

**UNIVERSITY OF MINNESOTA  
BOARD OF REGENTS**

**MINUTES**

**BOARD OF REGENTS MEETINGS**

**AND**

**COMMITTEE MEETINGS**

**July 6, 2011**

**Office of the Board of Regents  
600 McNamara Alumni Center**

**UNIVERSITY OF MINNESOTA  
BOARD OF REGENTS**

**Minutes of the Board of Regents Meetings  
and Committee Meetings**

**July 6, 2011**

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**UNIVERSITY OF MINNESOTA**

**BOARD OF REGENTS**

**Audit Committee**

**July 6, 2011**

A meeting of the Audit Committee of the Board of Regents was held on Wednesday, July 6, 2011 at 9:15 a.m. in the East Committee Room, 600 McNamara Alumni Center.

Regents present: Richard Beeson, presiding; Clyde Allen, Laura Brod, John Frobenius, David Larson, and Maureen Ramirez.

Staff present: President Eric Kaler; Chancellor Lendley Black; Senior Vice President & Provost E. Thomas Sullivan; Senior Vice President Robert Jones; Vice President Richard Pfitzenreuter; Executive Director Ann Cieslak; and Associate Vice President Gail Klatt.

Student Representatives present: Terrance Paape and James Rook.

**INTERNAL AUDIT PLAN**

Associate Vice President Klatt presented the 2011-12 Internal Audit Plan (Plan), as detailed in the docket and on file in the Board Office. The Plan places less emphasis on unit-level audits in favor of a more process-focused audit approach. This is intended to provide:

- More comprehensive and efficient audit coverage of key institutional risks;
- More timely identification of systemic issues;
- More tangible support of the administration's strategic risk management initiative; and
- Identification of operational best practices or the need for process improvements.

The Plan will focus on significant institutional revenue streams, research activities and technology transfer, emerging technology and its impact on the educational and research mission, campus safety, and financial management. Klatt stated that the Plan provides reasonable audit coverage across all major components of the University, addresses risk areas identified by the Audit Committee as important, and provides for a measured and reasonable transition to a more process-focus audit plan.

The Office of Internal Audit will have a staffing complement of 14.5 full-time equivalent (FTE) professionals in 2011-12 and intends to devote 62 percent its audit resources to completion of planned audit projects, 12 percent to completion of carry-over work from the 2010-11 audit plan, 10 percent to requests from the President,

Board of Regents, and executive committee members, and the remainder to administrative functions, investigations, and other activities. The Plan consists of 19 process audits, 9 unit-based audits, and 2 system audits.

In response to a question from Regent Allen, Klatt indicated that the level of resources devoted to investigations is consistent with similar institutions.

In response to a question from Regent Frobenius, Klatt clarified that the audit of revenue generated from affiliation agreements will not involve the internal workings of University of Minnesota Physicians (UMP) or Fairview Health Services (FHS) since they are independent entities

In response to a question from Regent Larson, Klatt explained that since processes often vary from unit to unit, the new audit approach would help identify internal best practices that might be replicated across other units.

### **2011-12 COMMITTEE WORKPLAN PRELIMINARY DISCUSSION**

Regent Beeson referred committee members to the preliminary 2011-12 committee workplan, as detailed in the docket and on file in the Board Office. Proposed topics relate to the theme of realizing opportunities through strategic risk management. Regents made several suggestions for additional workplan topics.

The meeting adjourned at 10:01 a.m.



**ANN D. CIESLAK**  
**Executive Director and**  
**Corporate Secretary**

**UNIVERSITY OF MINNESOTA**

**BOARD OF REGENTS**

**Facilities Committee**

**July 6, 2011**

A meeting of the Facilities Committee of the Board of Regents was held on Wednesday, July 6, 2011 at 10:15 a.m. in the West Committee Room, 600 McNamara Alumni Center.

Regents present: Dean Johnson, presiding; Clyde Allen, Laura Brod, John Frobenius, Venora Hung, and David Larson.

Staff present: Vice Presidents Aaron Friedman, Kathleen O'Brien, and Richard Pfitzenreuter; Executive Director Ann Cieslak; and Associate Vice Presidents Michael Berthelsen, Terry Bock, Michael Perkins, and Donna Peterson.

Student Representatives present: Molly Tomfohrde and James Rook.

**REAL ESTATE TRANSACTION**

**A. Purchase of 724 First Avenue SW, Rochester (Rochester Campus)**

The committee reviewed a proposal for the purchase of 724 First Avenue SW, Rochester, for the Rochester campus. Susan Weinberg, Director of Real Estate, informed the committee that the existing building on the site would be demolished after all current leases expire in September 2012. She noted that the property was identified in the Rochester Campus Master Plan as a potential acquisition site.

In response to a question from Regent Larson, Weinberg explained that leasing property is considered in some cases, but that buying real estate is often a better financial deal because tax-exempt financing is allowed for purchases. She added that the University's interest in this property is the land for future development rather than the existing building.

The item will return for action at a future meeting of the committee.

**2011-12 COMMITTEE WORKPLAN PRELIMINARY DISCUSSION**

Vice President O'Brien reviewed the 2011-12 workplan, as detailed in the docket and associated materials distributed at the meeting and on file in the Board Office. A final workplan will be presented at the committee's September 2011 meeting.

## **ISSUES RELATED TO: PRELIMINARY 2012 STATE CAPITAL REQUEST**

Vice President O'Brien presented information on the preliminary 2012 State Capital Budget Request, as detailed in the docket and associated materials distributed at the meeting and on file in the Board Office. She observed that the request is based on the following principles: (1) alignment of capital plan with established academic priorities; (2) protection of the University's financial position by keeping capital expenditures within debt capacity limits and controlling costs; and (3) investment in facilities and infrastructure. O'Brien reported that the formal 2012 State Capital Request will be reviewed by the Board at the September 2011 meeting and acted on in October 2011.

O'Brien introduced Vice President Friedman and Bobbi Daniels, Chief Executive Officer of University of Minnesota Physicians (UMP), to provide information on the Ambulatory Care Clinic (ACC) component of the request. Friedman explained that the clinic facility is critical to the financial health of the University's Medical School because clinical revenue is used both as a faculty recruiting tool and as a funding source for research and educational programs. He reported that the existing clinical operations are housed in outdated facilities that do not cost effectively accommodate modern requirements for patients or the training of health care professionals.

O'Brien introduced Associate Vice President Berthelsen to present information on the Old Main Utility Building renovation project. Berthelsen reported that the project will provide enhanced reliability for steam capacity, a reduced carbon footprint for the campus, and greater cost effectiveness in receiving steam and electricity.

In response to a question from Regent Brod, Daniels explained that the ACC is projected to be constructed by the University with the Fairview Health System and UMP leasing space for clinic operations. In response to a question from Regent Larson, O'Brien reported that the University is continually exploring sustainable energy technologies for new construction and has utilized geothermal heating and cooling for some projects.

## **CONSENT REPORT**

A motion was made and seconded to recommend approval of the Consent Report including:

- Purchase of 518 Ontario Street SE, Minneapolis, Twin Cities campus.

In response to a question from Regent Brod, Susan Weinberg, Director of Real Estate, explained that the University has occasionally contacted homeowners on this block to communicate the University's interest in buying properties. In response to a question from Regent Johnson, Vice President O'Brien reported that the property being purchased and adjacent University land will be used in the short-term for a surface parking lot before eventually serving as part of the footprint of the proposed Ambulatory Care Clinic.

The committee voted unanimously to recommend approval of the Consent Report.

## INFORMATION ITEMS

Vice President O'Brien referred committee members to the Information Items, including:

- Capital Planning and Project Management semi-annual project report.

The meeting adjourned at 11:05 a.m.



**ANN D. CIESLAK**  
**Executive Director and**  
**Corporate Secretary**

**UNIVERSITY OF MINNESOTA**

**BOARD OF REGENTS**

**Faculty, Staff & Student Affairs Committee**

**July 6, 2011**

A meeting of the Faculty, Staff & Student Affairs Committee of the Board of Regents was held on Thursday, July 6, 2011 at 10:15 a.m. in the East Committee Room, 600 McNamara Alumni Center.

Regents present: Patricia Simmons presiding; Richard Beeson, Linda Cohen, Maureen Ramirez, and Steve Sviggum.

Staff present: President Eric Kaler; Chancellor Lendley Black; Senior Vice President and Provost Thomas Sullivan; Senior Vice President Robert Jones; Vice President Kathryn Brown; Interim Vice President Ann Hill Duin; Executive Director Ann Cieslak; and Associate Vice Presidents Gail Klatt, Kristin Lockhart, and Louis Mendoza.

Student Representatives present: Daniel Bellis and Abdul Omari.

**RESOLUTION: FACULTY RETIREMENT PLAN CONTRIBUTION  
CHANGES FOR NEW EMPLOYEES**

Vice President Brown invited Dann Chapman, Director of Employee Benefits, and Jackie Singer, Director of Retirement Benefits, to present a brief review of a Resolution proposing changes to the Faculty Retirement Program (Program) for new employees, as detailed in the docket and associated materials distributed at the meeting and on file in the Board Office. Regent Simmons observed the Resolution had been reviewed at the June committee meeting, but because of the turnover in committee membership this month, it would be useful to have a brief overview of the Resolution again.

Singer briefly reviewed benchmarks with peer institutions that indicate the Program is competitive and that the University's share of 13 percent is slightly higher than its peers. She reported that, after extensive consultation and discussion, the proposed employee contribution would increase from 2.5 percent to 5.5 percent, and that the University contribution would change from 13 percent to 10 percent, which continues the current total contribution of 15.5 percent. Proposed changes to the retirement program will impact the following hiring situations effective January 2, 2012: new employees hired in .67 percent or greater appointments of at least 9 months; Civil Service and Union-represented staff who transfer to an eligible academic position; and academics who leave and are rehired. Savings from the retirement contribution changes will be through attrition, estimated at \$3 million during the first year and growing upwards of \$10 million by the fourth year.

In response to questions from the committee, Brown observed that current employees with annual contracts would not be subject to the proposed change unless

their contract was not renewed and they were rehired after January 2, 2012. She reported that studies indicate that robust benefits are an important motivator when hiring new employees.

In response to a question from Regent Sviggum, Singer reported the proposed University contribution of 10 percent is in line with retirement plans at the University of Michigan and the University of Washington, and that faculty groups who were consulted felt strongly that the total contribution should remain at 15.5 percent. Regent Simmons indicated that the University's compensation philosophy would be a good fit for the committee's workplan.

A motion was made and seconded, and the committee voted unanimously to recommend adoption of the Resolution: Faculty Retirement Plan Contribution Changes for New Employees.

### **ADVANCING FACULTY DIVERSITY: RECRUITMENT, RESEARCH & TEACHING**

Vice President Brown invited Senior Vice President Jones and Associate Vice President Mendoza, Office of Equity and Diversity (OED), to present a report on advancing faculty diversity, as detailed in the docket and associated materials distributed at the meeting and on file in the Board Office.

Jones gave a historical perspective on the evolving equity and diversity focus at the University. Mendoza reviewed current equity and diversity framework priorities, including:

- Development of leadership capacity across the University system;
- Improvement of the campus climate for diverse students, faculty, staff, and visitors;
- Engagement of internal and external communities in reimagining programs that support the recruitment, retention, and success of diverse faculty and staff;
- Engagement of faculty in reimagining curriculum, pedagogy, and research to insure inclusivity and accessibility throughout the academic enterprise; and
- Support for institutional assessment, accountability, and collaboration.

Mendoza highlighted several recruitment, retention, research, and teaching activities that the OED sponsors throughout the year. He described the new Institute for Diversity, Equity, & Advocacy and its role providing programming, resources, and supporting special projects for the University community. Future OED plans include partnering with colleges for strategic hires in underrepresented areas of faculty research and teaching, faculty retention, and curriculum transformation that supports diversity.

### **2011-12 COMMITTEE WORK PLAN PRELIMINARY DISCUSSION**

Regent Simmons reported that the committee will finalize the 2011-12 workplan at its next meeting, and she suggested that further review of employee benefits would be an appropriate item to include in the committee workplan. She invited Regents to suggest any additional topics for consideration.

### **CONSENT REPORT**

Vice President Brown presented for action the Consent Report, which included the following item:

- Conferral of tenure for faculty who have been hired at the University of Minnesota

The committee voted unanimously to recommend approval of the Consent Report.

### **INFORMATION ITEMS**

Vice President Brown referred the committee to the information items contained in the docket materials, which included:

- Personnel highlights;
- University highlights;
- Faculty and staff activities and awards; and
- Student activities and awards.

The meeting adjourned at 11:11 a.m.



**ANN D. CIESLAK**  
**Executive Director and**  
**Corporate Secretary**

**UNIVERSITY OF MINNESOTA**

**BOARD OF REGENTS**

**Finance & Operations Committee**

**July 6, 2011**

A meeting of the Finance and Operations Committee of the Board of Regents was held on Wednesday, July 6, 2011 at 11:15 a.m. in the West Committee Room, 600 McNamara Alumni Center.

Regents present: John Frobenius, presiding; Clyde Allen, Richard Beeson, Linda Cohen, Venora Hung, and Steve Sviggum.

Staff present: President Eric Kaler; Chancellor Lendley Black; Senior Vice President Robert Jones; Vice Presidents Aaron Friedman, Kathleen O'Brien, and Richard Pfutzenreuter; General Counsel Mark Rotenberg; Executive Director Ann Cieslak; and Associate Vice Presidents Michael Berthelsen, Terry Bock, Ann Hill Duin, Stuart Mason, and Donna Peterson.

Student Representatives present: James Rook and Daniel Bellis.

**ISSUES RELATED TO: UNIVERSITY TAX COMPLIANCE  
ACTIVITIES AND PROGRAMS**

Vice President Pfutzenreuter invited Kelly Farmer, Director, University Tax Management Office, to provide an update of Tax Office activities as detailed in the docket and associated materials distributed at the meeting and on file in the Board Office.

Farmer outlined the upcoming federal Internal Revenue Service (IRS) initiatives for higher education, including:

- Audits of colleges and universities selected from respondents to a compliance questionnaire;
- Tax-exempt bond compliance checks; and
- A new initiative regarding 403(b) compliance.

Farmer reported that the University's 403(b) contribution limits will likely be part of an upcoming compliance audit.

**ISSUES RELATED TO: 2012 STATE CAPITAL BUDGET REQUEST**

Vice President Pfutzenreuter presented the preliminary 2012 State Capital Budget Request, as detailed in the docket and associated materials distributed at the meeting and on file in the Board Office.

Pfutzenreuter described key financial metrics and the debt capacity model for the 2012 capital framework. He reported that the University's credit rating is Aa1 with Moody's, and AA with Standard and Poor's and observed that the University's key credit ratios are expected to remain within the current credit rating range through 2016. Pfutzenreuter explained that the preliminary request includes \$66.3 million in previously approved projects that were submitted as part of the 2011 State Capital Request.

In response to questions from the committee, Vice President O'Brien commented that the current steam plant was outsourced through a Request for Proposal in the 1990s. She clarified that a long-term contract impacts the University's debt capacity and noted that the Old Main project provides an opportunity to review the current agreement. Several Regents emphasized the importance of understanding the financial pro-forma of the Old Main and Ambulatory Care Clinic projects before the official 2012 State Capital Request is brought for action.

### **2011-12 COMMITTEE WORKPLAN PRELIMINARY DISCUSSION**

Regent Frobenius and Vice President Pfutzenreuter introduced the workplan discussion, as detailed in the docket and associated materials distributed at the meeting and on file in the Board Office.

Regent Frobenius reviewed the preliminary workplan framework and indicated that routine items and comments from the upcoming discussion at the Board Retreat will help to shape the workplan, which will be presented at the September 2011 meeting.

### **CONSENT REPORT**

Vice President Pfutzenreuter presented the Consent Report, as detailed in the docket materials.

Consent Items include the following:

Purchase of Goods and Services Over \$1,000,000 to:

- ADP, Inc. for an estimated \$1,364,700 for the Learning Management System three-year contract, including implementation costs for the period August 1, 2011, through July 31, 2014, for the Office of Human Resources and University collegiate/administrative units offering non-credit courses.
- Blue Cross and Blue Shield of Minnesota for an estimated \$15,583,714 for a partially self-funded Student Health Benefit Plan for Twin Cities, Duluth, Crookston, Morris and Rochester students for Boynton Health Service. This contract is for medical plan expenses incurred during two plan years from August 24, 2011, through August 31, 2012, and for claims paid from August 24, 2011 through August 31, 2013. This is the fifth year contract period of a six-year award.

The committee voted unanimously to recommend approval of the Consent Report.

**INFORMATION ITEMS**

Vice President Pfutzenreuter referred committee members to the Information Item:

- University of Minnesota Duluth Agreement with Duluth Transit Authority.

The meeting adjourned at 12:02 p.m.



**ANN D. CIESLAK**  
**Executive Director and**  
**Corporate Secretary**

**UNIVERSITY OF MINNESOTA**

**BOARD OF REGENTS**

**Educational Planning & Policy Committee**

**July 6, 2011**

A meeting of the Educational Planning & Policy Committee of the Board of Regents was held on Wednesday, July 6, 2011 at 11:15 a.m. in the East Committee Room, 600 McNamara Alumni Center.

Regents present: Maureen Ramirez, presiding; Laura Brod, Dean Johnson, David Larson, and Patricia Simmons.

Staff present: President Eric Kaler, Senior Vice President & Provost E. Thomas Sullivan; Executive Director Ann Cieslak; and Associate Vice Presidents Gail Klatt and Sharon Reich Paulsen.

Student Representatives present: Abdul Omari and Terrance Paape.

**2011-12 COMMITTEE WORKPLAN PRELIMINARY DISCUSSION**

Regent Ramirez invited Senior Vice President & Provost Sullivan to provide an overview of the committee's preliminary workplan for 2011-12, as detailed in the docket and on file in the Board Office. Sullivan also suggested that the committee engage in discussions about two additional topics: 1) the use of tuition and/or state funding to support financial aid, and 2) differential tuition between various colleges.

In response to a question from Regent Johnson, Sullivan explained that before academic programs are scaled back or expanded departments analyze the quality, reputation, market demand, costs, and benefits of the offering. The Provost also reviews potential changes to ensure that impacts on other academic units and functions are considered.

In response to a question from Regent Larson, Sullivan reported that his office conducted a review to determine if there are colleges or majors where course availability or graduation requirements hinder student ability to graduate in four years. The review determined that these issues only exist within the College of Science and Engineering (CSE). The Provost's office has begun working with CSE to explore options. Sullivan also noted that a University-wide review process has been implemented to monitor graduate rates and ensure that these issues do not emerge in the future.

The committee suggested a number of additional topics to consider for possible inclusion in the workplan. The document will return to the committee for further discussion at its next meeting.

## CONSENT REPORT

A motion was made and seconded, and the committee voted unanimously to recommend approval of the following academic program changes, as described in the Consent Report:

- **Changed Academic Programs**
  - College of Veterinary Medicine (Twin Cities Campus) – Discontinue the Theriogenology track within the M.S. and Ph.D. degrees in Veterinary Medicine.

## INFORMATION ITEMS

There were no information items this month.

The meeting adjourned at 11:47 a.m.



**ANN D. CIESLAK**  
**Executive Director and**  
**Corporate Secretary**

**UNIVERSITY OF MINNESOTA**

**BOARD OF REGENTS**

**July 6, 2011**

A meeting of the Board of Regents of the University of Minnesota was held on Wednesday, July 6, 2011 at 1:30 p.m. in the Boardroom, 600 McNamara Alumni Center.

Regents present: Linda Cohen, presiding; Clyde Allen, Richard Beeson, Laura Brod, John Frobenius, Venora Hung, Dean Johnson, David Larson, Maureen Ramirez, Patricia Simmons, and Steve Sviggum.

Staff present: President Eric Kaler; Chancellor Lendley Black; Senior Vice President and Provost Thomas Sullivan; Senior Vice President Robert Jones; Vice Presidents Kathryn Brown, Aaron Friedman, Kathleen O'Brien, and Richard Pfitzenreuter; General Counsel Mark Rotenberg; Executive Director Ann Cieslak; and Associate Vice Presidents Phil Esten, Gail Klatt, Sharon Reich Paulsen, and Donna Peterson.

Chair Cohen welcomed President Kaler to his first Board of Regents meeting. Kaler became the 16<sup>th</sup> president of the University of Minnesota effective July 1, 2011.

**INTRODUCTIONS AND RECOGNITIONS**

**Chief of Staff**

President Kaler introduced Amy Phenix, Chief of Staff, to the University community. Phenix assumed her position April 12, 2011.

**Chair, Civil Service Committee**

President Kaler recognized the work of outgoing Civil Service Committee chair Frank Strahan, who served for the 2010-11 fiscal year.

**Chair, Council of Academic & Administrative Professionals**

President Kaler recognized Sarah Waldemar, chair of the Council of Academic and Professional Administrators for 2010-11.

**APPROVAL OF MINUTES**

A motion was made and seconded, and the Board of Regents voted unanimously to approve the minutes of the following meetings:

Audit Committee – June 9, 2011  
Litigation Review Committee – June 9, 2011  
Facilities Committee – June 9, 2011

Educational Planning & Policy Committee – June 9, 2011  
Finance & Operations Committee – June 9, 2011  
Faculty, Staff & Student Affairs Committee – June 9, 2011  
Board of Regents – June 10, 2011  
Board of Regents – June 20, 2011

### **REPORT OF THE PRESIDENT**

President Kaler reported on his first 100 hours as University President and commented on his many activities to date as he settles into his new role. He spoke about the affection and admiration Minnesota citizens appear to have for the University, and the goal of making the institution more accessible, efficient, entrepreneurial, and successful in the years to come. Kaler noted several recent accomplishments, including receipt of a significant research grant, eight students who have been awarded Fulbright grants, and the recent notation of the University's stature as one of the four most influential mathematics institutions worldwide.

Kaler briefly discussed the (5 percent) tuition increase for the coming year. He indicated that this is a time of difficulty in higher education funding nation-wide, and spoke to the continuing reductions in state support for the institution. He stressed the importance of keeping higher education accessible and to continue to strive to provide the best possible education, research service, and clinical care, while helping citizens to rediscover the value of the University to this state.

Kaler expressed his gratitude to President Emeritus Robert Bruininks and to the committee appointed to oversee the presidential transition during the previous eight months. He honored the memories of two members of the University community: Regent Emeritus Richard "Pinky" McNamara and Dr. Peter Zetterberg, University Senior Analyst, both of whom passed away recently.

A copy of the Report of the President is on file in the Board Office.

### **REPORT OF THE CHAIR**

Cohen again welcomed President Kaler to his first Board of Regents meeting.

Chair Cohen presented Regent Allen with a gavel in recognition of his leadership and service as chair of the Board of Regents 2009-11. Regent Allen briefly addressed the Board.

Cohen reported that Board members would be participating in a retreat at the Gainey Conference Center on July 6-8, 2011, and that the next scheduled meeting of the Board would be September 8-9, 2011.

A copy of the Report of the Chair is on file in the Board Office.

## **RECEIVE AND FILE REPORTS**

Chair Cohen noted the receipt and filing of the Board of Regents Policy Report, Civil Service Committee Report, and the Council of Academic and Professional Administrators Report.

## **CONSENT REPORT**

Chair Cohen presented the Consent Report, as described in the docket materials, including:

- Summary of Gifts through May 31, 2011.

A motion was made and seconded, and the Board of Regents voted unanimously to approve the Consent Report.

## **REPORT OF THE NOMINATING COMMITTEE: UNIVERSITY OF MINNESOTA MEDICAL CENTER FAIRVIEW BOARD OF TRUSTEES**

Regent Allen, Chair of the Nominating Committee for the University of Minnesota Medical Center Fairview (UMMCF) Board of Trustees presented the report of the committee and the following resolution for approval:

RESOLVED, that on the recommendation of the Board of Regents Nominating Committee for the University of Minnesota Medical Center Fairview (UMMCF) Board of Trustees Nominating Committee, the following individuals are hereby approved:

Bobbi Daniels	Reappointed for a three-year term expiring July 2014
Connie Delaney	Reappointed for a three-year term expiring July 2014
Mark Paller	Appointed for a one-year term expiring July 2012

A motion was made and seconded, and the Board of Regents voted unanimously to approve the resolution.

## **PRELIMINARY 2012 STATE CAPITAL BUDGET REQUEST**

President Kaler invited Vice Presidents O'Brien and Pfitzenreuter to present the Preliminary 2012 State Capital Budget Request (Request), as included in the docket and associated materials distributed at the meeting and on file in the Board Office.

O'Brien reported that the Request conforms to the principles used in the development of the six-year capital plan, which are to align the capital plan with established academic strategic positioning goals; maintain continuity of priorities from previous legislative requests; protect the University's financial position by keeping capital expenditures within projected debt capacity limits and controlling costs; and

invest in facilities and infrastructure that advance life safety, renewal, and preservation objectives.

O'Brien described the projects included in the Request. She noted that the Request includes \$60 million for Higher Education Asset Preservation Replacement funds (HEAPR) and how those funds are utilized system-wide to maximize and extend the life of the University's physical plant.

Pfutzenreuter reported that the \$459.9 million Request is built upon a combination of funds appropriated by the state of Minnesota (\$293.3 million) and University resources (\$166.6 million). He indicated that the review and action today, despite the Minnesota government shutdown, would allow the University to submit preliminary materials on the timeline requested by the State. Final requests with prioritization will be reviewed in September, with action in October.

Regent Simmons recused herself for the discussion due to a potential conflict of interest. She left the meeting.

A motion was made and seconded to approve the Resolution Related to the Preliminary 2012 State Capital Budget Request.

O'Brien responded to a number of questions and comments regarding the proposed renovation to the Old Main Steam Plant facility.

Regent Sviggum indicated that he is uncomfortable voting on the Request before the priorities have been determined. Regent Cohen clarified that approval of the resolution today allows the administration to move forward with the planning process.

Regent Beeson commented that it is beneficial to see projected operating costs with proposed capital projects, and requested additional information on the proposed ambulatory care clinic and its potential to increase medical support and revenue.

Regent Allen commented that the amount of HEAPR funds received by the institution does not cover all the renovation costs required on an annual basis. He stressed the importance of finding other ways to address facility needs. Regent Larson observed that renovation costs increase when the work is not done in a timely manner and urged the state legislature to recognize that it saves money to keep buildings in good shape.

The Board of Regents voted unanimously to approve the Resolution Related to the Preliminary 2012 State Capital Request, as follows:

WHEREAS, the Board of Regents has directed the administration to annually submit a capital improvement budget and a 6-year capital improvement plan in support of the University's strategic priorities; and

WHEREAS, the Board of Regents recognizes the importance of sustaining and improving the University's facilities in support of teaching, research, and outreach; and

WHEREAS, the administration has developed a capital planning framework designed to focus its capital planning efforts toward projects that support the University's institutional priorities within a financial strategy that is realistic;

NOW, THEREFORE, BE IT RESOLVED, that the Board of Regents approves the University's Preliminary 2012 State Capital Request to the Minnesota Legislature in the amount of \$459,965,000 consisting of \$293,310,000 from the State of Minnesota and \$166,655,000 from the University of Minnesota.

Regent Simmons returned to the meeting.

#### **REPORT OF THE FINANCE & OPERATIONS COMMITTEE**

Regent Frobenius, Chair of the committee, reported that the committee voted unanimously to recommend:

- a) Approval of the Consent Report for the Finance & Operations Committee as presented to the committee and described in the July 6, 2011 committee minutes.

The Board of Regents voted unanimously to approve the recommendation of the Finance & Operations Committee.

Frobenius reported that the committee also discussed: issues related to University tax compliance activities and programs; the 2012 State Capital Budget Request; the 2011-12 preliminary committee workplan; and reviewed a number of information items included in the docket materials.

#### **REPORT OF THE AUDIT COMMITTEE**

Regent Beeson, Chair of the committee, reported that the committee reviewed the internal audit plan for 2011-12 and discussed the 2012-12 preliminary committee workplan.

#### **REPORT OF THE EDUCATIONAL PLANNING & POLICY COMMITTEE**

Regent Ramirez, Chair of the committee, reported that the committee voted unanimously to recommend:

- a) Approval of the Consent Report of the Educational Planning & Policy Committee as presented to the committee and described in the July 6, 2011 committee minutes.

The Board of Regents voted unanimously to approve this recommendation of the Educational Planning and Policy Committee.

Ramirez reported that the committee also received a graduate education progress report.

## **REPORT OF THE FACILITIES COMMITTEE**

Regent Johnson, Chair of the committee, reported that the committee voted unanimously to recommend:

- a) Approval of the Consent Report for the Facilities Committee as presented to the committee and described in the July 6, 2011 committee minutes:

The Board of Regents voted unanimously to approve the recommendation of the Facilities Committee.

Johnson reported that the committee also reviewed the purchase of 724 - 1<sup>st</sup> Avenue SW, Rochester (UMR); discussed the preliminary 2011-12 committee work plan and issues related to the Preliminary 2012 State Capital Budget Request, and reviewed a number of information items included in the docket materials.

## **REPORT OF THE FACULTY, STAFF & STUDENT AFFAIRS COMMITTEE**

Regent Simmons, Chair of the committee, reported that the committee voted unanimously to recommend:

- a) Approval of the Consent Report for the Faculty, Staff & Student Affairs Committee as presented to the committee and described in the July 6, 2011 committee minutes.
- b) Approval of a Resolution Related to Amendment of the Faculty Retirement Plan Contribution Rates, as follows:

WHEREAS, the University of Minnesota adopted the University of Minnesota Faculty Retirement Plan (the "Plan"), established July 1, 1989, which Plan was most recently amended and restated effective January 1, 2008; and

WHEREAS, through the Board of Regents policy: *Reservation and Delegation of Authority*, the Board has reserved to itself the authority to approve amendments to plans sponsored by the university and governed by formal plan documents which have a cost impact in excess of \$250,000; and

WHEREAS, a change to the Plan's contribution rates has a cost impact in excess of \$250,000.

NOW, THEREFORE, BE IT RESOLVED, that on recommendation of the President, the Board of Regents approves the amendment of the University of Minnesota Faculty Retirement Plan to change the Plan's contribution rate from a 2.5% employee contribution and a 13% University contribution to a 5.5% employee contribution and a 10% University contribution for all new academic employees hired or rehired on or after January 2, 2012, and authorizes the President or delegate to amend plan documents accordingly.

The Board of Regents voted unanimously to approve the recommendations of the Faculty, Staff & Student Affairs Committee.

Simmons reported that the committee also received a report on advancing faculty diversity: recruitment, research and teaching; discussed the preliminary 2011-12 committee workplan; and reviewed a number of information items presented in the docket materials.

#### **REPORT OF THE LITIGATION REVIEW COMMITTEE**

Regent Hung, Chair of the committee, reported that the committee did not meet this month.

The meeting adjourned at 2:35 p.m.



**ANN D. CIESLAK**  
**Executive Director and**  
**Corporate Secretary**