provide expanded economic opportunities in the area that demands a highly educated workforce. She noted that the motion is to approve the concept.

Board Vice President Terrell noted a reluctance to support the motion since it appeared to conflict with what the University of Idaho already has underway in the area. Board member Hall indicated his support for higher education opportunities in the area, but expressed concerns that the motion may be misinterpreted as an endorsement by the Board. Board member Lewis agreed with Mr. Hall.

DEPARTMENT OF EDUCATION**A. Appointment of Trustees for Newly Formed School Districts in Idaho and Adams Counties**

M/S (McGee/Thilo): To approve the State Department of Education recommendation for trustee appointments as presented in the agenda materials. A roll call vote was taken; motion carried unanimously.

EXECUTIVE SESSION

M/S (McGee/Agidius): To move into executive session on January 8, 2007 at 11:02 a.m. pursuant to Idaho Code Section 67-2345(1) to discuss any item under the statute. A roll call vote was taken; motion carried unanimously.

M/S (McGee/Agidius): To move out of executive session at 11:45 a.m. A roll call vote was taken; motion carried unanimously.

In executive session, the Board: (a) considered hiring a public officer, employee, staff member or individual agent; (b) considered the evaluation, dismissal or disciplining of, or complaints or charges brought against a public officer, employee, staff member of individual agent, or public school student; (c) conducted deliberations concerning labor negotiation or to acquire an interest in real property which is not owned by a public agency; considered records that are exempt from public inspection; (d) considered records that are exempt by law from public inspection; and (f) considered and advised its legal representatives in pending litigation or where there is a general public awareness of probable litigation.

At this time the Board returned to Open Session and item 2 of the Finance Section of the Business Affairs and Human Resources agenda

2. Boise State University – Bonding for Press Box/Sky Suites, Student Health Center, Student Union Expansion (continued)

M/S (McGee/Agidius): To approve a Supplemental Resolution for the Series 2007A Bonds, the title of which is as follows: A SUPPLEMENTAL RESOLUTION authorizing the issuance and sale of \$96,365,000 General Revenue and Refunding, Series 2007A, of the Board of Trustees of Boise State University; authorizing the execution and delivery of a Bond Purchase Agreement and providing for other matters relating to the authorization, issuance, sale and payment of the Series 2007A Bonds. A roll call vote was taken; motion carried unanimously.

The Board reconvened at 11:47 and took action on this item.

OTHER BUSINESS

Board member McGee announced that she had been appointed to a position in the Office of Governor Otter and would be stepping down from the Board of Education. Board members congratulated her and commended her for the tremendously hard work she has done to advance education in Idaho.

M/S (Lewis/Hall): To adjourn the meeting at 12:00 noon. A roll call vote was taken; motion carried unanimously.

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