Date: October 11, 2016

To: Bruce Rastetter, President, Board of Regents  
Katie Mulholland, President Pro Tem, Board of Regents  
Sherry Bates, Regent  
Patricia Cowanie, Regent  
Milt Dakovich, Regent  
Rachael Johnson, Regent  
Larry McKibben, Regent  
Michael Richards, Regent  
Subhash Sahai, Regent

CC: Robert Donley, Executive Director and CEO, Board of Regents

From: Steven Leath, President, Iowa State University

Re: ISU Aircraft Usage

I wanted to take this opportunity to provide the Board of Regents with a comprehensive report on the use of university-owned aircraft and my travel practices as the President of Iowa State University. The goal of this report is to provide context about recent flights and outline the criteria used to make travel decisions. The Associated Press reported on a few key flights which raised some questions and generated significant interest from important stakeholders. Unfortunately, the constraints of the media did not allow for a full and accurate picture to emerge about travel practices.

We are strategic about our use of university-owned aircraft, and we work to ensure it will generate a strong return on investment. The use of university-owned aircraft is reserved for instances when commercial air travel does not provide the necessary flexibility, efficiency, and/or isn’t cost-effective. A significant amount of travel is by commercial airlines, specifically I have booked more than 60,000 miles this year alone as a passenger on American Airlines.

The Board outlined fundraising and sharing the mission of Iowa State University as a key priority when I was hired in 2011. Meeting people in their local community is an essential part of my fundraising strategy, and that requires extensive travel. Our collective efforts to connect and build relationships with donors has proven successful and beneficial to the university. We have raised more than $600 million in private support—the largest four-and-a-half-year fundraising total in Iowa State history—including more than $200 million that directly supports scholarships.

I welcome the Board of Regents’ review to provide greater clarity of university and Board equipment and travel policies. We will fully cooperate with the review and look forward to receiving the results. If any changes are needed, we will align our practices accordingly.
It is an honor and privilege to serve as President of Iowa State University. The position comes with a tremendous amount of responsibility to educate the next generation of Iowans and advance the mission of this land grant university.

**Goals and Objectives**
In 2011, the two major expectations outlined for the next president of Iowa State University were to: 1) raise the profile and reputation of the university and 2) increase external funding, including private donations. Therefore, a significant amount of my time is devoted to building relationships with alumni, friends, and supporters as I share the unique mission and vision of Iowa State University. This requires a tremendous amount of travel as fundraising is a highly personal, multi-touch endeavor.

While it is a common business practice for university presidents to travel by air, the fact that I am a pilot is unique. The Board of Regents knew when I was hired that I was a licensed pilot and that I have since traveled on university-owned planes as both a pilot and passenger. Flying privately allows for more flexibility and efficiency in scheduling donor visits and can be more cost effective. I have been diligent about meeting Board and university travel policies, and all travel has been within the guidelines set forth.

**Flight training and certification**
I have been fully certified to fly single-engine aircraft for nearly ten years. I have never had an FAA violation, and I have been diligent about my training. To enhance my skills in Cirrus aircraft and obtain my instrument flight rating, I took lessons from Classic Aviation based in Pella, IA, primarily under the instruction of Kendall Arkema from Oct. 2012-Oct. 2014. Kendall now works for the FAA. I am certified to fly the university-owned Cirrus SR22 in compliance with the university’s insurance policy. Pursuant to the policy, some of my training was required to be done in the university’s Cirrus. All lessons and certifications were paid for personally.

In late 2014, I was nearing completion of the training for my instrument rating. Jim Kurtenbach, who is one of the most respected pilots in the state, offered to give me lessons. I took lessons under Jim from Oct. 18, 2014 to Jan. 12, 2015. Prior to our first lesson, Provost Jonathan Wickert contacted Jim about serving as interim Chief Information Officer. I was not involved in any of the discussions or the decision by Provost Wickert to appoint Jim as interim CIO. As the interim CIO, Jim reported directly to the Senior Vice President and Provost, not to me. Jim started as interim CIO at Iowa State on Jan. 4, 2015. A week later I completed my final instrument rating lesson. I have not taken another lesson from Jim since that time.

**Aircraft purchases**
When I first came to Iowa State, the university owned a 1977 Beechcraft King Air and a 1978 four-seater Piper PA 28-161. Both aircraft desperately needed efficiency and safety upgrades. Upgrading the King Air was a priority for the athletics department, as that unit is one of the primary users of the plane. The ISU Foundation used discretionary funds to purchase the 2002 King Air designated for Department of Athletics’ priorities. The plane was purchased for $2.875 million. The old King Air sold for more than $800,000 immediately after the purchase of the new aircraft. The ISU Foundation notified the Board of Regents prior to the purchase. The sale was not subject to formal Board approval since the purchase was made by the ISU Foundation.
The purchase of the Cirrus SR22 was a unique opportunity. The previous owners—a husband and wife—were big Iowa State fans. The husband passed away shortly after they bought the plane, and the wife thought it would be nice to sell it to someone with Iowa State ties. ISU Flight Service received a call about this unique opportunity and was offered the plane at an exceptional price. ISU Flight Service traded in the four-seater Piper and purchased the Cirrus for $470,000. This did not meet the threshold to require formal approval from the Board of Regents; however, the Board was notified of the purchase ahead of time.

The private funds used to purchase the Cirrus came from what is called the “General University Fund for Excellence.” Donors who contribute to this fund do so with the intent that the president will have flexibility and discretion on how best to use the resources to benefit the university. These are not scholarship dollars, faculty position dollars or capital improvement dollars, nor are these state funds or tuition or fees. These are donations made specifically for the president’s discretionary use.

**Air travel as a necessary tool to reach alumni, donors and partners**

My primary reason for using university aircraft is to connect with supporters and prospective donors across Iowa and the country. As you know, fundraising is largely a relationship-based function. It takes time to cultivate relationships and build trust with donors; often it takes four or five meetings over one or two years to establish a relationship with a major prospect. This relationship-building is done at ISU Foundation events, athletic events, events at my campus home (The Knoll), donors’ homes across the country, as well as my home in North Carolina. Opening my home in North Carolina has provided a unique opportunity and venue to spend quality time getting to know prospective donors. Following a successful 27-year career in North Carolina, I have nurtured my network in the state and generated new support to benefit the university.

**Reimbursement, Cirrus incident**

University aircraft is not used for purely personal trips. There were four instances when I piloted the university-owned Cirrus for travel that consisted of both university and personal business. According to university policy, employees are permitted to extend business trips for personal time. The university is already paying for the cost of travel to and from the location of the business trip, and the employee must pay for any additional costs incurred during personal time (e.g. hotel nights or meals). Although it was not required by university policy, I felt that since the personal component of the four aforementioned trips was significant that it would be best if I reimbursed the university for the full cost of travel. Those trips are as follows:

<table>
<thead>
<tr>
<th>Trip Date</th>
<th>Cost</th>
<th>Invoice Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trip March 25-29, 2015</td>
<td>$1,212.50</td>
<td>Invoice April 7, paid April 8</td>
</tr>
<tr>
<td>Trip May 12-17, 2015</td>
<td>$1,162.50</td>
<td>Invoice Sept. 23, paid Nov. 19</td>
</tr>
<tr>
<td>Trip July 3-14, 2015</td>
<td>$1,100.00</td>
<td>Invoice Nov. 18, paid Nov. 19</td>
</tr>
<tr>
<td>Trip Aug. 26-30, 2016</td>
<td>$1,162.50</td>
<td>Invoice Sept. 2, paid Sept. 9</td>
</tr>
</tbody>
</table>

On the return leg of the July 3-14 trip to North Carolina that consisted of a top donor meeting and personal vacation, Janet and I needed to stop for fuel in Bloomington, Illinois. I experienced a hard landing in the Cirrus caused by a microburst, which caused some damage to the wings. I immediately contacted the control tower, ISU Flight Service and subsequently the FAA. I later
shared this information with Board of Regents President Bruce Rastetter while discussing other matters.

Pursuant to university policy, the university covered the costs associated with the hard landing, just as it would if an employee damaged a university car while on a business trip. However, Janet and I decided to make a donation to the ISU Foundation in an amount equal to the cost of the damage, storage of the plane, and the cost of having Flight Service send the King Air to pick Janet and me up in Bloomington. The costs totaled $17,373.70. Our original donation of $15,000 was based on an estimate of the repair; the actual cost was slightly higher. We have since donated an additional $2,373.70 to cover the remainder.

Concerns have also been raised about my brother and his wife boarding the university plane in Elmira, New York en route to the NCAA basketball tournament in New York City in March 2014. During that trip, the pilot informed me that he wanted to stop for fuel before we entered New York City airspace. He was concerned that the plane may be put in a holding pattern and he didn’t want to risk running low on fuel. The pilot made the decision to stop for fuel in Elmira, which happened to be about thirty minutes from where my brother and sister-in-law lived at the time. I figured since we had to land there anyway, it would be fine to offer them a ride into New York City; we had empty seats on the plane and they were already planning to attend the Cyclones’ first round game.

As it turns out, the Cyclones lost in the first round. Janet and I planned to return to Ames the next day. My brother and sister-in-law rented a car to drive home, but the pilot informed me that he again wanted to refuel before flying back to Ames. It was much less expensive to fill up in Elmira than in New York City, so the pilot decided to stop in Elmira for fuel, drop off my brother and sister-in-law, and continue on to Ames. Although it did not cost the university any extra money, I understand how this may be perceived as inappropriate.

Moving Ahead
I am open, honest, and forthcoming. I am disappointed that my use of university airplanes is casting a negative light on Iowa State University. However, I do not believe I have acted outside the bounds of Board or university travel policy. We are strategic about our use of university-owned aircraft, as we want to ensure it will generate a good return on investment.

My efforts to connect and build relationships with donors has proven very successful and beneficial to the university. We have raised more than $600 million in private support—the largest four-and-a-half-year fundraising total in Iowa State history—including more than $200 million that directly supports scholarships and student support and programs. As a result, 23,000 more students have received scholarships and support, which has helped contribute to an 8.5% decline in student debt for Iowa State graduates; 35 named faculty positions have been established, which provide additional financial resources to support research programs or other scholarly activity; and the $27 million renovation of Marston Hall and the $60 million construction of the new south end zone at Jack Trice stadium were also made possible, in part, by private funds raised during my tenure.
Over the next four years, my interactions with donors and prospective donors will become increasingly critical to support Iowa State’s largest comprehensive fundraising campaign. The public phase of the campaign was launched last month with a goal of raising $1.1 billion by June 30, 2020. To achieve this goal, travel and donor relations will remain essential functions of my role as president. I can assure you that I will make careful, thoughtful use of university-owned aircraft, and I will no longer pilot the university-owned Cirrus or any other state-owned aircraft.

I welcome the Board of Regents’ review to provide greater clarity of university and Board equipment and travel policies. We will fully cooperate with the review and look forward to receiving the results. If any changes are needed, we will align our practices accordingly.

Please do not hesitate to contact me with any additional questions.