

**MINUTES OF THE MEETING OF THE
BOARD OF REGENTS OF THE UNIVERSITY SYSTEM OF GEORGIA
HELD AT
270 Washington St., S.W.
Atlanta, Georgia
November 8 and 9, 2006**

CALL TO ORDER

The Board of Regents of the University System of Georgia met on Wednesday, November 8, and Thursday, November 9, 2006, in the Board Room, room 7007, 270 Washington St., S.W., seventh floor. The Chair of the Board, Regent Allan Vigil, called the meeting to order at 1:00 p.m. on Wednesday, November 8, 2006. Present on Wednesday, in addition to Chair Vigil, were Vice Chair William H. Cleveland and Regents Hugh A. Carter, Jr., Michael J. Coles, Robert F. Hatcher, Julie Ewing Hunt, Felton Jenkins, W. Mansfield Jennings, Jr., James R. Jolly, Donald M. Leebern, Jr., Elridge W. McMillan, Willis J. Potts, Jr., J. Timothy Shelnut, Benjamin J. Tarbuton III, and Richard L. Tucker.

SAFETY BRIEFING

The Assistant Vice Chancellor for Compliance and Operations, Mark Demyanek, gave the Regents and audience a briefing of basic safety information in the event of an emergency.

REMARKS FROM THE CHANCELLOR

Chair Vigil called upon the Chancellor to make some introductory remarks.

First, Chancellor Davis congratulated Governor Perdue on his reelection and said he looks forward to continuing the Board's strong partnership with the Governor in the years ahead. The Chancellor also congratulated all of those who either were elected or reelected the previous day, and he singled out the Board's funding partners in the General Assembly for special well wishes. Public service, whether on the local, state, or national level, requires significant sacrifices from those who serve, he said, and the Board appreciates their willingness and dedication to public service. He said that he hoped everyone exercised their right to vote and reminded them that, in a democracy, they get the government they deserve. He expressed his appreciation for the willingness of the Regents, staff, and others to be flexible in moving the Board meeting forward to accommodate election day. He noted that he would try to provide as much certainty as possible in the meeting schedule, but there will inevitably be changes.

The University System is filled with talented individuals, said the Chancellor, and he hoped over time the Regents had noticed the various displays of art provided by System institutions. He noted there was a new art installation this month, courtesy of both Georgia State and Georgia Southern Universities. He encouraged the Regents to view it on their way in and out.

Looking ahead to the meeting, Chancellor Davis took a moment to tee up some items of particular

significance. He asked the Regents to note several important action or information items on the Committee agendas. The Committee on Information and Instructional Technology would hear an information presentation from the Assistant Vice Chancellor for the Georgia Public Library Service and State Librarian, J. Lamar Veatch, on the Public Information Network for Electronic Services (“PINES”). PINES has been a valuable technology tool and Dr. Veatch would report on an important new technology advance in this program that serves more than 1.6 million Georgia customers along with the Deputy State Librarian, David W. Singleton, and the Assistant State Librarian for Information Technology, Julie W. Walker.

The Committee on Finance and Business Operations would take action on the University System of Georgia health insurance plan premiums. Chancellor Davis commended the good work of the staff, led by the System Benefits Administrator, Dorothy Roberts, in addressing and partially containing rising healthcare costs. Also, following the System’s drive for more useful and transparent financial data, the Vice Chancellor for Fiscal Affairs, William R. Bowes would present the System’s very first quarterly revenue and expenditure forecast for fiscal year 2007.

The Committee on Real Estate and Facilities would hear an informational report from the Vice Chancellor for Facilities, Linda M. Daniels, on the potential redevelopment plans for Fort McPherson, a 487-acre military base just south of Atlanta.

At this full Board meeting, the Regents would recognize some outstanding programs on System campuses as part of their ongoing Regents’ Awards for Academic Excellence. The University System also has been closely involved with the work of the Commission for a New Georgia, which is cochaired by Regent Hatcher. At this meeting, the Regents would receive an update on the commission’s work from the Governor’s Director of Implementation, Lonice Barrett.

At the full Board meeting on Thursday, the Regents would hear from Ms. Daniels and the Director of Planning, Alan S. Travis, the final recommendations regarding the proposed new capital model. This is a process that has involved extensive dialogue and work among the staff, the institutions, and with each of the Regents. The Chancellor noted that staff have made quite a few changes from their first proposal and the model is much improved. The result is a dynamic, responsive model that allows the institutions to plan for growth and provides a tool that will more closely align institutional needs with System and state needs. In short, this new model will truly serve as a policy-shaping and implementing instrument for this Board and the System. Chancellor Davis said he is awfully proud of the work Ms. Daniels and her team have done. This new model is designed to fully integrate facilities needs into overall strategic planning and needs.

For example, enrollment growth is a key structural component of the new model, he said, and the University System of Georgia continues to grow. While a number of System institutions have reported some preliminary fall numbers, the Associate Vice Chancellor for Planning and Policy Analysis, Cathie Mayes Hudson, and her office recently completed the fall 2006 University System enrollment report, and the fall numbers are now official. So, to present the enrollment numbers with the proper ceremony, the Chancellor had requested the able assistance of two percussion performance majors at Georgia State University. Isaac Anderson is a graduate student from Santa Barbara, California, and Caleb Herron is a senior from Duluth. Mr. Anderson and Mr. Herron gave a

ceremonial drum roll, and Chancellor Davis announced that the System's enrollment for fall 2006 is 259,945, up 2.5% over fall 2005. Related to this, full-time equivalent enrollment ("FTE") is up 3% to 225,197. While the headcount enrollment is certainly important and continues to track upwards, he noted that FTE is an important indicator of student engagement. FTE percentage increases above headcount percentage increases indicate that more students are taking heavier course loads. This is a positive trend, and it is good for students. He stressed that the System must continue to focus efforts and resources on support for these students to ensure they progress through college. Both numbers reflect the continued demand for higher education in this state, but these numbers also indicate that the Board has much work to do in terms of sending messages to Georgia K-12 students regarding the critical importance of academic preparation.

As the Chancellor has noted, the System's greatest challenge is to educate more Georgians to higher levels than it has ever done in its history. At Thursday's full Board meeting, the Interim Chief Academic Officer, Beheruz N. Sethna, would make a presentation focusing on this challenge in the context of addressing the "The World Is Flat" realities posed by Thomas Friedman.

Finally, Chancellor Davis stated that he does pay close attention to the feedback forms from these meetings, and last month, some Board members felt that the meeting agenda was too brief. He had corrected that, and the Regents would have a very full and comprehensive agenda for their time together this month. The Chancellor thanked the Regents and stepped down.

ATTENDANCE REPORT

The attendance report was read on Wednesday, November 8, 2006, by Secretary Julia M. Murphy, who announced that Regents Patrick S. Pittard, Doreen Stiles Poitevint, and Wanda Yancey Rodwell had asked for and been given permission to be absent on that day.

APPROVAL OF MINUTES

Motion properly made and duly seconded, the minutes of the Board of Regents meeting held on October 10 and 11, 2006, were unanimously approved as distributed.

INTRODUCTION OF NEW PRESIDENT OF GEORGIA PERIMETER COLLEGE

Chair Vigil called upon the Chancellor to introduce new President Anthony S. Tricoli of Georgia Perimeter College.

Chancellor Davis stated that the Regents have witnessed an infusion of new talent into the System with the appointment of a number of presidents, some from within the organization, some outside the System. Dr. Anthony S. Tricoli, the new President of Georgia Perimeter College ("GPC"), hails from California, and he has been on the job just over one month. While he has spent his career in the golden state, President Tricoli is adapting quickly to the peach state. He came to GPC from his job as president of West Hills College in central California, the flagship institution of the West Hills Community College District, which serves more than 5,000 students. He replaces Dr. Jacqueline M. Belcher, who retired in June 2005, and, most recently, Chief of Staff Robert E. Watts, who served as

GPC's Interim President during the search process. The Chancellor said that there was no one in Georgia more delighted to see President Tricoli than Mr. Watts. He extended thanks to Regent Wanda Yancey Rodwell, who served as Chair of the Special Regents' Committee for Georgia Perimeter College Presidential Search. Regents Allan Vigil and William Cleveland also served on the Committee. The Chancellor also recognized Dr. Tina Philpot, Chair of the Department of Business Administration and Computer Science and Associate Professor of Economics at GPC who so ably chaired the campus-based presidential search and advisory committee.

President Tricoli's experience is relevant to the needs of GPC, stated Chancellor Davis. During President Tricoli's tenure at West Hills College, which began in 2002, the college won national recognition from the MetLife Foundation as the most outstanding community college in the nation at serving disadvantaged students. He also has been cited nationally for his leadership in strategic planning, a process in which this Board will soon be engaged. Among the many qualities that made President Tricoli attractive to the search committees is his national reputation in serving the needs of underrepresented students and promoting diversity. His demonstrated abilities in these areas are of special importance given that GPC's multiple campuses serve a very broad spectrum of the population. President Tricoli's 26-year senior administrative career in higher education includes experience with the Ventura County California Community College District, San Joaquin Delta College in Stockton, and Monterey Peninsula College. He also has private-sector experience with General Motors/Hughes Aircraft. President Tricoli earned his bachelor's degree from Whittier College, a master's degree from the University of Redlands, and his Doctorate of Education in College Leadership and Administration from Pepperdine University. President Tricoli's wife, Dr. Robin Tricoli, was unable to join him at this meeting, but she is an accomplished and talented educator in her own right. On behalf of the Board of Regents, Chancellor Davis congratulated President Tricoli on his appointment.

President Tricoli thanked the Chancellor and the Board for their warm welcome. He also thanked the members of the search committees for their support. His first month in office has flown by, and with his executive team, he is reviewing both the challenges and opportunities at the institution. He thanked the Regents for inviting him to this meeting and stepped down.

RECOGNITION OF SENATOR ERIC JOHNSON

Chair Vigil next called upon the Chancellor to introduce Senator Eric Johnson.

Chancellor Davis said that in his opening remarks, he had saluted his fellow citizens who place themselves in the public eye to serve as the state's elected representatives. He was certainly honored on this post-election day to welcome Senator Eric Johnson to the Board of Regents. It is an honor for many reasons, he said, but particularly so since the newly reelected senator could have taken a well-deserved day off following an election. Instead, he chose to be here at the Board meeting, and the Regents do both note this and appreciate the senator's presence. The Chancellor offered congratulations on the senator's reelection to the Georgia Senate. A resident of Savannah, Senator Johnson represents Georgia's first senate district.

Senator Johnson has enjoyed a successful tenure in the Georgia General Assembly, beginning with

his election to the House of Representatives in 1992. In 1994, he was elected to the Senate, where his leadership skills have been recognized, first with his appointment as minority leader for two terms and then, in 2003, with his election as President Pro Tem. This is the highest position in the senate and is responsible for its day-to-day operations. Senator Johnson serves on the Rules Committee and as Secretary of the Appropriations Committee and has been given numerous other committee assignments during his time in the legislature. He has been a strong supporter of the University System and was the principal mover behind the creation of the Georgia Higher Education Finance Authority (“GHEFA”). Chancellor Davis said that the Regents appreciate the senator’s work and his support on this important legislation. On several occasions, the Chancellor has met with Senator Johnson to outline some “unintended consequences” of proposed pieces of legislation. In these cases, the Chancellor has found an open door and an open and fair hearing of the System’s case. For the quality of his public service work, Senator Johnson has been named one of the “100 Most Influential Georgians” by *Georgia Trend* magazine. In his other life, Senator Johnson is an architect and works at North Point Real Estate, a residential and commercial development firm. His professional expertise was called upon to head the wonderful restoration of the State Capitol Building to its historical beginnings.

Senator Johnson and his wife, Kathryn, have two children. The senator is a graduate of Tulane University, but his daughter is in her second year of law school at the University of Georgia (“UGA”) and his son is a senior at UGA. Chancellor Davis shared a little story about the senator’s choice of Tulane University. When he graduated from high school in Louisiana, he knew he wanted to be an architect and his first choice of colleges was the Georgia Institute of Technology (“GIT”). He was going to attend GIT, but he was told he had to start during summer session. As a new high school graduate, the future senator did not fancy spending that summer between high school and college sitting in classes. So, he wound up at his second choice, Tulane University. In the end, it worked out and Senator Johnson wound up in Georgia, where he has made significant contributions to the state, both professionally and through public service. In closing, the Chancellor welcomed the senator to the podium.

Senator Johnson said that was a true story and that GIT was indeed his first choice, but he really wanted to have that summer off. He said he was glad the elections were over. He greeted Regent Potts, whom he knew in Savannah as the plant manager of Union Camp Corporation’s Savannah pulp and paper mill, and remarked that Regent Potts was a fine addition to the Board. Senator Johnson thanked all of the Regents for their service and hard work on behalf of the citizens of the state. He said that the University System of Georgia is worthy of national recognition and that the Regents are good stewards of that reputation. The Interim Chief Operating Officer, Thomas E. Daniel, does a fine job on behalf of the Board of Regents at the Capitol, said the senator.

Senator Johnson said that the legislators are very concerned about the HOPE Scholarship Program (“HOPE”) and want Governor Zell Miller’s legacy to continue to keep the best and brightest students in the State of Georgia. He reminded the Regents that there are limits to HOPE funds and there may be cause to further define the program’s limitations. He said that there are also concerns among legislators about the effects of growth on programs and facilities. He encouraged the Regents and the administration to improve communications with the legislature about System budgetary needs. He asked them to help the legislators understand the budget proposal a bit better.

Finally, Senator Johnson asked that the Board continue to grow the Georgia Tech Regional Engineering Program (“GTREP”) in Savannah. In closing, he thanked the Regents for their invitation to this meeting and said that he looked forward to working with them in the budget process.

Chair Vigil thanked Senator Johnson for his remarks and congratulated him on his reelection.

REGENTS’ AWARDS FOR ACADEMIC EXCELLENCE

Chair Vigil noted that representatives from two of System institutions were in attendance to receive awards for the excellence of their programs. He called upon the Interim Chief Academic Officer, Beheruz N. Sethna, to introduce the Regents’ Awards for Academic Excellence and the award recipients.

Dr. Sethna stated that 2006 marks the tenth year the University System has presented awards for teaching excellence and the third year for the awards for the scholarship of teaching and learning. These awards recognize and reward individuals and programs that exemplify a deep and inspiring commitment to effective teaching and learning, dedicated service to students, and the enhancement of teaching through scholarship and research. The awards presented at this meeting recognized outstanding programs that promote, support, and recognize excellence in teaching, scholarship, and service to students. These two were selected from 23 proposals from 15 institutions.

The first award was for teaching excellence at the regional and state university level, and it went to the Summer Hill Project at Kennesaw State University (“KSU”). In partnership with the Etowah Valley Housing Authority and Summer Hill Foundation, this project enabled a historically African-American neighborhood to recover and preserve its history. It has brought pride to the residents of Summer Hill, and it benefits K-12 students and teachers and the citizens of Georgia by showing both the difficulties African Americans faced in an age of segregated education and the remarkable things they achieved in spite of those obstacles. In attendance to accept the award was Dr. LeeAnn Lands, Associate Professor of History.

Dr. Lands thanked the Regents for inviting her to accept this award, and she introduced the student members of the Summer Hill Project who accompanied her to this meeting: Melissa Massey (who co-curated the museum with Dr. Lands), Ava Wilkey, Erin Cochran, Carol Springston, Pat Kerns, and Wendell Hand.

The Etowah Area Consolidated Housing Authority invited the KSU Center for Regional History and Culture (the “KSU Center”) to participate in a community development project in late 2002. The Summer Hill community, the largest black neighborhood in Cartersville, wanted to redevelop its historically black high school into a new community center. The community was already very much aware of its own history, but it wanted assistance in bringing that history into after-school programs and adult education programs. The KSU Center wanted to develop academically based service learning and undergraduate research opportunities and further fulfill KSU’s diversity initiatives. So, they decided to develop a museum, curriculum, and auxiliary services for the community center.

Students in HIST4426, Documentation and Interpretation, launched the Summer Hill Project in January 2003. They were charged with documenting the Summer Hill community itself. They learned documentation methods including photographically documenting the community, community mapping, oral histories, and collecting documents. Then, they went on to plan and implement a multi-year documentation project for Summer Hill. The project was entirely student led from the beginning, said Dr. Lands.

In the second year of the Summer Hill Project, student Melissa Massey and Dr. Lands continued museum, archives, and curriculum development. In the third year, students in HIST4426 developed proposals for auxiliary interpretive programming. In the meantime, the project hired a documentary filmmaker who was charged to create a seven- to eight-minute film that would go into the museum itself and introduce people to the community, history, and museum. The filmmaker was so enthusiastic about the project that he created a full-length film that was picked up by PBS and is now showing on nine of the largest public television markets in the United States. Dr. Lands said she was very proud of this. She noted that the documentary had also been shown at the Carter Center with Ambassador Andrew Young introducing it.

Dr. Lands stressed that there was an assessment plan throughout this project. The project used both qualitative and quantitative tools to measure the impact of the Summer Hill Project on student learning. By active involvement, students were able to increase their content knowledge, skills development, socio-cultural understanding of a range of communities, and commitment to civic and community life. With that, Dr. Lands stepped down.

Dr. Sethna announced that the second award was for scholarship of teaching and learning at the regional and state university level, and it went to the Faculty Development Workshop Program (the “Workshop”) at Georgia College & State University (“GCSU”). The Workshop is the driving force for the scholarship of teaching and learning at GCSU. It is a professional development opportunity for faculty who wish to examine new teaching and learning attitudes and strategies. Through practice in classroom assessment, the faculty become better able to understand and promote learning and to increase their ability to help students become more effective, self-assessing, self-directed learners. The positive impact of this Workshop is demonstrated in increased student retention, significant gains in student grade point averages (“GPAs”), and higher levels of student satisfaction. Accepting the award on behalf of GCSU was Dr. Autumn Grubb, Associate Professor of Teaching and Learning.

On behalf of GCSU, Dr. Grubb thanked the Regents for the scholarship of teaching and learning award. She said the award was a tremendous honor for three reasons. First, it acknowledges the work that she loves; that is, working with her fellow faculty in examining their practices and making adjustments to improve learning. Second, it increases the value of the Workshop and will be used as cultural capital when the Workshop advertises and recruits for its spring 2007 cohort. Third, it recognizes and values the risks that 45 faculty members have taken in the last two years examining their practice, experimenting with classroom assessment, and making adjustments to their teaching for the purpose of improving learning.

The key element to practicing the scholarship of teaching and learning is critical evaluation and reflection. That is, doing a systematic evaluation of the assumptions held in teaching and learning. The 45 faculty went through that exercise, said Dr. Grubb, and she wanted to share some of their very successful experiences. A psychology professor, after asking students to document how course activities had helped them to develop expected learning outcomes, observed that students were placing more value on the course activities and taking a bigger role in molding their path to reach course outcomes. A biology professor implementing a handful of assessment strategies observed an increase in student retention from 60% to 97%. Student satisfaction and GPA scores increased as well. A nursing faculty member realized that after implementing concept mapping, her students were better able to see relationships between and across concepts. After implementing concept mapping, reflection journals, and rubrics, a management professor noted an increase in his students' ability to integrate and synthesize course-related knowledge and skills on exams and homework. These teaching and learning experiments have caused a campuswide shift in how faculty view assessment and its effects on improving learning at GCSU. In closing, Dr. Grubb said that this award will help the institution continue to grow this program and build a critical mass of teaching and learning risk-takers so the institution may continue to model effective outcomes-driven teaching and learning and undergraduate education.

Chair Vigil congratulated the award recipients and thanked them for attending the meeting.

INTRODUCTION: GOVERNOR'S DIRECTOR OF IMPLEMENTATION, COMMISSION FOR A NEW GEORGIA

Chair Vigil next called upon Regent Hatcher, who is Co-Chairman of the Commission for a New Georgia (the "Commission").

Regent Hatcher stated that in May 2003, Governor Purdue introduced the concept of the Commission. The Governor asked Regent Hatcher to co-chair the Commission with Joe W. Rogers, Jr., Chairman, President, and Chief Executive Officer ("CEO") of Waffle House, Inc. Subsequently, they asked 21 CEOs and professionals around the state to join them. Their charge was to examine things state government was doing, as well as other states' best practices and business processes, and to develop recommendations at a high level. Governor Purdue announced that the goal of the Commission is to make Georgia the best managed state in the nation by 2007. One of the unique things about the beginning of the process, said Regent Hatcher, was whether the Governor would be able to do something with the recommendations, and the Governor told the committee that he would. So the Commission began the work of its task forces and ideas and recommendations flowed. Suddenly, state administrators began to feel they were drinking from a fire hose. The Commission was recommending many things to be done. So, the Governor established the Office of Implementation, the purpose of which is to implement the recommendations of the Commission. He appointed Lonice Barrett as the Director. At the time, he was concluding his ninth year as Commissioner of the Department of Natural Resources. He had served state government for 34 years under seven Governors and was planning his retirement. His plans changed when Governor Purdue asked him to head the Office of Implementation and to implement the 74 recommended changes coming from the Commission. When the Governor made this appointment, he said that Mr. Barrett had proven himself to be one of the most respected and effective administrators in solving problems,

controlling costs, and improving service for our citizens. The University of Georgia's Carl Vinson Institute of Government and *Georgia Trend* magazine honored Mr. Barrett with the state's 2004 Excellence in Public Service Award as Georgia's most respected public servant. This year, he was recognized by the National Governors Association with the top award for service to state government.

As Director of Implementation, Mr. Barrett has organized teams of commissioners and key staff members of over 50 state agencies to work 17 different transformation project areas as diverse as state purchasing, asset management, customer service, and strategic industries. Regent Hatcher noted that the Commission found that there were 123 different agencies working in 123 different silos. In many cases, they did not communicate with one another. So, part of Mr. Barrett's job was to begin to change the culture of state government toward working as a team. In the 2005 and 2006 legislative sessions, he guided the initiatives that produced four major bills and over \$52 million in appropriations. Mr. Barrett would be discussing the millions of dollars in savings that are coming about as a result of his work. The University System of Georgia was instrumental in preparing Mr. Barrett for his career in public service. He earned his degree in recreation administration at Georgia Southern University and a master's degree in education from Georgia State University. Regent Hatcher said that Mr. Barrett is a true professional and a true leader in the state and welcomed him.

Mr. Barrett said that it was a pleasure to be at the Board meeting. He stated that he had the privilege of a lifetime over the past couple of years being on Governor Purdue's staff and that it was certainly a "Sonny-er" day in Georgia today than it was yesterday. He said that he subscribed to the credo that you get a lot done if you do not care who gets the credit. There are many folks on the Board of Regents and in the University System Office who have worked as a team with Mr. Barrett and the Office of Implementation. He said that he respects and admires the Regents, the Chancellor, and their staff and that he cherishes their relationship. He thanked them for their cooperative spirit in working with his office.

Mr. Barrett then provided a progress report on the work of the Office of Implementation. Private sector ideas for and encouragement of the Commission have been critical. The Governor and General Assembly provided resources to build the Commission's staff and expand a "capability infrastructure." Mr. Barrett commended the outstanding work by agency heads and key staff, including Chancellor Davis, and he noted that the Governor has stayed engaged. The Commission has also had strong support from the top down to drive the implementation progress.

The Commission wanted to do things differently. They wanted to identify where the savings and cost-avoidance were. The Commission put a major focus on customer service, and the University System has made many key efforts in this regard. The Commission also wanted to lay the groundwork for changes in state government that would help guide the State of Georgia into the twenty-first century. The Vice Chancellor for Facilities, Linda M. Daniels, worked with the Commission on its property management initiative, which helped to develop the Building, Land, and Lease Inventory of Property ("BLLIP"). Mr. Barrett thanked Ms. Daniels for her hard work on this initiative. The Chief of Staff, Rob Watts, and the Interim Chief Operations Officer, Thomas E. Daniel, were involved in the Commission's procurement transformation initiative. The state spends approximately \$5.7 billion on procurement each year. There are different ways to save money. New

strategic procurement practices are leveraging the state's purchasing power to get the best value for billions of dollars spent on goods and services, with the first wave of new contracts now being awarded.

Georgia's first State Accounting Office was established by the Governor and General Assembly to create statewide standards and practices and to improve financial management systems. The Commission is looking at ways to consolidate the state's more than 1,000 bank accounts. The Department of Revenue has collected more than \$250 million in monies owed to the state. The Department of Human Resources has worked state health benefits and community care programs. The crisis access line for families in need of help went live in July 2006 and has generated over 5,000 calls a week.

Governor Purdie and Chancellor Davis have been staunch supporters of the customer service initiative. State agencies and University System of Georgia institutions are creating customer-focused service improvement plans. The Department of Driver Services now renews driver's licenses in approximately seven minutes. The Commission is continuing its efforts on bringing superior customer service to the public.

The Georgia Leadership Institute is developing high potential talent in the state to step up to state administrative leadership. The state will lose approximately 25% of its employees in the next five years as the baby boomers retire. In 2006, the state conducted five leadership classes at the Carl Vinson Institute of Government at the University of Georgia.

The Executive Director of the Office of Economic Development, Joy Hymel, has been very involved in the Commission's strategic industries initiative, which focuses on the industries identified as being important to the economy of the state. The Commission is also focusing on workforce development. The Governor's Office of Workforce Development is unifying the efforts of education, employment, and economic development. The strategy asserts the role of education at all levels in building a workforce that can attract high-growth, high-paying jobs. The new Georgia: Ready-to-Work program certifies workers' skill levels and community workforce profiles, assuring a job-ready employment base.

Mr. Barrett highlighted a number of operational efficiencies. He noted that technology is key to the future of the state and that the state must continue to invest in technology improvements. The Commission has an internal validation committee to substantiate its savings, methodologies, and results. To date, the Commission has sold \$20 million in surplus real estate and \$8.9 million in surplus vehicles and equipment. It has saved the state \$14.9 million in procurement and saved or avoided \$12.2 million in energy, telecom, and vehicle expenses. The program gives incentive to state agencies to share in some of the savings they identify. The Commission has identified and promoted substantial improvements across the state that will also be meaningful going forward.

Changing the culture is what it is all about, said Mr. Barrett. It is important to break up silos, set governmentwide standards, establish best practices, and prepare for the next generation. He stressed that it is the Governor and the Commission's goal to make Georgia the best managed state in the nation. In closing, Mr. Barrett thanked the Regents, their staff, and all of those who have helped the

Commission.

Chair Vigil thanked Mr. Barrett for his remarks. At approximately 2:10 p.m., Chair Vigil adjourned the Regents into their regular Committee meetings.

CALL TO ORDER

The Board of Regents of the University System of Georgia met again on Thursday, November 9, 2006, in the Board Room, room 7007, 270 Washington St., S.W., seventh floor. The Chair of the Board, Regent Allan Vigil, called the meeting to order at 9:00 a.m. Present on Thursday, in addition to Chair Vigil, were Vice Chair William H. Cleveland and Regents Hugh A. Carter, Jr., Michael J. Coles, Robert F. Hatcher, Julie Ewing Hunt, Felton Jenkins, W. Mansfield Jennings, Jr., James R. Jolly, Donald M. Leebern, Jr., Elridge W. McMillan, Willis J. Potts, Jr., J. Timothy Shelnut, and Richard L. Tucker.

SAFETY BRIEFING

The Assistant Vice Chancellor for Compliance and Operations, Mark Demyanek, gave the Regents and audience a briefing of basic safety information in the event of an emergency.

INVOCATION

The invocation was given on Thursday, November 9, 2006, by Regent Richard L. Tucker.

ATTENDANCE REPORT

The attendance report was read on Thursday, November 9, 2006, by Secretary Julia M. Murphy, who announced that Regents Patrick S. Pittard, Doreen Stiles Poitevint, Wanda Yancey Rodwell, and Benjamin J. Tarbuton III had asked for and been given permission to be absent on that day.

RECOGNITION OF STUDENT SPEAKERS FROM CHANCELLOR'S INAUGURATION

Chair Vigil called upon the Chancellor to recognize some special guests.

Chancellor Davis said that, at the risk being accused of a crass attempt to recapture some of the limelight and glory of his recent inauguration, he wanted to bring up that event for a very different reason. For him, the highlight of that day was not the pomp or the circumstance or the presence of so many illustrious people or his family and friends. Rather, the highlight was the presence and the remarks of the System students, past, present, and future: David Ratcliffe, Bernice Butler, and Giovante Latimore, respectively. Their participation was a very pointed and very poignant reminder of why the Regents and the University System of Georgia do this work and why it is so important. Their roles, whether as a faculty member, a staff member, an administrator, president, or Regent, all support the ability of students to earn a college degree and, in so doing, transform their lives. As he notes to most audiences that he addresses, we can never forget that we all serve students. At this meeting, the Chancellor was honored to salute two great student representatives: the inaugural

speakers, Bernice Butler and Giovante Latimore. He noted that Mr. Latimore would be entering the early college program at Georgia State University. Chancellor Davis also recognized another guest: Ms. Tanya Mitchell, a counselor at Mr. Latimore's school. He thanked Ms. Butler and Mr. Latimore for their participation in his inauguration and wished each of them great success in school as well as in life.

RECOGNITION OF REGENTS EMERITI

Chair Vigil called upon Regent Tucker to recognize some additional special guests at this meeting.

Regent Tucker stated that the Regents were honored that Regents Emeriti Connie Cater and Glenn S. White could join them so that we may pay tribute to their dedicated service to the Board. He invited them to join him at the podium. Between the two Regents Emeriti, they had contributed a total of 15 years of service to the University System of Georgia. The University System of Georgia Foundation, Inc. (the "Foundation") would like to take this opportunity to thank them by continuing a tradition started by former Board Chair Hilton H. Howell, Jr. The Foundation is presenting each of the former Board members with a renowned, Georgia-made Brumby Rocker that will have a plaque inscribed with their name.

Regent Emeritus White was a member of the Board from 1997 to 2005 and served as the Board's chair from July 2000 through June 2001. During the first few years of his tenure, the Board launched its annual Regents Awards' for Excellence in Education program showcasing teaching excellence. The Board also began guaranteeing the preparation of teachers graduating from the University System and debuted the Georgia Hiring Initiative for Recruiting Excellence ("GeorgiaHIRE"), an Internet-based service connecting Georgia employers with thousands of University System students and alumni looking to position themselves in the job market. One of Regent Emeritus White's first tasks as Board Chair was to welcome to the University System of Georgia the Georgia Public Library System. Under his leadership, the Committee on Information and Instructional Technology was added to the Board's standing Committees to oversee the new technology master plan being developed for the System. During his term as Chair, the System received funding for a Systemwide accountability effort and new biomedical collaboration between the University of Georgia and the Medical College of Georgia. As Regent Emeritus White's term as Board Chair drew to a close, he also organized the launch of a national search for a Chancellor to replace retiring Chancellor Stephen R. Portch.

Regent Emeritus Cater served on the Board of Regents from 1999 to 2006. As a graduate and an enthusiastic supporter of Savannah State University, he came to the Board with a good working knowledge of the University System's structure and character. During his time as a Regent, he provided leadership to the Regents' Special Committees for the searches that resulted in the naming of new presidents for Fort Valley State University ("FVSU") and Gordon College in 2002 and Albany State University in 2005. Regent Cater also served on the Regents' Special Committees for the searches that led to the appointments of President Richard J. Federinko at Middle Georgia College in 2001 and President Larry E. Rivers at FVSU this past February. Regent Emeritus Cater provided strong leadership of the Board's Audit Committee, first as Vice Chair and then as Chair, during fiscal years 2001 and 2002, respectively. He also chaired the Committee on Information and

Instructional Technology during fiscal year 2006. Regent Emeritus Cater served as Vice Chair of the Committee on Finance and Business Operations during fiscal year 2001.

Regent Tucker asked the Regents to join him in saluting these two great individuals and outstanding public servants. He said the Board appreciates and values the significant contributions each of these Regents Emeriti has made while serving on the Board.

Regent Tucker continued by talking about the 2007 Regents' Awards for Excellence in Education celebration to be held on March 3, 2007. As Chair of the Foundation, Regent Tucker had written to the Regents in September asking them to do three things: 1) become a sponsor of the celebration; 2) donate or solicit items for the auction; and 3) nominate individuals for the Elridge W. McMillan Lifetime Achievement Award. Most of the Regents have done some or all of these things. However, the Foundation needs to identify additional sponsors for the celebration. Regent Tucker stressed that this is a very important annual event in the University System of Georgia. Many people will be recognized for their contributions to higher education in the State of Georgia, and he encouraged the Regents to help promote this major source of funding for Systemwide scholarships. Regent Tucker introduced Frank P. Ros, Assistant Vice President, Latin Affairs, for The Coca-Cola Company. Mr. Ros serves on the Foundation board and is Vice President of its Executive Committee. For the third year in a row, he has agreed to chair the Foundation's Fundraising Committee. Regent Tucker noted that in the past, the Foundation has received a great deal of support from Regents, particularly Regents Leebern, Shelnut, and Carter. He then asked Mr. Ros to update the Board on the upcoming celebration.

Mr. Ros greeted the Regents and said that last year's Regents' Awards for Excellence in Education celebration was a great event. He said there is no better way to give back to the State of Georgia than to provide educational opportunities to the state's youth. On behalf of the Foundation, he thanked the Regents for their commitment to last year's celebration, for their participation, contributions, and attendance. Last year's event raised 34% more than the previous year, and this year, the Foundation hopes to raise that much more over last year. The majority of proceeds from the celebration go back to the System's 35 institutions in the form of scholarships. He reminded the Regents that the 2007 celebration will take place on March 3, 2007, at the Hyatt Regency Atlanta. This year, the University of Georgia is taking the lead on logistics with support from Kennesaw State University and Georgia State University. He said that the Regents have begun a great legacy that has lifelong implications for many students and for the System itself. In closing, Mr. Ros thanked the Regents for their support in the past and asked that they support the upcoming celebration as well.

Regent Tucker thanked Mr. Ros for his remarks and reiterated that the Foundation needs the Regents' support for this important event.

COMMITTEE ON REAL ESTATE AND FACILITIES, "COMMITTEE OF THE WHOLE"

Chair Vigil next convened the Committee on Real Estate and Facilities as a Committee of the Whole and turned the Chairmanship of the meeting over to Regent Tucker, the Chair of the Committee, to hear a presentation and vote on the new University System of Georgia Strategic Capital Model (the "Model").

Chair Tucker said that development of the new Model began in fall 2005 with the update of the Regents' principles for capital allocation, which was included in the Regents' materials. The new model is based upon those principles. During its development, the model was shared widely among interested parties, including this Board, for review and comment. University System Office staff met with each Regent to discuss the Model, and an information item was presented at the September 2006 Board meeting. The Vice Chancellor for Facilities, Linda M. Daniels, and the Director of Planning, Alan S. Travis, would present information on the new model at this meeting. After their presentation, the Regents would have an opportunity for discussion, after which Chair Tucker would ask for a vote to approve the new model. (See pages 58-59.)

Ms. Daniels first presented a quick historic perspective of the update of the Board's capital request process. She noted that several major issues concerning the existing process came to light during the updating of the process: 1) the lack of predictability for facilities funding from year to year; 2) the absence of a strategic focus; 3) the length of time from an institution's request for a facility to the completion of construction; 4) the need for more robust data in capital decision making; and 5) the need to consider in concert all capital projects, even those not funded by General Obligation ("G.O.") Bonds.

The new Model will address these key issues, focus on strategic planning, and allow the Board to implement the new Regents' principles for capital allocation. Ms. Daniels explained that the primary objective is to maximize the strategic value of all capital investment in the University System. This can be accomplished through enhanced, long-term capital planning and development made possible by consistent and predictable state G.O. Bond funding.

Ms. Daniels next outlined the key outreach efforts on the active allocation model. At the September 2006 Board meeting, the Regents encouraged staff to seek further input and endorsement of the Model. Staff sought that input, considered and weighed suggestions, and as a result, had some recommended changes in response to that input. Based upon the Board's charge, the Model is even better now because of thoughtful discourse, said Ms. Daniels. She then turned the floor over to Mr. Travis.

Mr. Travis first discussed some of the proposed Model's key advantages. The most notable attribute is that the G.O. Bond funding stream will be allocated to institutions with a model based upon a planned level of annual G.O. bond funding that is both consistent and sustainable. Predictable funding is the bedrock foundation upon which this Model is built. This allocation model will incorporate a blended analysis of present conditions and future needs and provide a platform for more effective capital planning. The new Model will create a more flexible capital system, allowing resources to be focused where the need is greatest without arbitrary constraints. It will also increase the System's leverage to obtain and utilize external funding and financing to augment its capital budget, and it will facilitate implementation at the right size, the right time, and the right price. Most importantly, the new Model will yield a capital program that is better aligned with the Board's new principles for capital allocation and will enhance the Board's ability to implement the strategic goals and objectives that result from the development of the new strategic plan for the University System of Georgia.

The Model has two primary elements, stated Mr. Travis. The first is the G.O. Bond allocation model that creates for each institution a preliminary target allocation for a six-year block of planned G.O. Bond funding. He reiterated that the allocation model will establish a solid foundation for more rational and effective capital planning. The original draft of the allocation model was reviewed extensively by each of the Regents as well as the institutions and other interested parties. The condensed version of the allocation model, which was included in the Regents' materials, has a number of refinements that were inspired by the feedback received during the review process. Momentarily, Mr. Travis would discuss the proposed refinements.

The second element of the Model is the capital implementation program ("CIP"), the program developed by the institutions and University System Office that will actually contain the proposed capital projects. Since the G.O. Bond allocation model is the financial base for capital programming, staff could not proceed with the CIP prior to Board endorsement. The CIP will be a comprehensive program containing all planned capital projects regardless of their financing characteristics. The first CIP will be for six years with 2 three-year cycles. In the future, program planning will occur on a rolling three-year cycle. With the Board's endorsement, development of the CIP will be the staff's primary focus between this meeting and the next budget cycle.

Mr. Travis stated that the staff were proposing three major refinements to the bond allocation model. While each of these refinements affects each institution's preliminary funding target in different ways, there are two common threads. First, each was inspired by the input staff received during the review process. Second, each will ultimately result in more equitable and effective allocation of funds. The first refinement deals with a structural factor that targets 10% of the base allocation to address institutional space deficits. Staff originally established a minimum threshold value of resident instruction space per full-time equivalent ("FTE") enrollment for each sector and then allocated funding to institutions based upon the ratio of their actual enrollment to the corresponding sector threshold. Although this technique effectively identified the local impact of space shortages on each campus, staff received an excellent suggestion that the actual square footage of the deficits should also be considered. Staff adjusted the formula to combine these two elements, and the resulting formula creates a better linkage to the cost of actually alleviating each space deficit.

The second refinement deals with cost escalations, said Mr. Travis. Originally, the Model did not include cost escalation, but the institutions encouraged the staff to address this issue head-on. Staff originally included in the preliminary target allocation a 5% escalation compounded annual, totaling about \$200 million over six years. Staff heard many concerns about allocating those escalation funds in advance. So, they responded by proposing to defer the escalations until after development of the actual implementation program. This will reduce the total preliminary target allocation by approximately 12%, but the revised approach will ensure the most fair and effective allocation of these escalations to each project and institution based upon the ultimate content and schedule of a capital implementation program.

The final refinement deals with the effectiveness of the Model's strategic allocation. Staff originally directed 30% of total funding (approximately \$510 million) based upon an assessment of each institution's share of System growth going forward until 2020. They deferred allocation of 20% of

the total (approximately \$340 million) to implement the objectives of the Board's updated strategic plan. Since that time, two major themes of commentary emerged. First was the need for flexibility to fully implement the System's strategic needs. The second concerned issues about enrollment growth. Staff also noted that the original strategic plan target allocation was reduced by approximately \$40 million due to the deferral of cost escalations. To address these issues, staff recommended splitting the strategic allocation by increasing the deferred strategic planning piece to 25% and decreasing the enrollment growth share to 25%. That would yield approximately \$375 million for each of these two factors. This approach will enhance the System's ability to address strategic needs and strikes a better balance between targeted and deferred allocations. Enrollment growth remains a key concern of the University System Office and the System overall, said Mr. Travis. However, staff are confident this Model will be able to address this issue, possibly by using a portion of the strategic plan allocation to grow capacity in programs and locations of strategic importance. He emphasized again that these refinements will lead to a more effective and equitable distribution of funds.

Mr. Travis then discussed next steps. If the Board endorsed the Model at this meeting, the staff's primary focus will turn to developing a capital improvement program that will be the heart of the Model and the building blocks of the Board's future capital budget requests. Although staff can start the implementation immediately, they will not be able to complete it without a finalized G.O. Bond allocation model. Part of this effort will be performing quality control on the Model and updating key data drivers to reflect the most current conditions. Mr. Travis stated that staff will keep the Regents apprised of these administrative changes as they occur. The completion of the Board's strategic planning process is critical to finalizing the bond allocation model and completing the capital improvement program. He noted that 25% of the Model's base G.O. Bond funding, or \$375 million, will be allocated to institutions and incorporated in the CIP in a manner that best advances System strategic objectives and best achieves the Board's new principles for capital allocation. Finally, there is the ongoing need to educate key stakeholders about the fundamental elements and advantages of the new Model. Mr. Travis noted that Regents are in a unique position to effectively advocate the Model, as are presidents and other key administrators.

In closing, Mr. Travis asked whether the Regents had any questions or comments about the new Model.

Regent Shelnut asked whether the presidents understand and support the new Model.

Ms. Daniels responded that she has received very positive feedback from the majority of presidents. There will always be those who challenge individual figures in the allocations, particularly with regard to enrollment growth, and staff have made adjustments accordingly. Overall, she has been extremely encouraged by the sense that people do understand it and appreciate that they will be able to plan more effectively going forward.

Seeing there were no further questions, Chair Tucker asked for a motion to endorse the University System of Georgia Strategic Capital Model. Motion made, seconded, and unanimously approved, the Board of Regents endorsed this Model.

At approximately 9:35 a.m., Chair Vigil called for a brief recess. At 9:50 a.m., he readjourned the

meeting and called for the Committee reports.

EXECUTIVE AND COMPENSATION COMMITTEE

The Executive and Compensation Committee met on Wednesday, November 8, 2006, at 11:00 a.m. in room 7019. Committee members in attendance were Chair Allan Vigil, Vice Chair William H. Cleveland, and Regents Robert F. Hatcher, W. Mansfield Jennings, Jr., James R. Jolly, Donald M. Leebern, Jr., and Richard L. Tucker. Chair Vigil reported to the Board on Wednesday that the Committee had reviewed two items, one of which required action. With motion properly made, seconded, and unanimously adopted, the Board approved and authorized the following:

1. Approval of Revised Meeting Schedule

Approved: The Board approved the revised meeting schedule with one Regent opposing the motion.

Background: The revised schedule of Board meetings through June 2008, as distributed at the October meeting, was approved with the recommendation that Capitol visits be incorporated into the January and February meetings and staff work toward minimizing the work missed by any Regents who are unable to make one of those meetings.

2. Information Item: Executive Session: Personnel and Compensation Issues

At approximately 11:40 a.m. on Wednesday, November 8, 2006, Chair Allan Vigil called for an Executive Session for the purpose of discussing personnel and compensation issues. With motion properly made and variously seconded, the Regents who were present voted unanimously to go into Executive Session. Those Regents were as follows: Chair Vigil, Vice Chair William H. Cleveland, and Regents Robert F. Hatcher, W. Mansfield Jennings, Jr., James R. Jolly, Donald M. Leebern, Jr., and Richard L. Tucker. Also in attendance were Chancellor Erroll B. Davis, Jr.; the Chief of Staff, Robert E. Watts; the Interim Chief Operating Officer, Thomas E. Daniel; the Interim Chief Academic Officer, Beheruz N. Sethna; and the Secretary to the Board, Julia M. Murphy. In accordance with O.C.G.A. § 50-14-4, an affidavit regarding this Executive Session is on file with the Chancellor's Office.

At approximately 12:40 p.m., Chair Vigil reconvened the Committee meeting in its regular session and announced that no actions were taken in the Executive Session but the issues discussed would be taken to the full Board in Executive Session. (See page 71.)

COMMITTEE ON ACADEMIC AFFAIRS

The Committee on Academic Affairs met on Wednesday, November 8, 2006, at approximately 3:40 p.m. in the Seventh Floor Training Room, room 7059. Committee members in attendance were Vice Chair Elridge W. McMillan and Regents W. Mansfield Jennings, Jr., James R. Jolly, Willis J. Potts, Jr., and J. Timothy Shelnut. The Vice Chair of the Board, William H. Cleveland, was also in attendance. Vice Chair McMillan reported to the Board that the Committee had reviewed 12 items, 10 of which required action. Item 12 was a walk-on item. Included in Item 7, 204 regular faculty

appointments were reviewed and recommended for approval. With motion properly made, seconded, and unanimously adopted, the Board approved and authorized the following:

1. Establishment of a Major in Bioinformatics under the Existing Master of Science and Doctor of Philosophy Degrees, University of Georgia

Approved: The Board approved the request of President Michael F. Adams that the University of Georgia (“UGA”) be authorized to establish a major in Bioinformatics under the existing Master of Science and Doctor of Philosophy degrees, effective November 9, 2006.

Abstract: UGA sought to establish both Master of Science and Doctor of Philosophy degrees with a major in Bioinformatics. The interdisciplinary programs will be administered by the Institute of Bioinformatics. With the evolution of the Human Genome Project in the mid-1980s, biological data production has transformed biology from a qualitative science into a quantitative and informational science. Emerging from this transformation is bioinformatics, a new discipline at the interface of biological, computational, mathematical, and physical sciences. Succinctly, bioinformatics is the use of advanced informational and computational technologies to facilitate a solution to problems of biological origin that frequently involve DNA and protein sequence data generation. Bioinformatics tools are used to generate hypotheses and predictions about sequenced data that outpace traditional biochemical wet lab methods.

Need: Computational biology is a key component of biological research, as evidenced by reports from the Alfred P. Sloan Foundation and other organizations. For example, personalized medicine will rely on detailed information about thousands of genes encoded in the human genome. Detailed treatment plans for a particular illness will depend upon the specific gene and protein profiles of different individuals.

Objectives: The mission of both programs is to educate and prepare graduate students to attain mastery and leadership in bioinformatics research and its applications in order to contribute to the advancement of the field. Students are expected to obtain employment in academic, government, and industrial research laboratories. Doctoral students will perform fully independent research as a principal investigator in a laboratory or major genome sequencing center.

Curriculum: Students matriculating in each program will be educated effectively in lectures and laboratories and will be mentored in their respective research projects by faculty from multiple departments and disciplines including biological, computational, mathematical, engineering, and pharmacy areas.

Projected Enrollment: The institution anticipates enrollments of 8 to 12 students during the first three years of the master’s level program and 8 to 10 students during the first three years of the doctoral program.

Funding: President Adams has indicated that establishing these programs at UGA can be accommodated within funds presently anticipated and available.

Assessment: This program will be reviewed after three years using the existing Comprehensive Program Review process. An external review will take place at the end of the fifth year of implementation.

2. Establishment of a Major in Genomic Medicine under the Existing Master of Science and Doctor of Philosophy Degrees, Medical College of Georgia

Approved: The Board approved the request of President Daniel W. Rahn that the Medical College of Georgia (“MCG”) be authorized to establish a major in Genomic Medicine under the Master of Science and Doctor of Philosophy degrees, effective November 9, 2006.

Abstract: As a consequence of advances in genomic medicine, future medical care will emphasize disease prevention and the delivery of personalized medicine. Future scientific advancements in medicine will require an interdisciplinary approach in which scientists from different disciplines work together to solve biological problems. According to the Centers for Disease Control, genomic medicine is the identification of genes followed by the development of diagnostics or genetic tests that lead to the development of individualized preventive medicine and individualized drug treatments that incorporate targeted behavioral modification and medical screenings.

Need: An initiative of the biomedical sciences and the National Institutes of Health (“NIH”) is the development of integrated research teams to advance scientific endeavors. The Howard Hughes Medical Institute has partnered with NIH to award \$10 million in funding to promote interdisciplinary biomedical education programs with an emphasis on genomics and computational biology.

Objectives: The graduate program in Genomic Medicine will train students at the interface of several disciplines to prepare for the challenges of modern biology and medicine. Students will develop and apply technologies to answer complex biological problems. The integrated curriculum will ensure that students have the breadth of knowledge necessary to create new knowledge and compete for positions in biomedical research in universities, medical schools, government agencies, and industry.

Curriculum: MCG’s Center for Biotechnology and Genomic Medicine (the “Center”) will support the program and promote interdisciplinary research in translational medicine. The Center integrates both technological and biological disciplines to support scientific exploration in genetics, genomics, proteomics, bioinformatics, biostatistics, computational biology, autoimmunity, stem cell biology, cancer biology, and molecular immunology. The programs will be supported with inter-institutional faculty from the Department of Medicine, Department of Neurology, Department of Pediatrics, Department of Biostatistics, Sickle Cell Center, Georgia Prevention Institute, and Center for Biotechnology and Genomic Medicine.

The administrative infrastructure of the program will be housed in the Center. The doctoral program includes formal coursework, original research, comprehensive examinations, and academic work leading to a doctoral dissertation. A master’s degree is included with the proposal as an alternative for those students who matriculate through the coursework but are unable to finish the doctoral

program.

Projected Enrollment: The institution anticipates enrollments of 5, 10, and 15 during the first three years of the program.

Funding: The program has been developed with new and existing courses. President Rahn has provided reverification that funding for the program is available at the institution.

Assessment: This program will be reviewed after three years using the existing Comprehensive Program Review process. An external review will take place at the end of the fifth year of implementation.

3. Establishment of an External Master of Business Administration on a Three-Year Pilot Basis by Kennesaw State University Offered at Cobb Galleria Center

Approved: The Board approved the request of President Daniel S. Papp that Kennesaw State University (“KSU”) be authorized to establish an external Master of Business Administration (“M.B.A.”) on a three-year pilot basis at Cobb Galleria Center (the “Galleria”), effective January 1, 2007.

Abstract: KSU sought approval to offer its existing M.B.A. at the Cobb Galleria Center located in south Cobb County.

KSU plans to offer its M.B.A. at the Institute of Nuclear Power Operations (“INPO”) building of the Galleria. KSU has been offering courses in the INPO building as a pilot project at the request of INPO and other corporations in the south Cobb area. Companies headquartered close to the Galleria, such as GE Energy, Genuine Parts, Coca-Cola Enterprises, Home Depot, and others, have encouraged KSU to offer the entire M.B.A. at this location. Currently four to six courses are offered per semester in the space that is made available through INPO.

Curriculum: The external M.B.A. will be governed by the same requirements and policies as the on-campus administration of the program.

Projected Enrollment: The institution anticipates enrollments of 100, 150, and 200 during the first three years of the program at the Galleria. Full implementation of the program is projected to occur spring 2007.

Funding: President Papp has provided reverification that funding for the program is available at the institution.

Assessment: This program will be reviewed after three years using the existing Comprehensive Program Review process. An external review will take place at the end of the fifth year of implementation.

4. Establishment of an External Bachelor of Applied Science with a Major in Technology Management by Albany State University Offered Fully at a Distance via the Internet

Approved: The Board approved the request of President Everette J. Freeman that Albany State University (“ALSU”) be authorized to establish an external Bachelor of Applied Science with a major in Technology Management, effective November 9, 2006.

Abstract: ALSU sought approval to offer the former WebBAS™ as the sole institution via distance education technologies. The program will not use the aforementioned trademark, but rather, will simply be referred to as an external Bachelor of Applied Science with a major in Technology Management. ALSU has been an active partnering institution in the development, establishment, and implementation of offering the Bachelor of Applied Science in a consortial arrangement. After deactivation of the WebBAS™, ALSU developed all required Area F and upper-division courses for this program. Areas A through E courses will be available through the University System’s eCore™ program. ALSU has the faculty, infrastructure, and administrative resources to offer the program fully at a distance via the Internet.

Projected Enrollment: The institution anticipates enrollments of 10, 15, and 20 during the first three years of the program. In addition to working professionals, the program will target graduates of accredited two-year technical colleges.

Funding: President Freeman has provided reverification that funding for the program is available at the institution.

Assessment: This program will be reviewed after three years using the existing Comprehensive Program Review process. An external review will take place at the end of the fifth year of implementation.

5. Establishment of an External Associate of Science in Nursing by North Georgia College & State University at Lanier Technical College

Approved: The Board approved the request of President David L. Potter that North Georgia College & State University (“NGCSU”) be authorized to establish an external Associate of Science in Nursing at Lanier Technical College, effective November 9, 2006.

Abstract: NGCSU sought approval to offer its existing Associate of Science in Nursing at an off-campus site. To that end, NGCSU requests approval to move the Associate of Science in Nursing program from North Metro Technical College in Acworth, Georgia, where it has been since 2005, to Lanier Technical College in Cumming, Georgia. The second-year cohort will continue studies at North Metro Technical College for the academic year, and upon its graduation in spring 2007, the program will no longer be offered at the Acworth site.

The parameters for the program are such that it meets a documented need within the Cumming community. A student will be able to complete the entire program on the campus of Lanier Technical College. However, students will be provided the option to mix on-campus courses with

those offered at a distance. The admissions process remains the same and tuition and fees mirror those required for students who matriculate through the program on the NGCSU campus. It is projected that the external degree program will be operational a total of three years on the campus of Lanier Technical College.

Projected Enrollment: The institution anticipates enrollments of 40, 40, and 80 during the first three years of the program.

Funding: President Potter has provided reverification that funding for the program is available at the institution.

Assessment: This program will be reviewed after three years using the existing Comprehensive Program Review process. An external review will take place at the end of the fifth year of implementation.

6. Establishment of a Major in International Affairs under the Existing Bachelor of Arts, North Georgia College & State University

Approved: The Board approved the request of President David L. Potter that North Georgia College & State University (“NGCSU”) be authorized to establish a major in International Affairs under the existing Bachelor of Arts degree, effective November 9, 2006.

Abstract: NGCSU sought approval to establish a major in International Affairs under the existing Bachelor of Arts degree. Establishment of the major would further the mission of the institution and provide a strategic fit in terms of campus future growth. The International Affairs major meets the global leadership development needs of both the military and civilian student populations at NGCSU by providing students with an understanding of the complexities of world politics. The program is geared toward providing students with specialization in an area of international politics. NGCSU currently offers a concentration in International Affairs.

Need: At NGCSU, recent directives and a renewed emphasis on the leadership aspect of the institutional mission have stressed the need to develop global perspectives and international leaders. These emphases have been reinforced by new directives from the Department of Defense that specifically cited International Affairs as a desired field of study for future military leaders. World events continue to dictate the need for increased education in international politics. NGCSU seeks to prepare graduates with an understanding of the political and strategic directions of a global world.

Objectives: Through promotion of the concept of globalization and an understanding of such concepts as a “world village,” future graduates will attain the skills and knowledge necessary to develop policy recommendations and make decisions in international environments.

Curriculum: The 120-semester-hour program will be housed within the School of Business and Government and administered by the Department of Political Science and Criminal Justice. The proposed major consists of a series of required courses that lay the foundation for an understanding of the field. Students will then specialize in a specific region of the world by choosing from a

number of course options in political science, history, or a foreign language. Regional emphasis areas that further shape the program require study of Europe, Asia, or Latin America. As part of the program, students will be required to perform an internship outside the United States or with an international company or agency. Specific courses required in the major include Comparative Government, Comparative Security Issues, International Political Economy, International Organization, International Relations Theory, and an International Affairs Capstone Seminar. The major courses enable students to gain a thematic perspective of international affairs.

Projected Enrollment: The institution anticipates enrollments of 20, 30, and 40 during the first three years of the program.

Funding: The program has been developed with new and existing courses. The institution anticipates that no appreciable costs will be incurred through the establishment of the new program. President Potter has provided reverification that funding for the program is available at the institution.

Assessment: This program will be reviewed after three years using the existing Comprehensive Program Review process. An external review will take place at the end of the fifth year of implementation.

7. **Administrative and Academic Appointments and Personnel Actions, Various System Institutions**

Approved: The administrative and academic appointments were reviewed by the Chair of the Committee on Academic Affairs and approved by the Board. The full list of approved appointments is on file with the Office of Faculty Affairs in the Office of Academics and Fiscal Affairs.

8. **Establishment of the Richard and Susan Lenny Distinguished Chair in Marketing, Georgia State University**

Approved: The Board approved the request of President Carl V. Patton that Georgia State University (“GSU”) be authorized to establish the Richard and Susan Lenny Distinguished Chair in Marketing, effective November 9, 2006.

Abstract: GSU sought approval to establish the Richard and Susan Lenny Distinguished Chair in Marketing in the J. Mack Robinson College of Business.

Through the philanthropy of Richard and Susan Lenny, an endowment fund with the Georgia State University Foundation, Inc. has been established. The endowed fund has a current balance of \$783,791. In addition, the J. Mack Robinson College of Business has designated \$250,000 from a previous gift from J. Mack Robinson in a matching endowment fund. The two endowed accounts are invested with other funds and will provide income to support the chair. The value of the endowments together is above \$1,000,000 and is sufficient to establish the special faculty position of distinguished chair.

The Richard and Susan Lenny Distinguished Chair in Marketing will provide leadership in one or more of the following areas: advertising, channels of distribution, product development and management, marketing research, retailing, international marketing, consumer behavior, personal selling and sales management, and business-to-business marketing.

Biosketch: Richard and Susan Lenny are active proponents of the study and advancement of marketing. Richard Lenny graduated magna cum laude from GSU in 1974, with a major in marketing. He later earned a Master of Business Administration from Northwestern University's J. L. Kellogg Graduate School of Management.

Mr. Lenny worked for Kraft Foods, Inc. for 18 years, holding several senior marketing and sales positions. Afterwards, he became President of Pillsbury, North America, and in 1998, he joined Nabisco as President of Nabisco Biscuit Company. In 2000, when Kraft acquired Nabisco, Mr. Lenny became Group Vice President of Kraft Foods and President of Nabisco Biscuit and Snacks. He joined The Hershey Company in 2001 and is currently Chairman, President, and Chief Executive Officer.

Mr. Lenny is Chairman of the Board and of the Executive Committee of the Grocery Manufacturers of America. In addition, Mr. Lenny serves on several boards, including the McDonald's Corporation, Hershey Trust Company, Milton Hershey School, National Multiple Sclerosis Society (Central Pennsylvania Chapter), Northwestern's Kellogg Graduate School of Management, and the Georgia State University Foundation Board. In 2005, he was awarded the Distinguished Alumni Achievement Award by the Georgia State University Alumni Association.

9. Reconfiguration of Existing Bachelor of Music Programs to Establish a Bachelor of Music with a Major in Music – General, Clayton State University

Approved: The Board approved the request of President Thomas K. Harden that Clayton State University ("CLSU") be authorized to reconfigure existing Bachelor of Music programs to establish a Bachelor of Music with a major in Music – General, effective November 9, 2006.

Abstract: CLSU sought to reconfigure existing majors offered under the Bachelor of Music degree to establish one program, a Bachelor of Music with a major in Music – General. The institution will deactivate existing majors in Music Composition, Music Performance, and Music Education.

The reconfiguration was requested in order to merge three majors into one comprehensive major that applies to students who seek a degree in the arts. The reconfiguration of existing majors will enable CLSU to solidify resources under one degree and enable students and faculty to maintain and enhance the growth of one major. In addition, the change will eliminate majors with below threshold graduates but will provide students with an opportunity to focus their major into a specific professional area.

The new major will have a common core of courses and offer three areas of concentration. The areas of concentration will reflect the collapsed majors: Performance, Composition, and Music Education. Students earning the major in Music – General will complete the common core of courses and

complete one of the areas of concentration. The resultant degree does not require the addition or deletion of courses from CLSU's existing course inventory.

10. Information Item: Service Agreements

Pursuant to authority granted by the Board at its meeting on February 7 and 8, 1984, the presidents of the listed institutions have executed service agreements with the indicated agencies for the purposes and periods designated, with the institutions to receive payment as indicated:

Georgia State University

Governor's Office of Customer Service Develop pilot customer satisfaction survey	8/28/06 – 9/1/07	\$107,800
Georgia Department of Human Resources Develop Healthy Grandparents Project to ensure safety, permanency, and child and family well-being	10/1/06 - 9/15/07	\$150,000
Georgia Department of Human Resources Conduct child welfare training to prepare students to work with diverse populations and communities	8/16/06 – 8/15/07	\$626,685
Georgia Administrative Office of the Courts Generate a model assessment tool for determining the economic benefits of local sporting and cultural events	8/1/06 – 10/31/06	\$23,714
Georgia Technology Authority Develop and pre-test items to be used for annual individual interviews with Governor's Office staff and state agency heads	10/1/06 – 6/30/07	\$133,279
Georgia Department of Human Resources Develop Professional Excellence Training Program in the Office of Child Protection	10/1/06 – 9/30/07	\$1,519,427

University of Georgia

Georgia Commodity Commission for Peanuts Evaluate crop response to long-term conservation tillage and monitor changes in soil organic carbon, infiltration, and nutrient cycling	7/1/06 – 6/30/07	\$7,000
Georgia Department of Agriculture Safeguard nation's food and environmental security from exotic pests that threaten our production and ecological systems	1/1/06 – 12/31/06	\$63,840
Georgia Department of Early Care and Learning Coordinate and provide services for four-year-old children and their families served by Georgia's Pre-Kindergarten Program	7/1/06 – 6/30/07	\$70,710
Georgia Department of Education Fund a director of the Reading First project, which will have extensive knowledge in the identification of reading disorders and appropriate reading methods for students with disabilities in grades kindergarten through 12	9/1/06 – 8/31/06	\$51,783

Georgia Department of Human Resources Work with Division of Public Health and local public health districts, hospital community organizations, emergency medical services providers, etc. to advance emergency preparedness through the development, design, coordination, facilitation, and evaluation of a series of exercise cycles that comply with Georgia's existing exercise program and federal standards	7/15/06 – 8/15/06	\$304,000
Georgia Department of Human Resources Work collaboratively with the Department of Family and Children Services in conducting training programs for family independence case managers, Medicaid eligibility specialists, and program assistants	7/1/06 - 6/30/07	\$1,306,329
Georgia Department of Human Resources Provide training and orientation sessions for mental health, development disabilities, and addictive diseases	6/30/06 – 6/30/07	\$2,014,645
Georgia Department of Natural Resources Facilitate meetings of the community docks and marinas stakeholder group of up to 25 in a series of six to seven intensive single-day meetings	7/1/06 – 2/28/07	\$47,500
Georgia Department of Transportation Provide services for the Rock Hawk Effigy, which includes design of a viewing tower and interpretive center with restroom facilities, the development of content/materials to be incorporated into the interpretive center, and the design and layout of utilities of the interpretive center	10/1/05 – 12/31/07	\$32,000
Georgia World Congress Center Authority Study and assess the impact of Georgia World Congress Center in 2006 and deliver a report with the new data	7/1/06 – 6/30/07	\$12,000

TOTAL AMOUNT – NOVEMBER 2006	\$ 6,470,712
TOTAL AMOUNT FY 2007 TO DATE	\$17,194,379
TOTAL AMOUNT FY 2006 TO NOVEMBER	\$12,142,080
TOTAL AMOUNT FY 2006	\$33,452,938

11. Information Item: Alternative Means of Earning College Credit upon Admission

The Interim Chief Academic Officer and Executive Vice Chancellor for Academic Affairs, Beheruz N. Sethna, moderated a panel discussion for the Committee on Academic Affairs concerning alternative means of earning college credit upon admission. The panel presentations provided Committee members with an overview of the various means by which students are awarded college credit through successful examination outcomes that test proficiency and advanced standing. The awarding of college credit is made on an institutional basis.

The Vice Chancellor for Academic Planning and Programs, Frank A. Butler, presented an overview

that offered an abbreviated list of possibilities for this type of credit. This list included joint enrollment, dual enrollment, early college, the math and science academies at the University of West Georgia and Middle Georgia College, portfolio assessment, Advanced Placement tests (“AP”), International Baccalaureate tests (“IB”), College Level Examination Program tests (“CLEP”), DANTES Subject Standardized Tests (“DDST”), and other specialized tests.

Mr. Jason Buelterman, an IB teacher at Johnson High School, presented a case for block credit. He advocated 24 credit hours to be awarded by System institutions for the completion of the IB program from IB high schools. He pointed out the award of block credit would represent an incentive for students to complete the senior year under the IB program. He suggested that some students are leaving the IB program in the last year because the requirements of the IB senior year are more extensive than those required for other diplomas.

The Vice President for Academic Affairs at Valdosta State University, Dr. Louis Levy, discussed the complex nature of how test credit is evaluated and used at System institutions. He described reasons why “cut scores” for various AP tests might vary for different System institutions.

The Provost at the University of Georgia (“UGA”), Dr. Arnett Mace, spoke against the concept of block credit for the IB program at UGA. He cited the complex nature of admissions and placement decisions at UGA that would not be well served by block credit.

There was discussion among Committee members about the various topics presented by the panel. They made no decisions or recommendations.

12. Revised Institutional Statutes, Georgia Highlands College

Approved: The Board approved the request of President John Randolph Pierce that Georgia Highlands College (“GHC”) be authorized to establish its revised institutional statutes, effective November 9, 2006.

Walk-on: This item was added by unanimous consent as a walk-on item to the Committee’s agenda.

Abstract: GHC has engaged in a process to review and revise its institutional statutes. The revision follows the institutional governance structure, organization, and committees and councils of the institution. Revised sections of the statutes were approved by the faculty and staff of GHC.

The statutes have been reviewed by the Office of Legal Affairs and the Office of Academic Affairs. The statutes were found to be in compliance with Board of Regents policies. The revised statutes will remain on file in the Office of Academic Affairs.

COMMITTEE ON FINANCE AND BUSINESS OPERATIONS

The Committee on Finance and Business Operations met on Wednesday, November 8, 2006, at approximately 2:25 p.m. in the Board Room. Committee members in attendance were Chair Robert F. Hatcher, Vice Chair Hugh A. Carter, Jr., and Regents Michael J. Coles, Julie Ewing Hunt, Felton Jenkins, Donald M. Leebern, Jr., Benjamin J. Tarbuton III, and Richard L. Tucker. The Chair of the Board, Allan Vigil, was also in attendance. Chair Hatcher reported to the Board on Wednesday that the Committee had reviewed four items, three of which required action. With motion properly made, seconded, and unanimously adopted, the Board approved and authorized the following:

1. Approval of Health Maintenance Organization Healthcare Plan Premiums for Plan Year 2007

Approved: The Board approved the health maintenance organization (“HMO”) healthcare plan premiums for the University System of Georgia for plan year 2007 as presented. The Board of Regents has HMO contracts with Kaiser Permanente (“Kaiser”) and with Blue Cross Blue Shield of Georgia (“BCBS”). The HMO contract extensions will be for the period of January 1, 2007, through December 31, 2007.

Background: As of June 30, 2006, there were approximately 11,594 HMO contracts in the University System of Georgia. This represents approximately 26% of all healthcare plan contracts for the University System of Georgia for plan year 2006. For plan year 2006, Kaiser has 2,958 contracts and BCBS has 8,636 contracts. Our HMO’s are fully insured healthcare plan options. There will be no plan design changes for the Kaiser HMO or for the BCBS HMO for plan year 2007.

The current cost share for healthcare plan premiums is 25% employee/75% employer. Beginning with plan year 2004, the Board of Regents adopted a four-tier premium structure for each available healthcare plan option. The four premium tiers are as follows: 1) “employee only,” 2) “employee + child,” 3) “employee + spouse,” and 4) family.

The Kaiser HMO will have a 12.5% premium increase for active employees effective January 1, 2007. For plan year 2007, this means that an “employee only” Kaiser HMO participant will pay \$9.04 more per month than he/she paid for plan year 2006. An “employee + child” participant will pay \$16.26 more per month than he/she paid for plan year 2006. An “employee + spouse” participant will pay \$18.96 more per month than he/she paid for plan year 2006. A “family” participant will pay \$26.20 more per month than he/she paid for plan year 2006.

When Kaiser presented its plan year 2006 Medicare premiums to the Board of Regents, it had to do so prior to receiving written confirmation from the Centers for Medicare and Medicaid Services (“CMS”) regarding the amount of drug subsidies that it would receive. Subsequently, CMS advised that Kaiser’s Medicare Part D reimbursements would be less than Kaiser had estimated. Kaiser was notified by CMS after the Board of Regents had approved Kaiser’s proposed plan year 2006 retiree premium contributions. Kaiser and the University System Office agreed that the Medicare Part D drug subsidy revenue shortfall would be addressed during plan year 2007.

There will be an 18% premium increase for participants in the Kaiser HMO Medicare Senior Advantage plan effective January 1, 2007. A “retiree with Medicare” participant will pay \$11.00 more per month than he/she paid for plan year 2006. A “retiree + one, both with Medicare” participant will pay \$22.00 more per month than he/she paid for plan year 2006.

The BCBS HMO will have a 9.7% premium increase effective January 1, 2007. For plan year 2007, this means that an “employee only” BCBS HMO participant will pay \$6.34 more per month than he/she paid for plan year 2006. An “employee + child” participant will pay \$11.42 more per month than he/she paid for plan year 2006. An “employee + spouse” participant will pay \$13.32 more per month than he/she paid for plan year 2006. A “family” participant will pay \$18.38 more per month than he/she paid for plan year 2006.

2. **Approval of Preferred Provider Organization Healthcare Plan Premiums, Indemnity Medical Healthcare Plan Premiums, and Indemnity Dental Plan Premiums for Plan Year 2007**

Approved: The Board approved the preferred provider organization (“PPO”) healthcare plan premiums, the indemnity medical healthcare plan premiums, and the indemnity dental plan premiums for the University System of Georgia for plan year 2007 as presented.

Background: As of June 30, 2006, there were approximately 19,347 PPO healthcare plan contracts in the University System of Georgia. This represents approximately 43% of all healthcare plan contracts for the University System of Georgia for plan year 2006. As of June 30, 2006, there were approximately 13,855 indemnity healthcare plan contracts in the University System of Georgia. This represents approximately 31% of all healthcare plan contracts in the University System of Georgia.

As of June 30, 2006, there were approximately 24,882 indemnity dental plan contracts in the University System of Georgia. The indemnity dental plan is an “employee-pay-all” program.

Towers-Perrin was retained by the University System Office to conduct an actuarial review of the System’s PPO healthcare plan, indemnity medical plan, and indemnity dental plan. The PPO healthcare plan, the indemnity healthcare plan, and the indemnity dental plan are self-insured options. Based upon the findings and recommendations of the Towers-Perrin report, the following plan year 2007 recommendations were proposed for Board consideration and approval:

1. That there be a 12% increase in the premiums for the University System of Georgia PPO healthcare plan for plan year 2007;
2. That there be a 6% increase in the premiums for the University System of Georgia indemnity healthcare plan for plan year 2007; and
3. That there be no increase in the premiums for the University System of Georgia indemnity dental plan for plan year 2007.

The PPO healthcare plan option will have a 12% premium increase effective January 1, 2007. For plan year 2007, this means that an “employee only” PPO participant will pay \$9.84 more per month than he/she paid for plan year 2006. An “employee + child” participant will pay \$17.70 more per month than he/she paid for plan year 2006. An “employee + spouse” participant will pay \$20.66 more per month than he/she paid for plan year 2006. A “family” participant will pay \$28.54 more per month than he/she paid for plan year 2006. A “retiree with Medicare” participant will pay \$5.56 more per month than he/she paid for plan year 2006. A “retiree + one, both with Medicare” participant will pay \$11.12 more per month than he/she paid for plan year 2006.

The indemnity healthcare plan option will have a 6% premium increase effective January 1, 2007. For plan year 2007, this means that an “employee only” indemnity participant will pay \$7.28 more per month than he/she paid for plan year 2006. An “employee + child” participant will pay \$13.02 more per month than he/she paid for plan year 2006. An “employee + spouse” participant will pay \$15.20 more per month than he/she paid for plan year 2006. A “family” participant will pay \$20.98 more per month than he/she paid for plan year 2006. A “retiree with Medicare” participant will pay \$4.24 more per month than he/she paid for plan year 2006. A “retiree + one, both with Medicare” participant will pay \$8.48 more per month than he/she paid for plan year 2006.

There will be no increase in the premiums for the indemnity dental plan for plan year 2007.

3. Approval of the University System of Georgia Employer Contribution for Basic Life Insurance for Plan Year 2007

Approved: The Board approved the employer contribution for basic life insurance for plan year 2007 as presented.

Background: Cigna Group Insurance administers the life insurance program for the University System of Georgia. The University System of Georgia pays the entire premium for the basic life insurance program. Employee participation in the supplemental life insurance is voluntary, and the cost for such participation is borne entirely by the employee.

There will be no increase in basic life insurance premiums or in supplemental life insurance premiums for plan year 2007.

4. Information Item: First Quarter Revenue and Expenditure Report, Fiscal Year 2007

The Vice Chancellor for Fiscal Affairs, William R. Bowes, presented to the Committee the first quarter financial report for the University System of Georgia for the period ending December 31, 2006, which is on file with the Office of Fiscal Affairs. The report includes tables that compare actual and budgeted revenues and expenditures through December 31, 2006, for educational and general funds, auxiliary enterprise funds, and student activity funds.

This report was the first requiring institutions to develop quarterly budgets and to project year-end revenues and expenditures.

COMMITTEE ON INFORMATION AND INSTRUCTIONAL TECHNOLOGY

The Committee on Information and Instructional Technology met on Wednesday, November 8, 2006, at approximately 3:15 p.m. in the Seventh Floor Training Room, room 7059. Committee members in attendance were Chair W. Mansfield Jennings, Jr. and Regents James R. Jolly, Elridge W. McMillan, Willis J. Potts, Jr., and J. Timothy Shelnut. Chair Jennings reported to the full Board on Wednesday that the Committee had reviewed two items, neither of which required action. Those items were as follows:

1. Information Item: Update on the Office of Information and Instructional Technology

Changes are underway in the Office of Information and Instructional Technology (“OIIT”). Long-time Chief Information Officer and Vice Chancellor for Information and Instructional Technology, Randall A. Thursby, retired at the end of May 2006 and was replaced by Interim Vice Chancellor for Information and Instructional Technology, Thomas L. Maier.

Dr. Maier reviewed the current OIIT organizational structure, strategic principles, and architecture. He also discussed current efforts in the areas of consolidation of services, information security, major systems upgrades, and disaster recovery/business resumption. With regard to the latter, Dr. Maier gratefully acknowledged the efforts of Committee Chair Jennings and the support of Chancellor Davis for the installation of an emergency generator for OIIT’s Athens facility. Dr. Maier concluded with comments on future efforts, including an assessment of the OIIT organization and updates to its strategic plan and architecture.

2. Information Item: Technology in Support of Georgia Public Libraries: PINES and Evergreen

A statewide consortium of 252 public libraries in 123 counties, the Public Information Network for Electronic Services (“PINES”) offers Georgia citizens a shared catalog of more than 8 million items with a single library card that is welcomed in all member libraries. Now boasting more than 1.6 million registered cardholders, PINES is a national leader in library cooperation and resource-sharing.

On September 5, 2006, the Georgia Public Library Service made history by replacing a proprietary library automation system provided to PINES members with an internally developed application called Evergreen. Evergreen is open-source software, which means it is royalty-free, it is built from open sources products like Linux, and it is freely sharable either as is or after modifications have been made.

At this meeting, the Assistant Vice Chancellor for the Georgia Public Library Service and State Librarian, J. Lamar Veatch; the Deputy State Librarian, David W. Singleton; and the Assistant State Librarian for Information Technology, Julie W. Walker, discussed this groundbreaking effort, which has received national and international attention.

COMMITTEE ON ORGANIZATION AND LAW

The Committee on Organization and Law met on Wednesday, November 8, 2006, at approximately 2:15 p.m. in the Seventh Floor Training Room, room 7059. Committee members in attendance were Chair James R. Jolly, Vice Chair J. Timothy Shelnut, and Regents W. Mansfield Jennings, Jr., Elridge W. McMillan, Willis J. Potts, Jr., and Benjamin J. Tarbutton III. Chair Jolly reported to the Board on Wednesday that the Committee reviewed two items, both of which required action. Item 1 included five applications for review; two of these were denied, and three were continued for further discussion. In accordance with H.B. 278, Section 3 (amending O.C.G.A. § 50_14_4), an affidavit regarding this Executive Session is on file with the Chancellor's Office. Chair Jolly noted that the Committee requested that the Office of Legal Affairs propose a plan to strengthen administrative leadership to prevent recurring management errors. With motion properly made, seconded, and unanimously adopted, the Board approved and authorized the following:

1. Applications for Review

At approximately 2:25 p.m. on Wednesday, November 8, 2006, Chair James R. Jolly called for an Executive Session for the purpose of discussing personnel matters and academic records of students. With motion properly made and variously seconded, the Committee members who were present voted unanimously to go into Executive Session. Those Regents were as follows: Vice Chair J. Timothy Shelnut, and Regents W. Mansfield Jennings, Jr., Elridge W. McMillan, Willis J. Potts, Jr., and Benjamin J. Tarbutton III. Also in attendance were the Associate Vice Chancellor for Legal Affairs, Elizabeth E. Neely; the Assistant Vice Chancellor for Legal Affairs (Prevention), J. Burns Newsome; and the Senior Associate for Academic Affairs, Dorothy D. Zinsmeister. In accordance with O.C.G.A. § 50-14-4, an affidavit regarding this Executive Session is on file with the Chancellor's Office.

At approximately 2:50 p.m., Chair Jolly reconvened the Committee meeting in its regular session and announced that the following actions were taken in Executive Session:

- a. In the matter of Tracy Jackson at Albany State University concerning her termination, the application for review was continued for further review.
- b. In the matter of file no. 1878 at Columbus State University concerning conditions of the Nursing Program Exam at CSU, the application for review was continued for further review.
- c. In the matter of file no. 1879 at the University of Georgia concerning denial of a request to use RELI 1001 to satisfy the Franklin College's Multicultural Requirement, the application for review was denied.
- d. In the matter of Lawrence Simmons at Savannah State University concerning his termination, the application for review was continued for further review.
- e. In the matter of Sylvia Brown at South Georgia College concerning her termination, the

application for review was denied.

2. Revision of The Bylaws of the Board of Regents of the University System of Georgia

Approved: The Board approved revisions to The Bylaws of the Board of Regents of the University System of Georgia (the “Bylaws”) as modified.

Modified: Section III.2 of the Bylaws was modified slightly by the Committee.

Background: In order to reflect the addition of the thirty-fifth institution and other changes, it is necessary to update the Bylaws. This item was presented as an information item at the September and October Board meetings. Current Bylaws and proposed revisions were sent under separate cover for review in October. Thus, they were ready for Board action at this meeting.

COMMITTEE ON REAL ESTATE AND FACILITIES

The Committee on Real Estate and Facilities met on Wednesday, November 8, 2006, at approximately 2:45 p.m. in the Board Room. Committee members in attendance were Chair Richard L. Tucker, Vice Chair Julie Ewing Hunt, and Regents Hugh A. Carter, Jr., Michael J. Coles, Robert F. Hatcher, Felton Jenkins, Donald M. Leebern, Jr., and Benjamin J. Tarbuton III. Board Chair Allan Vigil was also in attendance. Chair Tucker reported to the Board on Wednesday that the Committee had reviewed 20 items, 18 of which required action. With motion properly made, seconded, and unanimously adopted, the Board approved and authorized the following:

1. Naming of Dorman Drive, Statesboro, Georgia Southern University

Approved: The Board approved the naming of a campus road at Georgia Southern University (“GSOU”) “Dorman Drive” in recognition of Mr. Alfred Dorman.

Understandings: Alfred Dorman’s interest in and involvement with GSOU spanned the decades of Georgia Normal School, South Georgia Teachers College, and Georgia Teachers College. He was a business and civic leader whose many contributions to the young campus helped build its foundation.

Mr. Dorman was a wholesale grocer with firms in six Georgia communities. He was President of the Georgia Wholesale Grocers Association and served on the board of directors of Sea Island Bank. He was a founding member of the Statesboro Rotary Club and served as its president. During the 1940s, Mr. Dorman was the Mayor of Statesboro, and cofounded the Highway 301 Association.

As early as 1928, Mr. Dorman opened his home to the faculty and students of the institution by inviting the college to barbeques in his backyard and to use his swimming pool, which was the only one in town. In 1936, he was the major local donor in a drive to buy instruments for the band, organized and directed by William Deal. Mr. Dorman helped plan a memorial and celebration of the noted chemist Dr. Charles Herty, who spent a year in the campus forest conducting research and developing the famous turpentine cup.

Mr. Dorman died in an automobile accident in 1955. On October 30, 1966, Governor Carl Sanders dedicated Dorman Hall, a dormitory for men, in honor of the late friend of the institution. For nearly 40 years, Dorman Hall was home to thousands of GSOU students.

In 2003, Dorman Hall was demolished. The president and faculty of GSOU recommend that the legacy of Alfred Dorman continue to be honored by naming a campus road Dorman Drive.

2. **Ground Lease and Rental Agreement, Student Housing Phase II, Barnesville, Gordon College**

Approved: The Board declared approximately 2.714 acres of real property on the campus of Gordon College (“GC”) no longer advantageously useful to GC or other units of the University System of Georgia but only to the extent and for the purpose of allowing this real property to be leased to Gordon College Properties Foundation II, LLC (the “LLC”) for the purpose of constructing and owning housing facilities, dining facilities, and site amenities.

The Board authorized the execution of a ground lease, including necessary access, use, and construction easements and encroachments, between the Board of Regents, Lessor, and the LLC, Lessee, for the above-referenced approximately 2.714 acres of real property on the campus of GC for a period not to exceed 32 years (not to exceed 30 years from the date the LLC obtains a certificate of occupancy and providing a construction period of not more than 2 years) with an option to renew for up to an additional 5 years should there be debt outstanding at the end of the original ground lease term, for the purpose of constructing and owning housing facilities containing approximately 405 student housing beds, dining facilities, and site amenities.

The Board authorized the execution of a rental agreement between the LLC, Landlord, and the Board of Regents, Tenant, for the above-referenced housing facilities, dining facilities, and site amenities for the period commencing on the first day of the first month after the LLC obtains a certificate of occupancy but not earlier than August 1, 2008, and ending the following June 30 at a monthly rent not to exceed \$85,000 (\$1,020,000 per year annualized) with options to renew on a year-to-year basis for up to 30 consecutive one-year periods (the total not to exceed 30 years from the commencement date) with rent increasing no more than 3% for each option period exercised.

Authorization to execute this rental agreement was delegated to the Vice Chancellor for Facilities.

The terms of these agreements are subject to review and legal approval of the Office of the Attorney General.

Understandings: In October 1997, the Board passed a student housing policy that requires the preparation of a comprehensive plan for student housing. GC has developed a comprehensive plan that is consistent with the policy.

In August 2006, the Vice Chancellor for Facilities, Linda M. Daniels, presented to the Committee on Real Estate and Facilities as an information item the need to obtain new student housing at GC

through a privatization process.

At the end of the term of the ground lease, the real property, all improvements, and any accumulated capital reserves will become the property of the Board of Regents.

3. Ground Leases and Rental Agreements for Georgia Perimeter College and Georgia Gwinnett College

Approved: The Board approved the following Items 3.a. through 3.h. for the use and benefit of Georgia Perimeter College (“GPC”) and Georgia Gwinnett College (“GGC”)

Understandings: In April 2006, the Board approved a student support fee (\$10 per credit hour, capped at \$120 per student) for GPC.

In April 2006, the Board approved a parking fee (\$100 per semester for full-time students and \$50 per semester for part-time students taking six credit hours or less) for GGC. The parking fee will also be charged to non-GGC students taking courses on the GGC campus.

In August 2006, the Vice Chancellor for Facilities, Linda M. Daniels, presented to the Committee on Real Estate and Facilities as an information item the need to obtain new parking decks and student support facilities on the campuses of GPC and GGC through a privatization process.

The ground lease and rental agreement, as applicable, for each individual transaction will be entered into when design is complete for each individual transaction.

The rental agreement, as applicable, for each individual GPC transaction will be entered into commencing on the first day of the first month after the respective LLC obtains a certificate of occupancy for each individual transaction at no rent until all the LLC’s obtain certificates of occupancy for all GPC transactions, at which time the rent payment specified in each individual transaction will commence.

At the end of the terms of each of the ground leases, the real property, all improvements, and any accumulated capital reserves will become the property of the Board of Regents.

3.a. Ground Lease and Rental Agreement for Parking Deck, Dunwoody Campus, Georgia Perimeter College

Approved: The Board declared approximately 2.83 acres of real property on the Dunwoody Campus of Georgia Perimeter College (“GPC”) no longer advantageously useful to GPC or other units of the University System of Georgia but only to the extent and for the purpose of allowing this real property to be leased to GPC Real Estate Student Support I, LLC (the “LLC”) for the purpose of constructing and owning a parking deck.

The Board authorized the execution of a ground lease, including necessary access, use, and construction easements and encroachments, between the Board of Regents, Lessor, and the LLC,

Lessee, for the above-referenced approximately 2.83 acres of real property on the Dunwoody Campus of GPC for a period ending June 30, 2035 (including a construction period of not more than one year), with an option to renew for up to an additional five years should there be debt outstanding at the end of the original ground lease term for the purpose of constructing and owning a parking deck containing approximately 500 spaces.

The Board authorized the execution of a rental agreement between the LLC, Landlord, and the Board of Regents, Tenant, for a parking deck containing approximately 500 spaces commencing on the first day of the first month after the LLC obtains a certificate of occupancy for the parking deck but not earlier than August 1, 2007, and ending November 30, 2009, at no rent with the option to renew for the period December 1, 2009, through June 30, 2010, at a monthly rent not to exceed \$43,700 (\$524,400 per year annualized) with further options to renew on a year-to-year basis for up to 25 consecutive one-year periods (the last such period ending no later than June 30, 2035) with rent increasing no more than 3% for each option period exercised.

Authorization to execute this rental agreement was delegated to the Vice Chancellor for Facilities.

The terms of these agreements are subject to review and legal approval of the Office of the Attorney General.

Understandings: This parking deck on the Dunwoody Campus will provide 500 parking spaces, in accordance with the campus master plan which indicates there is no appropriate area for additional surface parking lots.

3.b. Ground Lease and Rental Agreement for Parking Deck, Georgia Gwinnett College

Approved: The Board declared approximately 5.6 acres of real property on the campus of Georgia Gwinnett College (“GGC”) no longer advantageously useful to GGC or other units of the University System of Georgia but only to the extent and for the purpose of allowing this real property to be leased to GGC Real Estate Parking I, LLC (the “LLC”) for the purpose of constructing and owning a parking deck.

The Board authorized the execution of a ground lease, including necessary access, use, and construction easements and encroachments, between the Board of Regents, Lessor, and the LLC, Lessee, for the above-referenced approximately 5.6 acres of real property on the campus of GGC for a period not to exceed 30 years (not to exceed 28 years from the date the LLC obtains a certificate of occupancy, preceded by a construction period of not more than two years) with an option to renew for up to an additional five years should there be debt outstanding at the end of the original ground lease term for the purpose of constructing and owning a parking deck containing approximately 750 spaces.

The Board authorized the execution of a rental agreement between the LLC, Landlord, and the Board of Regents, Tenant, for a parking deck containing approximately 750 spaces commencing on the first day of the first month after the LLC obtains a certificate of occupancy for the parking deck but not earlier than January 1, 2008, and ending the following June 30 at a monthly rent not to exceed

\$79,800 (\$957,600 per year annualized) with options to renew on a year-to-year basis for up to 25 consecutive one-year periods (the total not to exceed 25 years from the commencement date) with rent increasing no more than 3% for each option period exercised.

Authorization to execute this rental agreement was delegated to the Vice Chancellor for Facilities.

The terms of these agreements are subject to review and legal approval of the Office of the Attorney General.

Understandings: This parking deck will be the first of three structured parking facilities planned for the GGC campus to relieve the existing shortage of parking to serve the current enrollment.

3.c. Ground Lease and Rental Agreement for Parking Deck, Clarkston Campus, Georgia Perimeter College

Approved: The Board declared approximately 5.20 acres of real property on the Clarkston Campus of Georgia Perimeter College (“GPC”) no longer advantageously useful to GPC or other units of the University System of Georgia but only to the extent and for the purpose of allowing this real property to be leased to GPC Real Estate Student Support I, LLC (the “LLC”) for the purpose of constructing and owning a parking deck.

The Board authorized the execution of a ground lease, including necessary access, use, and construction easements and encroachments, between the Board of Regents, Lessor, and the LLC, Lessee, for the above-referenced approximately 5.20 acres of real property on the Clarkston Campus of GPC for a period ending June 30, 2035 (including a construction period of not more than two years), with an option to renew for up to an additional five years should there be debt outstanding at the end of the original ground lease term for the purpose of constructing and owning a parking deck containing approximately 500 spaces.

The Board authorized the execution of a rental agreement between the LLC, Landlord, and the Board of Regents, Tenant, for a parking deck containing approximately 500 spaces commencing on the first day of the first month after the LLC obtains a certificate of occupancy for the parking deck but not earlier than August 1, 2008, and ending November 30, 2009, at no rent with the option to renew for the period December 1, 2009, through June 30, 2010, at a monthly rent not to exceed \$42,900 (\$514,800 per year annualized) with further options to renew on a year-to-year basis for up to 25 consecutive one-year periods (the last such period ending no later than June 30, 2035) with rent increasing no more than 3% for each option period exercised.

Authorization to execute this rental agreement was delegated to the Vice Chancellor for Facilities.

The terms of these agreements are subject to review and legal approval of the Office of the Attorney General.

Understandings: This parking deck on the Clarkston Campus will provide approximately 500 parking spaces, in accordance with the campus master plan.

3.d. Ground Lease and Rental Agreement for Student Success Center, Decatur Campus, Georgia Perimeter College

Approved: The Board declared approximately 1.32 acres of real property on the Decatur Campus of Georgia Perimeter College (“GPC”) no longer advantageously useful to GPC or other units of the University System of Georgia but only to the extent and for the purpose of allowing this real property to be leased to GPC Real Estate Student Support I, LLC (the “LLC”) for the purpose of constructing and owning a student success center.

The Board authorized the execution of a ground lease, including necessary access, use, and construction easements and encroachments, between the Board of Regents, Lessor, and the LLC, Lessee, for the above-referenced approximately 1.32 acres of real property on the Decatur Campus of GPC for a period ending June 30, 2035 (including a construction period of not more than three years), with an option to renew for up to an additional five years should there be debt outstanding at the end of the original ground lease term for the purpose of constructing and owning a student success center containing approximately 31,000 square feet.

The Board authorized the execution of a rental agreement between the LLC, Landlord, and the Board of Regents, Tenant, for a student success center containing approximately 31,000 square feet commencing on the first day of the first month after the LLC obtains a certificate of occupancy for the student success center but not earlier than January 1, 2009, and ending November 30, 2009, at no rent with the option to renew for the period December 1, 2009, through June 30, 2010, at a monthly rent not to exceed \$45,000 (\$540,000 per year annualized) with further options to renew on a year-to-year basis for up to 25 consecutive one-year periods (the last such period ending no later than June 30, 2035) with rent increasing no more than 3% for each option period exercised.

Authorization to execute this rental agreement was delegated to the Vice Chancellor for Facilities.

The terms of these agreements are subject to review and legal approval of the Office of the Attorney General.

Understandings: The Student Success Center will consolidate student support programs, including Instructional Student Support Labs, Open Computer Lab, Student Testing Services, Student Meeting Rooms, and Bookstore, that are currently located throughout the campus.

3.e. Rental Agreement for Student Learning Center, Newton Campus, Georgia Perimeter College

Approved: The Board authorized the execution of a rental agreement between GPC Real Estate Student Support I, LLC (the “LLC”), Landlord, and the Board of Regents (“BOR”), Tenant, for a student learning center containing approximately 42,000 square feet on the Newton Campus of Georgia Perimeter College (“GPC”) for the period commencing on the first day of the first month after the LLC obtains a certificate of occupancy for the Student Learning Center but not earlier than February 1, 2009, and ending November 30, 2009, at no rent with the option to renew for the period

December 1, 2009, through June 30, 2010, at a monthly rent not to exceed \$63,000 (\$756,000 per year annualized) with further options to renew on a year-to-year basis for up to 25 consecutive one-year periods (the last such period ending no later than June 30, 2035) with rent increasing no more than 3% for each option period exercised.

Authorization to execute this rental agreement was delegated to the Vice Chancellor for Facilities.

The terms of this agreement are subject to review and legal approval of the Office of the Attorney General.

Understandings: In February 2005, the Board approved the development of the Newton County Campus, GPC. In November 2005, the Board approved renting an academic building and related parking. To accommodate the Student Learning Center, 2.085 acres previously rented for green space and parking will be relinquished. This rental agreement will provide an approximately 42,000-square-foot Student Learning Center, containing library services, instructional support labs, open computer lab, student services suites, and support spaces.

It is the intent of the LLC to donate the real property, all improvements, and any accumulated capital reserves to the Board of Regents no later than June 30, 2035.

3.f. Ground Lease and Rental Agreements for International Center, Clarkston Campus, Georgia Perimeter College

Approved: The Board declared approximately 1.34 acres of improved real property on the Clarkston Campus of Georgia Perimeter College (“GPC”) no longer advantageously useful to GPC or other units of the University System of Georgia but only to the extent and for the purpose of allowing this improved real property to be leased to GPC Real Estate Student Support I, LLC (the “LLC”) for the purpose of renovating and owning an International Center.

The Board authorized the execution of a ground lease, including necessary access, use, and construction easements and encroachments, between the Board of Regents, Lessor, and the LLC, Lessee, for the above-referenced approximately 1.34 acres of improved real property on the Clarkston Campus of GPC for a period ending June 30, 2035 (including a construction period of not more than two years), with an option to renew for up to an additional five years should there be debt outstanding at the end of the original ground lease term, for the purpose of renovating and owning an International Center containing approximately 17,000 square feet.

The Board authorized the execution of a rental agreement between the LLC, Landlord, and the Board of Regents, Tenant, for the International Center containing approximately 17,000 square feet commencing on the first day of the first month after the LLC obtains a certificate of occupancy for the initial phase of renovation for this facility but not earlier than January 1, 2008, and ending on the issuance of a certificate of occupancy for the Student Success Center at the Clarkston Campus of GPC at no rent.

The Board authorized the execution of a rental agreement between the LLC, Landlord, and the Board of Regents, Tenant, for the International Center containing approximately 17,000 square feet commencing on the first day of the first month after the LLC obtains a certificate of occupancy for the International Center but not earlier than November 1, 2009, and ending November 30, 2009, at no rent with the option to renew for the period December 1, 2009, through June 30, 2010, at a monthly rent not to exceed \$15,000 (\$180,000 per year annualized) with further options to renew on a year-to-year basis for up to 25 consecutive one-year periods (the last such period ending no later than June 30, 2035) with rent increasing no more than 3% for each option period exercised.

Authorization to execute these rental agreements was delegated to the Vice Chancellor for Facilities.

The terms of these agreements are subject to review and legal approval of the Office of the Attorney General.

Understandings: The International Center will colocate all existing language and cultural programs into one facility by renovating Building A on the Clarkston Campus. This project will be a phased renovation in conjunction with the renovation of Building B to a Student Success Center. Building A will be partially renovated to create classrooms space in order to allow the renovation of Building B. Upon completion of renovation of Building B, Building A will be modified to create the International Center.

3.g. Ground Lease and Rental Agreement for Student Success Center, Dunwoody Campus, Georgia Perimeter College

Approved: The Board declared approximately 1.45 acres of improved real property on the Dunwoody Campus of Georgia Perimeter College (“GPC”) no longer advantageously useful to GPC or other units of the University System of Georgia but only to the extent and for the purpose of allowing this real property to be leased to GPC Real Estate Student Support I, LLC (the “LLC”) for the purpose of renovating and owning a Student Success Center.

The Board authorized the execution of a ground lease, including necessary access, use, and construction easements and encroachments, between the Board of Regents, Lessor, and the LLC, Lessee, for the above-referenced approximately 1.45 acres of improved real property on the Dunwoody Campus of GPC for a period ending June 30, 2035 (including a construction period of not more than three years), with an option to renew for up to an additional five years should there be debt outstanding at the end of the original ground lease term for the purpose of renovating and owning a student success center containing approximately 60,000 square feet.

The Board authorized the execution of a rental agreement between the LLC, Landlord, and the Board of Regents, Tenant, for a Student Success Center containing approximately 60,000 square feet commencing on the first day of the first month after the LLC obtains a certificate of occupancy for the student success center but not earlier than December 1, 2009, and ending June 30, 2010, at a monthly rent not to exceed \$33,308 (\$363,700 per year annualized) with options to renew on a year-to-year basis for up to 25 consecutive one-year periods (the last such period ending no later than June 30, 2035) with rent increasing no more than 3% for each option period exercised.

Authorization to execute this rental agreement was delegated to the Vice Chancellor for Facilities.

The terms of these agreements are subject to review and legal approval of the Office of the Attorney General.

Understandings: This renovation will modernize the facility to serve the needs of current students, and will include upgrades to the major building systems.

3.h. Ground Lease and Rental Agreement for Student Success Center, Clarkston Campus, Georgia Perimeter College

Approved: The Board declared approximately 0.90 acre of improved real property on the Clarkston Campus of Georgia Perimeter College (“GPC”) no longer advantageously useful to GPC or other units of the University System of Georgia but only to the extent and for the purpose of allowing this improved real property to be leased to GPC Real Estate Student Support I, LLC (the “LLC”) for the purpose of renovating and owning a Student Success Center.

The Board authorized the execution of a ground lease, including necessary access, use, and construction easements and encroachments, between the Board of Regents, Lessor, and the LLC, Lessee, for the above-referenced approximately 0.90 acre of improved real property on the Clarkston Campus of GPC for a period ending June 30, 2035 (including a construction period of not more than three years), with an option to renew for up to an additional five years should there be debt outstanding at the end of the original ground lease term for the purpose of renovating and owning a student success center containing approximately 36,200 square feet.

The Board authorized the execution of a rental agreement between the Company, Landlord, and the Board of Regents, Tenant, for a Student Success Center containing approximately 36,200 square feet commencing on the first day of the first month after the LLC obtains a certificate of occupancy for the student success center but not earlier than December 1, 2009, and ending June 30, 2010, at a monthly rent not to exceed \$30,300 (\$563,600 per year annualized) with options to renew on a year-to-year basis for up to 25 consecutive one-year periods (the last such period ending no later than June 30, 2035) with rent increasing no more than 3% for each option period exercised.

Authorization to execute this rental agreement was delegated to the Vice Chancellor for Facilities.

The terms of these agreements are subject to review and legal approval of the Office of the Attorney General.

Understandings: The Student Success Center, a renovation of Building B, will provide space for the Center for Learning and Teaching, Grant Programs, Joint Enrollment Program, Honors Program, Leadership Academy, Wellness Program, Instructional Computer Labs, and the Center for Disability Services.

4. Ground Leases, Rental Agreements, and Rights of Entry for North Georgia College & State University

Approved: The Board approved the following Items 4.a. through 4.d. for the use and benefit of North Georgia College & State University (“NGCSU”).

Understandings: In August 2006, the Vice Chancellor for Facilities, Linda M. Daniels, presented to the Committee on Real Estate and Facilities as an information item the need to obtain a parking deck and student recreation facility on the campus of NGCSU through a privatization process.

At the end of the term of the ground lease, the real property, all improvements, and any accumulated capital reserves will become the property of the Board of Regents.

The North Georgia College & State University Foundation, Inc. has finalized negotiations to acquire 60 West Main Street, Dahlonega, as a strategic acquisition that is consistent with the NGCSU master plan.

Owen Hall was the third privatized housing facility approved by the Board. Amending and restating the ground lease and entering into a rental agreement at this time will provide benefit to NGCSU.

Realizing these transactions concurrently provides additional benefit, such as developing the road to the Radar Ridge property.

4.a. Ground Lease, Rental Agreement, and Right of Entry, Student Recreation Center and Parking Deck, Dahlonega, North Georgia College & State University

Approved: The Board accepted approximately 0.825 acre of improved real property consisting of portions of Church Street, Maple Street, and an unnamed/unopened city street, from the City of Dahlonega for the use and benefit of North Georgia College & State University (“NGCSU”).

The legal details involved with accepting this real property will be handled by the Office of the Attorney General.

The Board declared approximately 2.204 acres of real property on the campus of NGCSU no longer advantageously useful to NGCSU or other units of the University System of Georgia but only to the extent and for the purpose of allowing this real property to be leased to North Georgia Parking & Recreation Center, LLC (the “LLC”) for the purpose of constructing and owning a student recreation center, parking deck facility, and site amenities.

The Board authorized the execution of a ground lease, including necessary access, use, and construction easements and encroachments, between the Board of Regents, Lessor, and the LLC, Lessee, for the above-referenced approximately 2.204 acres of real property on the campus of NGCSU for a period ending June 30, 2037 (including a construction period of not more than two years), with an option to renew for up to an additional five years should there be debt outstanding at the end of the original ground lease term for the purpose of constructing and owning a student

recreation center and parking deck facility containing approximately 57,000 square feet of building space for recreation use, parking for approximately 586 cars, and site amenities.

The Board authorized the execution of a rental agreement between the LLC, Landlord, and the Board of Regents, Tenant, for the above-referenced student recreation center, parking deck facility, and site amenities for the period commencing on the first day of the first month after the LLC obtains a certificate of occupancy but not earlier than August 1, 2007, and ending the following June 30 at a monthly rent not to exceed \$120,000 (\$1,440,000 per year annualized) with options to renew on a year-to-year basis for up to 29 consecutive one-year periods with rent increasing no more than 3% for each option period exercised.

Authorization to execute this rental agreement was delegated to the Vice Chancellor for Facilities.

The Board granted a right of entry to the LLC for design and construction of a plaza adjacent to the student recreation center and parking deck facility.

The terms of these agreements are subject to review and legal approval of the Office of the Attorney General.

Understandings: In April 2006, the Board approved a \$40 increase in the NGCSU existing transportation fee. In May 2006, the Board approved a recreation center fee of \$83 for NGCSU.

In August 2006, the Vice Chancellor for Facilities, Linda M. Daniels, and President David L. Potter, presented to the Committee as an information item the need to construct a student recreation center and parking deck through a privatization process.

At the end of the term of the ground lease, the real property, all improvements, and any accumulated capital reserves will become the property of the Board of Regents.

The plaza will be constructed by the LLC on Board of Regents real property for ownership by the Board of Regents upon completion of construction.

4.b. Ground Lease and Rental Agreement for Student Housing, Dahlonega, North Georgia College & State University

Approved: The Board authorized the execution of an amended and restated ground lease between the Board of Regents, Lessor, and North Georgia Student Housing, LLC (the "LLC"), Lessee, for approximately 4.769 acres of real property on the campus of North Georgia College & State University ("NGCSU") for a period commencing no earlier than November 8, 2006, and ending June 1, 2028, with the option to renew for up to an additional 5 years should there be debt outstanding at the end of this ground lease term for the purpose of owning student housing containing 314 student housing beds, known as Owen Hall, including 286 parking spaces.

The Board authorized the execution of the rental agreement between the LLC, Landlord, and the Board of Regents, Tenant, for the above-referenced housing facilities known as Owen Hall,

including parking, commencing no earlier than November 8, 2006, and ending the following June 30 at a monthly rent not to exceed \$90,000 (\$1,080,000 per year annualized) with options to renew on a year-to-year basis for up to 21 consecutive one-year periods (the last option period to end no later than June 1, 2028) with rent increasing no more than 3% for each option period exercised.

Authorization to execute this rental agreement was delegated to the Vice Chancellor for Facilities.

The terms of these agreements are subject to review and legal approval of the Office of the Attorney General.

Understandings: In May 2001, the Board approved a ground lease of real property on the NGCSU campus for the construction and operation of 314 student housing beds known as Owen Hall. This was the third privatized housing transaction approved by the Board.

The term of the ground lease, ending June 1, 2028, will not exceed the term approved by the Board in May 2001.

At the end of the term of the ground lease, the real property, all improvements, and any accumulated capital reserves will become the property of the Board of Regents.

4.c. Rental Agreement, 60 West Main Street, Dahlonega, North Georgia College & State University

Approved: The Board authorized the execution of a rental agreement between the North Georgia College Parking & Recreation Center, LLC (the “LLC”), Landlord, and the Board of Regents, Tenant, for approximately 32,218 square feet of office space at 60 West Main Street, for the period January 1, 2007, through June 30, 2007, at a monthly rent of \$25,100 (\$301,200 per year annualized/\$9.35 per square foot) with options to renew on a year-to-year basis for up to 10 consecutive one-year periods with rent increasing no more than 3% for each option period exercised, then with a further option to renew for a one-year period at a monthly rent of \$18,975 (\$227,700 per year annualized / \$7.07 per square foot), then with further options to renew on a year-to-year basis for up to 18 consecutive one-year periods with rent increasing no more than 3% for each option period exercised for the use of North Georgia College & State University (“NGCSU”).

Authorization to execute this rental agreement was delegated to the Vice Chancellor for Facilities.

The terms of this rental agreement are subject to review and legal approval of the Office of the Attorney General.

Understandings: This rental agreement will allow the university to expand its office space to meet the campus space needs.

NGCSU will initially rent 23,504 square feet. When the existing tenant lease expires, NGCSU will lease these additional spaces.

Operating costs, including taxes, insurance, utilities, maintenance, repair, janitorial services, trash removal, pest control, security, and management fee, are estimated to be \$105,000 for the initial 23,504 square feet to be occupied.

The funding source for rent and operating costs is university operating funds.

At the end of the terms of the rental agreements, the land and all improvements will become the property of the Board of Regents.

4.d. Right of Entry Agreement, Radar Ridge, Dahlonega, North Georgia College & State University

Approved: The Board authorized a right of entry to North Georgia Student Housing, LLC (the “LLC”) to construct road improvements for the benefit of North Georgia College & State University (“NGCSU”).

Understandings: In November 2004, the Board purchased two tracts of real property to be part of the campus of NGCSU known as Radar Ridge.

The right of entry shall allow access to approximately 2.463 acres of real property on the campus of NGCSU to provide road improvements for improved access to the Radar Ridge site.

The road improvements will be constructed by the LLC on Board of Regents real property for ownership by the Board of Regents upon completion of construction.

5. Right of Entry, Tate Student Center Expansion and Parking Deck, Athens, University of Georgia

Approved: The Board authorized a right of entry to the UGA Real Estate Foundation, Inc. (the “Foundation”) to begin construction of the Tate Student Center Expansion and Parking Deck (the “Project”) at the University of Georgia (“UGA”).

Understandings: In April 2006, the Board approved the Project and appointed an architect. In June 2006, the Board appointed a construction management firm for the Project.

The right of entry shall allow entry by the Foundation to approximately 6.238 acres of real property on the campus of UGA adjacent to the existing Tate Student Center and will allow the Foundation to begin preliminary site preparation and construction of the parking deck, which is one component of the Project. *Note: Further action by the Board will be required to approve the terms of the ground lease, rental agreement, operating agreements, and other agreements necessary for the development and operation of the facility.*

6. Authorization of Project, Health Center Expansion, Athens, University of Georgia

Approved: The Board authorized project “Health Center Expansion,” University of Georgia

(“UGA”), with a total project budget of approximately \$17,000,000 to be funded from UGA Health Center reserve funds.

Understandings: The University Health Center has reached its capacity to serve the student body effectively. Demand for health services, particularly mental health and medical services, has exceeded the available resources over the past several years.

Independent consultation by the American College Health Association in 2005 supported the University Health Center’s existing and projected scope of services and its need for expansion.

This project consists of 27,500 square feet of new construction and 7,000 square feet of renovation within the 81,000-square-foot existing building as well as 99 additional patient, handicapped, and staff parking spaces.

The estimated construction cost is approximately \$12,292,500, and the total project budget is approximately \$17,000,000. Funding for the facility will be from UGA Health Center reserve funds.

The University System Office staff and UGA will proceed with the selection of appropriate professional consultants in accordance with Board of Regents procedures.

7. **Appointment of Construction Management Firm, Project J-105, Renovation of Old Civil Engineering Building, Atlanta, Georgia Institute of Technology**

Approved: The Board appointed the first-named construction management firm listed below for the identified project and authorize the execution of a contract with the identified firm. Should it not be possible to execute a contract with the top-ranked firm, staff will then attempt to execute a contract with the other listed firms in rank order.

Following public advertisement, a qualifications-based selection process for a construction management firm was held in accordance with Board of Regents procedures. The following recommendation is made:

**Project No. J-105, “Renovation of Old Civil Engineering Building”
Georgia Institute of Technology (“GIT”)**

Project Description: This renovation project provides for renovation and adaptive reuse of this approximately 70-year-old historic building to house the Ivan Allen College of Liberal Arts. Located at the academic core of the GIT campus, the Old Civil Engineering Building will undergo substantial roof repairs, window repair, masonry repointing, hazardous material abatement, and the integration of new mechanical, electrical, and plumbing systems. The original front terrace will be stabilized and reworked to provide a better drainage system. A new rear exterior courtyard will be developed to facilitate better collaboration with and between the many users of the facility. A new data and information technology system, as well as a new accessible elevator, will be installed.

Total Project Cost	\$8,000,000
Construction Cost (Stated Cost Limitation)	\$5,074,000

Number of construction management firms that applied for this commission: 11

Recommended firms in rank order:

- 1) Juneau Construction, Atlanta
- 2) Winter Construction, Atlanta
- 3) Brassfield Gorrie, Atlanta

8. Endorsement of University System of Georgia Strategic Capital Model (Addressed by Committee of the Whole)

Approved: The Board formally endorsed the University System of Georgia Strategic Capital Model (the “Model”) as the University System’s comprehensive approach to capital programming, budgeting, and implementation. This item was addressed by the Committee of the Whole. (See pages 18 to 21.)

Understandings: Development of the Model began in fall 2005 with the update of the Regents Principles for Capital Allocation (the “Principles”), which was adopted in February 2006 and is included as Appendix I. The Model is inspired and guided by those Principles. During its development, the Model has been shared widely among University System of Georgia institutional personnel and interested parties for review and comment. An information item on the new Model was first presented to the Board of Regents in June 2006. Also, the University System Office staff met with each Regent to discuss the Model in detail prior to the presentation of a follow-up information item at the September 2006 meeting.

The Model is designed to strategically guide and integrate the planning, funding, financing, and execution of all System facilities capital investment in a multi-year program that will better implement the Principles. The Model is based upon an underlying assumption of a consistent and sustainable stream of General Obligation (“G.O.”) bond funding from the State of Georgia.

The Model has two primary elements. The first is a G.O. bond allocation model to establish, in advance, a target G.O. bond allocation for each institution. The allocation model is based upon four “structural” factors that account for existing conditions and two “strategic” factors that address future enrollment growth and the goals of the new University System of Georgia strategic plan.

The second primary element will be a multi-year Capital Implementation Program (“CIP”) for each institution comprising all capital projects, regardless of size, type, funding source, or finance mechanism. A new CIP will be formally approved by the Board every three years but will be organized in annual increments to facilitate the Board’s approval of the System’s annual capital budget request.

Since the Model was endorsed by the Board, University System office staff (in conjunction with

their institutional partners) will accelerate the development of the Model through finalization of the G.O. bond allocation model (including the allocation of funds for implementation of the new system strategic plan), development of the CIP, and active education and advocacy efforts.

9. Information Item: Briefing on Potential Fort McPherson Redevelopment

The Vice Chancellor for Facilities, Linda M. Daniels, presented information to the Committee concerning the University System's involvement in potential Fort McPherson redevelopment plans. She said that the redevelopment of FortMcPherson, given its location in metropolitan Atlanta and proximity to key transportation lines and excellent communication infrastructure, offers the state and the System an important, one-of-a kind opportunity. The State of Georgia proposed to utilize the property for a world-class research-related campus that could serve multiple purposes: 1) as a catalyst between Georgia's research universities and worldwide collaborators aimed at combating chronic, emerging, and reemerging diseases; 2) as a center that establishes leadership and expertise in basic and applied research and public policy advancement for environmental issues and energy resources; and 3) as a center with global prominence in homeland security research, development, education, and training.

As envisioned, the state would develop the property for laboratories, instructional and conferencing facilities, administrative functions, and an operations center. It is anticipated that there would be complementary and synergistic private development opportunities in relation to a comprehensive plan for site utilization.

Governor Perdue forwarded a notice of interest to the Fort McPherson Local Redevelopment Authority ("LRA") on September 25, 2006. The Governor requested the LRA consider a plan for the reuse and redevelopment of Fort McPherson that will include the transfer of the property as public benefit conveyances for education, emergency management, public safety, law enforcement, and public health purposes. Ms. Daniels stressed that this is a very early conceptual proposal. The LRA has the ultimate responsibility for the final plan. If the state's proposal is chosen for consideration, the University System looks forward to active participation in development of the concept with other state partners and the LRA as the planning efforts proceed.

Ms. Daniels stated that the follow-up process is the responsibility of the LRA and the U.S. Army. The System, in partnership with associated state agencies, will respond in a coordinated effort to the timelines and deadlines for materials set by the LRA. Should the State of Georgia and the University System be awarded the property, the exact nature of resources and budget will be dependent upon the evolution of the potential use of the property. Once that is determined, the System would propose a funding plan, most likely based upon state funding to leverage complementary funding opportunities, all of which would need to be integrated into the new strategic plan for the University System of Georgia.

10. Information Item: Executive Session: Potential Real Property Acquisitions

At approximately 3:00 p.m. on Wednesday, November 8, 2006, Chair Tucker called for an Executive Session for the purpose of discussing potential real property acquisitions. With motion properly

made and variously seconded, the Regents who were present voted unanimously to go into Executive Session. Those Regents were as follows: Chair Tucker, Vice Chair Julie Ewing Hunt, and Regents Hugh A. Carter, Jr., Michael J. Coles, Robert F. Hatcher, Felton Jenkins, Donald M. Leebern, Jr., and Benjamin J. Tarbutton III. Board Chair Allan Vigil was also in attendance. Board of Regents staff in attendance were the Chief of Staff, Robert E. Watts; the Interim Chief Operating Officer, Thomas E. Daniel; the Vice Chancellor for Facilities, Linda M. Daniels; the Assistant Vice Chancellor for Facilities (Real Property and Administration), Peter J. Hickey; the Assistant Vice Chancellor for Compliance and Operations, Mark Demyanek; and the Assistant Vice Chancellor for Legal Affairs (Contracts), Daryl Griswold. Georgia State University staff in attendance were President Carl V. Patton; the Vice President for External Affairs, Tom Lewis; the Vice President for Finance and Administration, Jerry Rackliffe; the Assistant Vice President for Legal Affairs, John Marshall; and the Director of Real Estate, Mark Lawson.

In accordance with O.C.G.A. § 50-14-4, an affidavit regarding this Executive Session is on file with the Chancellor's Office.

At approximately 3:20 p.m., Chair Tucker reconvened the Committee meeting in its regular session and announced that no actions were taken in the Executive Session.

CHANCELLOR'S REPORT TO THE BOARD

After the Committee meeting reports, Chancellor Davis gave his report to the Board, which was as follows:

As I noted in my opening remarks yesterday, we had a full agenda for this meeting. Of course, we will give you a break with our December hiatus. However, don't get too comfortable because our Chief of Staff, Rob Watts, now has our strategic planning process moving into high gear. We have identified a number of areas on which to focus our planning, and we have committees in place. In the coming weeks, we will be crystallizing issues and developing options for your discussion and consideration. This is another reason I suggest we reserve a full day for this process. It is not our intent to deliver to you something with a bow around it for you to say yay or nay. There will be questions crystallized and options put forth that I am hopeful will produce some robust discussion in terms of the direction of this System. The strategic planning process is central to our work.

Over the past months, we have identified a number of specific areas of attention, opportunity, and focus. We also have begun to make changes in the ways in which we look at revenues and expenditures with our budget allocation process. A communications survey commissioned by former Chair Shelnut that will inform our strategic thinking has been completed. Approximately 70 System-level projects have been identified and consolidated, and presidents have begun work on the initial 10. Today, you approved our new model for capital projects. This model takes us to a new, and higher, level of thinking and action around our facilities needs, one that will be much more strategic and much less tactical and political in scope and nature. And now, with our strategic planning process, we will bring all of these important elements together into a connected and focused whole that you will see at

the retreat and that will set a clear vision for the entire System.

As I mentioned earlier, my goal for our strategic planning process is to have a set of aspirational goals that are in fact measurable and will drive action at every level of the organization. So, our plan for the retreat is to both provide the context and create the incentives for our institutions to buy into our System plan. We are not trying to create a System university with branch campuses. We fully appreciate that institutions have aspirations, and we are trying to make sure that those aspirations are complementary to our goals and objectives while preserving the uniqueness of each institution.

The timing for our strategic planning process coincides with an important birthday – the creation of the University System of Georgia 75 years ago. The Board first met in an organizational meeting in December 1931 and then got down to business in January 1932. Then, as now, the challenges and opportunities facing the System were large and many. Then, as now, there was a vision and a focus, and they were critical to the progress and success of the System. So we are carrying forward the good work of that initial Board with this process. We were reminded of a bit of this history and past contributions today with Regent Tucker's presentation to Regents Emeriti Glenn S. White and Connie Cater.

Let me shift away from planning to discuss some other items of interest. Over the past month, I have been extremely busy meeting with various System groups as well as outside entities such as chambers and rotaries. This has been a stimulating exercise for me. For example, I spoke before three different groups on one day – a personal record! – at the Office of Information and Instructional Technology conference at beautiful, scenic, rustic Rock Eagle. I've met with academic administrators and those responsible for professional development. Next week, I am meeting with System chief advancement officers to talk about crystallizing a concerted effort to make sure we are trying to achieve our advancement potential at every institution. I will also talk with those involved in communications, public relations, and marketing not only in our System, but also at Georgia's private colleges and universities. These have been and continue to be important meetings for two reasons. First, they allow me to continue to listen and interact with our constituents, both external and internal. Second, as we move forward on many of the Systemwide initiatives, absent the context of a plan, these meetings give me an opportunity to take our message directly to our supporters and our employees. That job will certainly be easier when we have a strategic plan in place. Now, it is critical to get out and about because leadership is ultimately about communication – both sending a message and, even more critically, about listening to how your message is being received and what the concerns are across the organization. Thus, while somewhat taxing personally, this outreach effort also is energizing. Tomorrow, for example, I will be in Valdosta all day.

Looking at the October tracking letter, let me reference a few items. One of them is the Regents' Test, and as I noted, we will bring you a recommendation in the first quarter of 2007. As promised, in your board materials, is a fact sheet that the Vice Chancellor for Facilities, Linda M. Daniels, has prepared on the Georgia State Olympic Village to aid your understanding and discussion on this property. As many of you are aware, there are

proposals to dispose of this property or utilize it in various ways.

Also, the Georgia HERO (Helping Educate Reservists and their Offspring) Scholarship ad ran in three newspapers on October 28 and will run again on January 6, along with a related publicity effort. This program is a joint effort between us and the Department of Technical and Adult Education (“DTAE”), and it provides educational assistance to Georgia military reservists and their offspring in recognition of their active military service.

Yesterday, we recognized two outstanding academic programs in our System. Related to these programs will be the recognition of outstanding faculty during the March 2007 Celebration of Excellence in Education gala. This event will also honor an individual who has made significant and lasting contributions to higher education in Georgia with the Elridge McMillan Lifetime Achievement Award, which is always the highlight of the event. Though the initial deadline is past, please consider carefully Regent Tucker’s comments. If you know of an individual who will burnish the significance of this high honor, please let Regent Tucker know as the University System of Georgia Foundation, Inc. has not yet made its selection. I would also ask you to heed Regent Tucker’s call for support of this event. It does send a strong message to our faculty, our alumni, and others regarding our appreciation for the efforts of these groups in our mission.

Our staff is working to streamline our distribution of meeting agendas in ways that improve our customer service. Now, we haven’t had a change at the Board in at least a month, so beginning in January, agendas will be provided electronically instead of being mailed, which should ensure a more timely delivery and receipt of materials. It will also allow us to provide you more timely data as well as more frequent updates. It should also save multiple reams of paper annually.

Let me also commend the University System Office staff, both here in Atlanta and in Athens, for a tremendous response to the annual State Charitable Contributions Campaign. With a little management focus and a little fun in our campaign this year, we increased our giving 600% over last year for a total of just over \$41,000. The Interim Vice Chancellor for Faculty Affairs, Bettie Rose Horne, led the effort and put her usual blend of drive and humor into the fundraising drive. And it was a lot of fun. Of course, it depends on how you define fun. Part of the campaign was a series of drawings, and this Saturday, you will find me along with the cabinet washing the car of one lucky System employee at the Cactus Carwash on Ponce de Leon. I guess that will be fun for them. But it was a great campaign, and I really appreciate the outpouring of support compared with last year.

Let me take a moment to share with you several University System Office staff changes. Mark Demyanek is an 11.5-year University System Office staff member who has been recognized for his excellent handling of many and ever-expanding assignments. Ms. Daniels has appointed him as Assistant Vice Chancellor for Compliance and Operations in the Office of Facilities. Mark, while this is a great move for you, I must inform you that I have reached a rapprochement with Linda, and this promotion does not excuse you from the monthly safety briefing that opens our meetings! Please join me in saluting Mark for his past

outstanding work and on his new appointment. Congratulations and good luck on your new assignment!

One of the critical positions in the Chancellor's Office is that of the Associate Secretary to the Board. Working with the Secretary, the individual in this position has significant responsibilities in the Board meeting preparation and, of course, the Board minutes. Jennifer Fairchild-Pierce has held this position for the past nine years, first as Assistant Secretary and now as Associate Secretary to the Board. You may not know this, but Jennifer has another life. For the past seven years, she has been pursuing her doctoral degree. Beginning in January, Jennifer will concentrate full-time on her studies. So, this marks her last Board meeting in her current role here. Over the past nine years, she certainly has fulfilled her duties with a high degree of professionalism and with consummate grace. Jennifer, on behalf of the Board and the University System, we applaud your work and wish you the very best as you strive to earn your Ph.D. Please join me in acknowledging our appreciation and gratitude for Jennifer's many contributions.

This is our final meeting of the calendar year. Let me wish everyone here and on the webcast a safe and happy holiday season. I hope your travels and reunions with family and friends bring each of you happiness and perspective on the importance of these ties in your life. Holidays are a time of happiness, reflection, of sharing good times and good memories. We have wonderful events and wonderful feasts. We must not forget, however, as we enjoy the fruits of our labor, that most of the world goes to bed hungry each night. So, as we enter this period of reflection and giving, please remember to give a little something to those less fortunate than you. It makes no difference whether it is your time or your money. Just reach out and make a difference. In the ultimate analysis, that's the business we are in – making a difference in the lives of people.

Mr. Chairman, that concludes my report. I'll be happy to take your questions.

PRESENTATION: IMPLICATIONS OF A FLATTENING WORLD FOR AMERICAN HIGHER EDUCATION AND SOCIETY

Next, Chair Vigil called upon the Interim Chief Academic Officer, Beheruz N. Sethna, to give the Regents his much called-for presentation on the implications of a flattening world for American higher education and society. He noted that Dr. Sethna delivered this presentation at Oxford University in England this past summer and for many audiences here in the United States.

Dr. Sethna said that there are exciting conclusions to be drawn from the book *The World Is Flat: A Brief History of the Twenty-First Century* by Thomas L. Friedman, and he would attempt to highlight some implications for the University System of Georgia. He began with a brief review of what Friedman terms "flatteners" the ten influences that "flattened" the world. The first was "when the walls came down" on November 9, 1989, when the Berlin Wall came down. Dr. Sethna stressed that Friedman said "walls" rather than a single wall, because it was not just the Berlin Wall, but also other walls came down around the same time. Friedman refers to the regulatory walls in other countries. For example, India had a very regulated, almost Soviet type of economy prior to the late

1980s, and it deregulated around the same time, making India a world player. The second flattener was when Netscape went public. That enabled modern-age human beings to connect with the World Wide Web. The third flattener was workflow software, or as Friedman says, “Have your computer talk to my computer.” Dr. Sethna noted that in the early 1980s, computer systems did not communicate with each other. When computers started “talking” to each other, the world became a little more flat because people from the other side of the world could in fact interact with computers elsewhere. The fourth flattener was open-sourcing. Dr. Sethna explained that in the early 1980s, the source codes for computers were tightly held secrets. Later, computer manufacturers began to realize that if they shared code, other programmers could write programs for their machines. So, open-sourcing became more common.

Dr. Sethna discussed the fifth and sixth flatteners together because they went together: outsourcing and offshoring. Friedman explains that offshoring is, for example, when factories are moved from Canton, Ohio, to Canton, China. He noted offshoring today is most commonly associated with China. Outsourcing is when a specific part of an operation is outsourced to another country. Outsourcing today is most commonly associated with India. However, this is always changing. Friedman also makes a special mention of “Y2K,” January 1, 2000, when it was feared that computer systems would crash. Across America, programmers were writing software to prevent any kind of systems disasters, but there were not enough programmers in America to do all the work American computers needed. So, America outsourced this need to India. Friedman argues that Y2K was not just lucky for India. Rather, as Louis Pasteur said, “Fortune favors the prepared mind.” Dr. Sethna explained that when India gained independence in 1947, it was a very poor country. In that economy, the prime minister created five institutions of engineering and technology, which graduated a large number of well prepared engineers and scientists. So, his preparation created a situation where talent was available in 1999 when opportunity arose. Dr. Sethna stated that just like India, the University System of Georgia needs to develop a prepared mind in each of its students. It is critical, he said, to prepare students for even the unforeseeable future.

The seventh flattener is supply-chaining. Dr. Sethna explained that supply-chaining is what happens when a person buys one widget at WalMart and at the same time another widget is produced in China. That immense connectivity to the rest of the world is supply-chaining. The eighth flattener is in-sourcing. An example of in-sourcing is when a person buys a Dell computer with a warranty and, instead of UPS picking it up and taking it to Dell for repairs, UPS comes to your home and fixes it. That is an agreement Dell has with UPS, and it is called in-sourcing. Friedman’s ninth flattener is informing; that is, the ability to look up vast amounts of information online using search engines. The final flattener is the “steroids,” which is the term Friedman uses for such personal data assistants (“PDAs”) as the Blackberry and the Treo.

Dr. Sethna noted that all of Friedman’s ten flatteners happened within a 13-year time frame, just a little over a decade. He then discussed Friedman’s “Triple Convergence.” The first was the complementary convergence of the ten flatteners, creating this new global playing field for multiple forms of collaboration. The second convergence was the emergence of a large cadre of managers, innovators, business consultants, business schools, designers, information technology specialists, chief information officers, and workers to take advantage of this new, flatter playing field. The final convergence was when the 3 billion people (mostly in China and India) who had been frozen out of

the field suddenly found themselves liberated to plug and play with everybody else. Dr. Sethna said that the concept of the flattening world is that people in India and China are now competing directly with Americans. They know us, but we know little about them.

“So, what do we tell our kids?” asks Friedman. Dr. Sethna explained that Friedman identifies four categories of “Untouchables.” That is, workers who are essentially untouchable by these changes going on in the world. The first he calls “special.” That is, they have a unique talent like Michael Jordan or Barbra Streisand. The second he calls “specialized.” Those are knowledge workers such as lawyers, accountants, and brain surgeons, to cutting-edge computer architects and software engineers, to advanced machine tool and robot operators. These are skills that are always in high demand and are not fungible. Dr. Sethna did not agree with Friedman that this category was untouchable. Friedman’s next category of untouchables was called “anchored” because their jobs are simply anchored and always will be, because they must be done in a specific location, involving face-to-face contact with a customer, client, patient, or audience. These jobs include hairdressers, plumbers, waiters, etc. The final category of untouchables is the “really adaptable.” Those in this category constantly to acquire new skills, knowledge, and expertise that enable them to be able to create value. Being adaptable in a flat world, knowing how to “learn how to learn,” will be one of the most important assets any worker can have, said Dr. Sethna. He stressed that this is the business of the University System of Georgia, which has always prided itself on giving people the ability to acquire knowledge and preparing them for the unforeseeable future.

There is only one message to tell our children, said Dr. Sethna, and that is, “You have to constantly upgrade your skills.” There will be plenty of good jobs in the flat world for people with the knowledge and ideas to seize them, he said. Adaptability and the ability to acquire new knowledge will be key in the flat world as will the capability of being retrained and retooled quickly and often through advanced study and continuing education. Friedman mentions “secrets of American sauce” and notes that America is doing a lot of things correctly. The first of these secrets is American higher education. It is a truism that the more educated one is, the more options one will have in a flat world. “Our university system is the best,” said Bill Gates. America funds its universities to do a lot of research, and that is an amazing thing, said Dr. Sethna. Highly intelligent people come to American universities, which allow them to innovate and turn their innovations into products. What makes America unique is not that it built the Massachusetts Institute of Technology (“MIT”) or that its graduates are generating economic growth and innovation, but that every state in the country has universities trying to do the same. America has 4,000 colleges and universities. The rest of the world combined has 7,768 institutions of higher education. America still has a market leadership position in higher education, and it seeks to educate the population, rather than just the elite. Friedman identifies other “secrets of American sauce,” such as the sheer openness of American society or the fact that America is one of the great meeting points in the world, a place where lots of different people bond and learn to trust one another. However, the key question, said Dr. Sethna, is “Are we tending to the secrets of our sauce?” That is, are we preparing our children for the race ahead? The answer is no. America and the University System of Georgia need to do much more, he said.

Next, Dr. Sethna discussed three “dirty little secrets” that Friedman identifies. The first is the numbers gap. The “Sputnik/JFK” generation of scientists and engineers are reaching their retirement years and are not being replaced in the numbers that they must be if America is to remain at the head

of the pack. Half of America's scientists and engineers are 40 years or older, and the average age is steadily rising. The second "dirty little secret" is the ambition gap. When U.S. companies send jobs abroad, they not only save 75% on wages, but they get a 100% increase in productivity. The real secret is that they are not just outsourcing to save on salary, but that they are doing it because they can often get better skilled and more productive people than American workers. He quoted Friedman as saying, "In China today, Bill Gates is Britney Spears. In America today, Britney Spears is Britney Spears" – and that is our problem. He said that kids in India and China know who Bill Gates is and what he has accomplished. They admire him not just for his money, but for what he has accomplished. They want to be like Bill Gates, and Bill Gates does not have that kind of adulation here in the United States. The third "dirty little secret" is the education gap. A lot of the jobs that are going abroad today are very high-end research jobs, because not only is the talent abroad cheaper, but a lot of it is as educated as American workers or even more so. He noted that it takes 15 years to train a good engineer, because it really is rocket science. The System needs to take those who are hungry for knowledge and feed them, and it needs to create a hunger in others. In a flat world, every individual will have to run a little faster if he or she wants to advance his or her standard of living.

Dr. Sethna noted that there have been counterpoints to Friedman's work, such as *The World Is Round* by John Gray. He postulates, "The belief that a process of globalization is underway which is bringing about a fundamental change in human affairs is not new. Marx and Engels expressed it in 1848, when they wrote in a justly celebrated passage in *The Communist Manifesto*..." Dr. Sethna said that the danger in that argument is that India and China are not proposing a different system; rather, they want to take America's capitalistic system and do it better. The point is that America needs to be prepared for an increasingly competitive marketplace.

Moreover, America cannot ignore other countries and cultures any more. We are already way behind the game, not just for reasons of military intelligence, but for business intelligence as well. We need to embrace the flattening of the world. As Friedman says, "Either you get flat or you'll be flattened by China." We cannot maintain global leadership without a global-looking culture. Inclusiveness is important, as is communication across cultures. The role of general education is critical, as is the role of entrepreneurship. The National Foundation for American Policy, which focuses on immigration, trade, and education issues, analyzed the 2004 student finalists in the Intel Science Talent Search, the U.S. Physics Team, and the U.S. Team for the International Mathematical Olympiad. They found that 60% of the science competitors and 65% of the mathematics competitors were from immigrant families. "There's a very strong emphasis on education as a way to get ahead among [immigrant] families," said Stuart Anderson, the foundation's executive director. Immigrant parents often encourage their children to focus on math and science as a guarantee of strong job prospects in the future, he added. The annual Scripps National Spelling Bee competition reveals that four spelling bee winners over the past seven years have been of Asian-Indian descent. In the 2005 spelling bee, the top four winners were of Indian origin. On May 24, 2006, at the National Geographic Bee finals in Washington, D.C., the winner, the second, and third place winners, and six out of the top ten finalists were of Indian origin. Those of Indian origin constitute 0.33% of the U.S. populations, said Dr. Sethna, so how does this happen? It is the messages we send our children, he said.

Almost every social or political variable is impacted by higher education. The following variables show strong correlations with educational attainment: income, employment, net worth, business

ownership, and investment accounts. The children of people who have higher education have an incredible advantage. The following variables for students show strong correlations with college education of parents: enrollment in college, SAT scores, computer ownership, and reduced high school dropout rates and school suspensions. So, clearly the message is that higher education is critical to their future. It impacts not only individuals, but also their children and generations to follow. So, if America is looking to effect change, this is the message it needs to send. The System needs to send the right messages about the value of higher education through such efforts as the Partnership for Reform in Science and Mathematics (“PRISM”) and the African-American Male Initiative (“AAMI”).

In closing, Dr. Sethna said that he was standing before the Board because his parents sent him the right messages. He grew up in a home of very modest means in India, and his parents sent the message that he was going to college. Even in a home with a modest income, it was simply expected for him to go to college. This is the kind of message the children of today need to hear. China is spending billions on education, and that is the competition today. Universities can help children become increasingly prepared for the children and to help the people of the world open their eyes to developmental opportunities rather than conflict. Universities can provide research and development to help with the problems of resource management and economic integration/development. Finally, universities can help societies be in a position to receive the benefits of the twenty-first century. In summary, all of this can be captured in the triumvirate mission of the University System of Georgia: education, research, and service.

Regent Leebern commended Dr. Sethna on this eye-opening presentation.

Chancellor Davis stated that Dr. Sethna is reflective of the high quality of instruction and was in fact named best professor at the University of West Georgia.

UNFINISHED BUSINESS

There was no unfinished business at this meeting.

NEW BUSINESS

Chair Vigil announced that there would be no December 2006 meeting of the Board of Regents. He then asked for a motion to authorize Chancellor Davis to take any actions necessary on behalf of the Board between this meeting and the January 2007 Board meeting with such actions to be ratified by the Board at the January meeting. With motion properly made, variously seconded, and unanimously adopted, the Board approved this authorization.

EXECUTIVE SESSION

At approximately 11:15 a.m. on Thursday, November 9, 2006, Chair Allan Vigil called for an Executive Session for the purpose of discussing personnel and compensation issues and possible real estate acquisitions. With motion properly made and variously seconded, the Regents who were present voted unanimously to go into Executive Session. Those Regents were as follows: Chair

Vigil, Vice Chair William H. Cleveland, and Regents Hugh A. Carter, Jr., Michael J. Coles, Robert F. Hatcher, Julie Ewing Hunt, Felton Jenkins, W. Mansfield Jennings, Jr., James R. Jolly, Donald M. Leebern, Jr., Elridge W. McMillan, Willis J. Potts, Jr., J. Timothy Shelnut, and Richard L. Tucker.

The following attended part of the Executive Session: Chancellor Erroll B. Davis, Jr.; the Chief of Staff, Robert E. Watts; the Interim Chief Operating Officer and Executive Vice Chancellor for Administrative and Fiscal Affairs, Thomas E. Daniel; the Interim Chief Academic Officer and Executive Vice Chancellor for Academic Affairs, Beheruz N. Sethna; the Vice Chancellor for Facilities, Linda M. Daniels; the Assistant Vice Chancellor for Real Properties, Peter Hickey; the Assistant Vice Chancellor for Compliance and Operations, Mark Demyanek; the President of the University of Georgia, Michael F. Adams; the Vice President of University Advancement at the Medical College of Georgia, R. Bryan Ginn, Jr.; the President of Georgia State University (“GSU”), Carl V. Patton; and the Vice President for External Affairs at GSU, Tom Lewis.

In accordance with O.C.G.A. § 50-14-4, an affidavit regarding this Executive Session is on file with the Chancellor’s Office.

At approximately 12:50 p.m., Chair Vigil reconvened the Board meeting in its regular session and announced that in Executive Session, presidential salary adjustments recommended by the Chancellor were approved unanimously.

ADJOURNMENT

There being no further business to come before the Board, the meeting was adjourned at approximately 12:50 p.m. on Thursday, November 9, 2006.

s/_____
Julia M. Murphy
Secretary, Board of Regents
University System of Georgia

s/_____
Allan Vigil
Chair, Board of Regents
University System of Georgia