

**Year 2004-05**

**UNIVERSITY OF MINNESOTA**

**BOARD OF REGENTS**

**June 10, 2005**

A meeting of the Board of Regents of the University of Minnesota was held on Friday, June 10, 2005, at 9:00 a.m. in the Boardroom, 600 McNamara Alumni Center.

Regents present: David Metzen, presiding; Clyde Allen, Anthony Baraga, Peter Bell, Frank Berman, Dallas Bohnsack, John Frobenius, Steven Hunter, David Larson, Richard McNamara, Lakeesha Ransom, and Patricia Simmons.

Staff present: President Robert Bruininks; Senior Vice President and Provost Thomas Sullivan; Senior Vice Presidents Frank Cerra and Robert Jones; Vice Presidents Kathryn Brown, Carol Carrier, R. Timothy Mulcahy, Charles Muscoplat, Kathleen O'Brien, Richard Pfitzenreuter, and Linda Thrane; General Counsel Mark Rotenberg; Executive Director Ann Cieslak; Provost David Carl; Executive Associate Vice President Al Sullivan; and Associate Vice Presidents Margaret Carlson, Steve Cawley, Gerald Fischer, Gail Klatt, Stuart Mason, Donna Peterson, and Michael Volna.

**ANNUAL MEETING**

Chair Metzen called the annual meeting of the Board of Regents to order at 9:00 a.m.

**ESTABLISHMENT OF MEETING DATES**

A motion was made and seconded and the Board of Regents voted unanimously to approve the following meeting schedule for 2003-2004:

July 6, 2005	
July 7-8, 2005	Board of Regents Retreat
No August Meeting	
September 8-9, 2005	
October 6-7, 2005	Meeting at Minnesota Landscape Arboretum
November 10-11, 2005	
December 8-9, 2005	
No January 2006 Meeting	
February 9-10, 2006	
March 9-10, 2006	
April 6-7, 2006	Meeting Tentative
May 11-12, 2006	
June 8-9, 2006	

**NOMINATING COMMITTEE REPORT: ELECTION OF OFFICERS**

Regent Bell, Chair of the Nominating Committee, presented the report of the Nominating Committee for officers of the Board of Regents. The following individuals were placed in nomination for the respective Board officer positions for the term July 1, 2005 through June 30, 2007:

Treasurer: Richard H. Pfutzenreuter  
Secretary: Ann D. Cieslak  
Vice Chair: Patricia S. Simmons  
Chair: Anthony R. Baraga

Chair Metzen asked if there were additional nominations. There were none and the nominations were closed.

A motion was made that the slate presented by the Nominating Committee be approved. The motion was seconded and the Board of Regents voted unanimously to approve the slate as presented.

The annual meeting adjourned at 9:05 a.m.

The regular meeting of the Board of Regents was convened at 9:05 a.m.

#### **APPROVAL OF MINUTES**

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

Ad Hoc Committee on the Stadium - May 9, 2005  
Audit Committee - May 12, 2005  
Educational Planning & Policy Committee - May 12, 2005  
Facilities Committee - May 12, 2005  
Faculty, Staff & Student Affairs Committee - May 12, 2005  
Finance & Operations Committee - May 12, 2005  
Board of Regents - May 12, 2005  
Board of Regents - May 13, 2005  
Board of Regents - May 16, 2005

#### **REPORT OF THE PRESIDENT**

President Bruininks reported on the University's success during the legislative session. He stated that the University's capital request was passed in the middle of this year's session with nearly \$112 million in state support. The Legislature also passed, and the Governor has signed, the higher education bill that included a significant amount of new funding for the University. He expressed appreciation to all who were involved in the lobbying efforts for the University during the session. He also thanked legislative leaders and the Governor for their belief in the University.

The President also noted that the stadium issue is still before the legislature. He urged Board members and others to continue to talk with legislators and urge their support for this issue.

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

#### **REPORT OF THE CHAIR**

Regents Metzen, Baraga, and Simmons presented a summary of the Presidential Performance Evaluation Committee. The committee recognized Bruininks' academic leadership, administrative and fiscal management, and his relationship with the Board of Regents and with internal and external constituencies.

A copy of the report of the Presidential Performance Evaluation Committee is on file in the Board Office.

Metzen reported that the Board will hold a public forum on the proposed University budget on June 13, 2005 at 12:30 p.m. There will also be a Board meeting on June 27, 2005 at 1:00 p.m. to adopt the University budget for FY06. He also announced that the July 2005 meetings will be held on July 6, with July 7 and 8 reserved for a Board retreat at Oak Ridge Conference Center.

Metzen also noted that this would be his last meeting as chair of the Board of Regents. He stated that he was honored and privileged to serve as chair of the Board and thanked Board members and the Executive Director for their counsel and support during his tenure. He recognized the future leadership of Chair-elect Baraga and Vice-Chair-elect Simmons, who begin two-year terms July 1, 2005.

President Bruininks recognized Chair Metzen for his leadership on the Board of Regents, noting his visible role in support of the University of Minnesota.

#### **RECEIVE AND FILE REPORTS**

Chair Metzen noted the receipt and filing of the Quarterly Review of Grant & Contract Activity.

#### **GIFTS**

Associate Vice President Gerald Fischer presented the monthly list of gifts to the University of Minnesota, the University of Minnesota Foundation, the Arboretum Foundation, and the Minnesota Medical Foundation through April 30, 2005, which is on file in the Board Office.

A motion was made, seconded, and the Board of Regents voted unanimously to approve the receipt of gifts as presented.

#### **REPORT OF THE ALL-UNIVERSITY HONORS COMMITTEE**

Regent Metzen stated that the Report of the All-University Honors Committee was forwarded to the Board from President Bruininks on June 1, 2005.

A motion was made and seconded and the Board of Regents voted unanimously to approve the Report of the All-University Honors Committee. A copy of the report is on file in the Board Office.

#### **QUARTERLY SUMMARY OF EXPENDITURES**

Regent Metzen presented the Quarterly Summary of Expenditures for the Office of the Board of Regents, the President's Office, and Eastcliff Operations, for nine months ending March 31, 2005 as contained in the docket materials.

A motion was made and seconded and the Board of Regents voted unanimously to approve the Summary of Expenditures for the period ending March 31, 2005.

#### **BOARD OF REGENTS POLICY: CODE OF ETHICS - ANNUAL REVIEW**

General Counsel Mark Rotenberg reviewed the Board of Regents Policy: *Code of Ethics for Members of the Board of Regents*. Section IV, Subdivision 1 of the policy provides that each year the Board publicly reviews the requirements and procedures provided in the Board policy.

Rotenberg highlighted the general standards that board members are obligated to follow: 1) Each member of the Board must consider the welfare of the entire University, not just a particular constituency, when considering an issue; 2) conflict of interest comes in many forms and cannot be entirely avoided, and is not a reflection of some misconduct by any individual regent; and 3) Board members are obligated to not use the authority, title, or prestige of the regental office to obtain any private financial, social, or political benefit that would in any manner be inconsistent with public interest.

Regarding procedures, Rotenberg reviewed that any individual can bring an ethics or conflict of interest claim to the chair of the Board. A regent for whom a conflict of interest question has arisen is encouraged to consult with the general counsel and may request that the general counsel provide a written opinion on the matter. A copy of the opinion is provided to the chair. Likewise, the chair may also request an opinion from the general counsel on any conflict of interest question that comes to the chair's attention.

When a conflict of interest has been disclosed or acknowledged, the regent with the conflict of interest issue shall not participate in the deliberations or vote of the Board of Regents. The policy also states that a disclosure or acknowledgement of a potential conflict of interest shall be noted in an appropriate place in the Board of Regents minutes.

Two related concepts also included in the ethics policy relate to candidacy for public office and acceptance of gifts. Active candidacy for elective public office is a conflict of interest and a regent must resign from the Board upon official announcement of candidacy. With regard to acceptance of gifts, a regent cannot accept any gift or accommodation except as permitted by Board policy.

Regent Bell stated there are several Board and administrative conflict of interest policies and stressed the importance of continuity throughout the policies.

#### **REPORT OF THE FACULTY CONSULTATIVE COMMITTEE**

Professor Marvin Marshak, Chair of the Faculty Consultative Committee (FCC), reported on the activities of the committee since its last report to the Board of Regents. He briefly discussed emerging challenges for the FCC in response to the strategic positioning process.

A copy of the full report is included in the docket materials and is on file in the Board Office.

#### **RECOGNITION: FACULTY CONSULTATIVE COMMITTEE OUTGOING CHAIR**

Recognition was given to Professor Marshak for his service as chair of the Faculty Consultative Committee. Marshak served as chair during the 2004-05 academic year.

#### **ANNUAL UNIVERSITY OF MINNESOTA ALUMNI ASSOCIATION (UMAA) REPORT**

Andrea Hjelm, UMAA National President, highlighted the achievements of the University of Minnesota Alumni Association during fiscal year 2005.

A copy of the presentation is on file in the Board Office.

Chair Metzen thanked Hjelm for her service and leadership on behalf of the University.

**RESOLUTION: TRANSFORMING THE UNIVERSITY OF MINNESOTA**

President Bruininks presented the following resolution relating to the strategic positioning process for approval:

*TRANSFORMING THE UNIVERSITY OF MINNESOTA*

WHEREAS, it is the responsibility of the Board of Regents (Board), in cooperation with the President, to articulate the directions and priorities of the institution; identify and analyze the critical issues and challenges confronting the University; assess its operations; and evaluate the performance and success of its colleges and campuses; and

WHEREAS, the Board identified the creation of a comprehensive and strategic long-range plan for the University as a strategic positioning objective in their 2004-05 work plan; and

WHEREAS, the President launched an ambitious strategic positioning initiative in August 2004; and

WHEREAS, the President and Senior Vice President for Academic Affairs and Provost discussed University goals, vision, mission, and values related to strategic positioning with the Board in September, October, and November 2004; and

WHEREAS, on March 11, 2005, the Board unanimously endorsed the Strategic Positioning Report that articulated the goal of making the University one of the top three public research institutions in the world within a decade; and

WHEREAS, the President appointed two task forces – academic and administrative – to recommend to the President specific strategies to support the University in meeting this goal; and

WHEREAS, the President engaged in a widespread consultative effort to solicit input from key University stakeholders regarding recommendations of the task forces, and considered that input carefully; and

WHEREAS, *Transforming the University of Minnesota* has been submitted by the President to the Board to articulate specific actions which redesign the University's existing academic structure by realigning the departments of three colleges into other units, and by July 1, 2006, cease the existence of three college structures; and

WHEREAS, on May 16, 2005, the Board hosted a public hearing to provide an opportunity to hear comments from the University

community regarding the President's recommendations and considered those comments carefully; and

WHEREAS, pursuant to Board of Regents Policy: *Reservations and Delegations of Authority*, the Board reserves to itself authority to establish and abolish colleges, academic institutes, programs, and courses of study.

NOW, THEREFORE, BE IT RESOLVED that the Board of Regents hereby endorses *Transforming the University of Minnesota*, and authorizes the President and University administration to proceed with implementation of the recommendations.

A motion was made and seconded to approve the resolution.

President Bruininks reviewed his recommendations in support of the Strategic Positioning Report that was presented to the Board on March 11, 2005. It was noted that his recommendations were reviewed extensively at the May meeting of the Board. He stated that the following recommendations are before the Board for approval:

- 1) The College of Human Ecology will be integrated as follows:
  - a) Design, Housing and Apparel and the College of Architecture and Landscape Architecture will create a new College of Design;
  - b) Food Science and Nutrition will be integrated into a new College of Food, Environment and Renewable Resources, with strengthened relationships with Public Health and/or the Medical School; and
  - c) Family Social Science and the School of Social Work will be integrated with units of the College of Education and Human Development to create a new, expanded college dedicated to education, training, and human development across the lifespan.

The College of Human Ecology will cease to exist as an independent collegiate structure by July 1, 2006.

- 2) Units in the College of Natural Resources will be integrated with the academic units of the current College of Agricultural, Food, and Environmental Sciences to create a new, expanded college focused broadly on food systems, environmental science, policy, and renewable resources.

The College of Natural Resources will cease to exist as an independent collegiate structure by July 1, 2006.

- 3) The academic units of the General College will be integrated with academic units of the current College of Education and Human Development and Family Social Science and the School of Social Work to create a new expanded college dedicated to education, training, and human development across the lifespan.

The General College will cease to exist as an independent collegiate structure by July 1, 2006.

Bruininks indicated that if the Board approves his recommendations, he would appoint task forces to design, plan, and implement the transition of the colleges with

reports due back to the President by December 2005. He also briefly reviewed future issues that will be considered relating to the strategic positioning process.

Board members expressed support of the President's recommendations, observing that the recommendations were consistent with the principles that the Board had set for the future of the University. They applauded the process and felt that it was inclusive and consultative. The initiative to address the problems of under-preparedness in the K-12 system and the proposal for working together with other systems of higher education were also applauded. Regent Ransom added that in addition to working with the other educational systems, it is important to work with community leaders to rebuild trust and abolish some of the fear that has arisen from these proposed changes.

Regent Simmons stated that if the plan is approved, the Board should commit to a high level of oversight on a regular basis to be assured that the objectives that have been set are being achieved. Other Board members agreed that oversight is a critical step in the process and stressed the importance of measuring progress.

Regent Hunter stated that he agrees strongly with the President that the status quo is not acceptable for the University of Minnesota. However, he indicated that he has concerns with the proposals and questions that cannot be answered at this time. He therefore cannot vote in favor of the recommendations at this time.

The Board of Regents then voted by a majority of 11 to 1 to approve the resolution *Transforming the University of Minnesota*. Regent Hunter voted against the resolution.

**FY2006 ANNUAL CAPITAL IMPROVEMENT BUDGET**

President Bruininks introduced the proposed FY2006 capital improvement budget which authorizes projects intended for implementation during the coming year. Vice Presidents O'Brien and Pfitzenreuter presented the \$247.7 million budget, as detailed in the docket materials. Pfitzenreuter noted the addition of \$7.5 million to the budget since the Board's review in May that was the result primarily of three projects being added. Details of the projects are described in the docket material. It was noted that the budget includes all projects that have a completed predesign and funding necessary for completion.

A motion was made and seconded, and the Board of Regents voted unanimously to approve the resolution related to the FY2006 Capital Improvement Budget as follows:

WHEREAS, the Board of Regents directed the administration to annually submit a capital improvement budget and a 6-year capital improvement plan; and

WHEREAS, the Board has adopted principles to guide the formulation of the capital improvement budget and 6-year capital improvement plan; and

WHEREAS, the Board 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 FY2006 Capital Improvement Budget and reaffirms its prior year capital expenditure authorizations.

**PRELIMINARY 2006 STATE CAPITAL BUDGET REQUEST**

President Bruininks presented the preliminary state capital budget request for review as contained in the docket materials. The State of Minnesota requires that the University of Minnesota submit its Preliminary Capital Request in June 2005 for consideration by the Governor and the legislature in preparation for the 2006 legislative session. The administration will recommend a Final Capital Request and an updated six-year plan to the Board in fall 2005.

Bruininks reported that the preliminary capital request is built around the priorities outlined in the current Six-Year Capital Improvements Plan with some modifications resulting from the recent strategic positioning discussions. Project costs have been adjusted to reflect program changers, inflation, and further development of the projects. The development of the request was guided by the following principles:

- Renewing existing facilities;
- Enhancing the student experience; and
- Advancing the University's strategic position through support of existing academic programs, new strategic academic investments, and creative and efficient use of resources.

It was noted that the 2006 request is built upon a combination of funds appropriated by the State of Minnesota (\$224.1 million) and resources committed by the University of Minnesota (\$71.9 million.) The total cost of the capital plan is \$296 million.

Vice President O'Brien reviewed information relating to the projects as contained in the docket materials. Vice President Pfutzenreuter reviewed funding information.

In response to questions relating to the request for Higher Education Asset Preservation & Replacement (HEAPR) funds, O'Brien stated that the University continues to stress to the legislature the importance of investment in its existing buildings rather than construction of new buildings. The legislature typically funds approximately half of the University's request for HEAPR funds, an amount that is not sufficient to meet the University's needs. O'Brien noted that the administration is exploring a number of strategies to address the University's facility condition needs.

The Preliminary Capital Request will be on the agenda for approval at the July 2005 meeting.

**ANNUAL OPERATING BUDGET FY2006**

President Bruininks presented the FY2006 annual operating budget and the preliminary financial plan for FY2007, as contained in the docket materials. A copy of the presentation is on file in the Board Office.

Bruininks reported that the University's general fund appropriations for the 2006-07 biennium were increased by \$105.6, or approximately 10% over the previous fiscal year. He reported that this increase in appropriation, along with the proposed University internal reallocations and tuition increases have been used to develop the



overall two-year proposed budget and financial plan. He described the proposed investment plan included in the budget proposal for addressing the action strategies of the University for the next biennium.

He reported that, as in past years, the budget recommendations for the 2006-07 biennium have been built on a model of shared responsibility between the State of Minnesota, University administrative and support units, and students. The framework for the FY2006 budget is comprised of 40 percent from new state appropriations, 17 percent from University reallocations, 5 percent from other institutional revenues, and 38 percent from student tuition and University fees. The all current funds nonsponsored budget plan for FY2006 proposes total net resources of \$2.69 million and expenditures of \$2.07 million.

Bruininks provided details on the needed investments and financial obligations of the University for the next biennium relating to academic investments, student support/services, competitive compensation, technology, new buildings/utilities/debt, and libraries. He reported that an increase of 7.5 percent has been proposed for tuition and fees.

Chair Metzen expressed appreciation to the Governor and members of the legislature for recognizing the needs of higher education during this session.

Josh Colburn, Chair of the Student Representatives, commented briefly on the proposed budget. He expressed appreciation to the administration for the consultative process used during development of the budget and, while students would prefer the increase in tuition to be lower, they are pleased that it is no higher than 7.5 percent. Students are also optimistic about passage of the resolution relating to strategic positioning and are willing to serve on the task forces during implementation of the plan.

Action on the budget will be considered at a special Board meeting on June 27, 2005.

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

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

- a) Approval of the Consent Report for the Educational Planning & Policy Committee as presented to the committee and described in the June 9, 2005 committee minutes.
- b) Adoption of Board of Regents Policy: *Institutional Conflict of Interest*, as follows:

**INSTITUTIONAL CONFLICT OF INTEREST**

**SECTION I. SCOPE.**

This policy governs institutional conflict of interest at the University of Minnesota (University) and applies to members of the Board of Regents (Board), University officials, department/unit heads, and other individuals as required by administrative policies and procedures.

**SECTION II. DEFINITIONS.**

Subd.1. Institutional Conflict of Interest. *Institutional conflict of interest* shall mean a situation in which the research, teaching, outreach, or other activities of the University may be compromised because of an external financial or business relationship held at the institutional level that may bring financial gain to the institution, any of its units, or the individuals covered by this policy.

Subd. 2. University Official. *University official* shall mean persons holding the following positions, including those holding these positions in a temporary capacity:

- (a) chancellors and vice chancellors;
- (b) deans, associate deans, and assistant deans;
- (c) division I athletic director;
- (d) general counsel;
- (e) president and president's chief of staff;
- (f) provosts, vice provosts, associate vice provosts, and assistant vice provosts; and
- (g) senior vice presidents, vice presidents, associate vice presidents, and assistant vice presidents.

### SECTION III. GUIDING PRINCIPLES.

The following principles shall guide the University in addressing institutional conflict of interest:

- (a) Because it is critical to the mission and reputation of the University to maintain the public's trust, University research, teaching, outreach, and other activities must not be compromised or perceived as biased by financial and business considerations.
- (b) Because of its numerous and complex relationships with public and private entities, the University must be aware of any relationships involving financial gain that may compromise or appear to compromise its integrity.
- (c) The University shall establish and maintain an oversight process to manage, reduce, or eliminate institutional conflict of interest.

### SECTION IV. RESERVATION OF AUTHORITY.

The Board reserves authority to review and approve plans for managing, reducing, or eliminating institutional conflict of interest involving:

- (a) external relationships with an unusually significant financial impact that present a potential conflict;
- (b) potential conflicts involving the president;
- (c) potential conflicts that raise serious policy issues or have a significant public impact on the mission and reputation of the University; or
- (d) potential conflicts arising in matters that otherwise require Board review and action under Board of Regents Policy: *Reservation and Delegation of Authority*.

In these instances of conflict of interest, the president shall

consult with the Board.

SECTION V. ASSURANCE, DELEGATION OF AUTHORITY, AND REPORTING.

The president or delegate shall:

- (a) implement an oversight process and administrative policies and procedures to address institutional conflict of interest and to identify situations in which institutional conflict of interest may arise;
- (b) recommend and implement plans to manage, reduce, or eliminate institutional conflict of interest;
- (c) develop and present conflict of interest plans to the Board for review and action as required under Section IV;
- (d) ensure that individuals covered by this policy who act on behalf of the institution adhere to these policies and procedures, follow applicable conflict management plans, and do not engage in activities in which there is an actual conflict of interest; and
- (e) report to the Board annually all institutional conflict of interest matters that do not meet the thresholds identified in Section IV.

SECTION VI. DISCLOSURES.

Subd. 1. Regents. Regents shall file a financial disclosure statement annually and report conflicts of interest as required by Board of Regents Policy: *Code of Ethics*.

Subd. 2. University Officials. University officials shall, upon appointment and annually on September 30 thereafter, file a financial disclosure statement with the president or delegate, disclosing significant economic interests and how those interests may relate to their institutional responsibilities. Such disclosure shall be made in addition to any reporting requirement for individual conflicts of interest.

Subd. 3. Department/Unit Heads. Annually and under circumstances described in administrative policy, department/unit heads shall disclose relevant financial and business interests by filing a *Report of External Professional Activities*.

Subd. 4. Other Individuals. The president or delegate may designate other individuals who shall file a financial disclosure statement.

SUPERSEDES: FINANCIAL DISCLOSURE FOR SENIOR UNIVERSITY OFFICIALS, DATED NOVEMBER 10, 1995.

The Board of Regents voted unanimously to approve the recommendations of the Educational Planning & Policy Committee.

Bell reported that the committee also reviewed proposed amendments to Board of Regents Policy: *Individual Business or Financial Conflict of Interest* and Board of Regents Policy: *Animal Care and Usage*. The committee also reviewed a number of information items as described in the docket materials.

**REPORT OF THE FACILITIES COMMITTEE**

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

- a) Approval of proposed amendments to the University of Minnesota Duluth Master Plan as presented to the committee and described in the June 9, 2005 committee minutes.
- b) Approval of the following real estate transactions:
  - 1. Three-year lease for space at Court International, 2550 University Avenue West, St. Paul, for the Enterprise Financial Systems Project
  - 2. Purchase of 2500 University Avenue SE, Minneapolis, with American Cancer Society for Hope Lodge Facility.

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

Regent Bohnsack reported that the committee also reviewed a real estate transaction for the purchase of three floors in the Stable Building located in Rochester, Minnesota, and reviewed information items as described in the docket materials.

**REPORT OF THE AUDIT COMMITTEE**

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

**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 June 9, 2005 committee minutes.
- b) Adoption of amendments to Board of Regents Policy: *Student Services Fees*, as follows:

STUDENT SERVICES FEE

SECTION I. SCOPE.

This policy governs assessment of the University of Minnesota (University) student services fee, which funds non-instructional programs and activities; supplements the academic curriculum; and is an integral part of the University's educational experience.

SECTION II. DEFINITIONS.

Subd. 1. Student Services Fee. *Student services fee* shall mean the mandatory annual fee assessed on designated students to provide funding for student programs, activities, and services on each campus.

Subd.2. Student Services Fee Committee. *Student Services Fee Committee* shall mean the committee established on each campus to review and recommend annually the student services fee.

Subd. 3. Designated Students. *Designated students* shall mean all students registered for:

- (a) six or more credits per semester; or
- (b) three or more credits per summer session.

Credits for off-campus distance classes are excluded from the total credit count.

### SECTION III. GUIDING PRINCIPLES.

The following principles shall guide the assessment of the student services fee:

(a) Fee-supported programs, activities, and services shall be available to all students assessed the fee.

(b) All persons involved in the development of the student services fee shall recognize the relationship of the student services fee to the total tuition and other costs of education for students.

(c) The University's educational mission is well served when students have the means to engage in dynamic discussions of diverse topics in their extracurricular campus life.

(d) Decisions regarding the allocation of fees among student groups shall be made in a viewpoint-neutral manner.

### SECTION IV. ASSESSMENT AND USE OF THE STUDENT SERVICES FEE.

Subd.1. Assessment. The student services fee shall be assessed on all designated students.

Subd.2. Fee Exemptions. The following students shall be exempt from assessment of the student services fee:

- (a) non-degree seeking students;
- (b) post-secondary education option students and concurrent high school enrollment program students;
- (c) those students not designated, as defined in Section II; and
- (d) others as approved by the president or delegate.

Subd.3. Special Assessments. Special assessments of the student services fee may be authorized by the Student Services Fee Committee for clearly defined classes of students.

Subd.4. Optional Fees. Registered students exempt from paying the student services fee have the option of paying the full student services fee or paying optional fees if offered by individual fee-receiving units.

Subd. 5. Prohibited Uses. The student services fee may not be used to fund courses or activities for which academic credit is offered within a department where credit is the primary focus of the course or activity.

Subd. 6. Capital Improvements. A request for funding of a capital improvement shall be approved by the Student Services Fee Committee on each campus. Such improvements shall not be subject to revision except in the most severe circumstances.

**SECTION V. STUDENT SERVICES FEE COMMITTEE.**

The Student Services Fee Committee established on each campus shall adhere to the following:

Subd. 1. Representation. The Student Services Fee Committee shall have at least a student majority, and all members shall have the right to vote. Student, faculty, and administrative staff members shall be appointed under Student Services Fee Committee procedures in effect on each campus.

Subd. 2. Validation of Fee Payment. Student members of the Student Services Fee Committee shall demonstrate payment of the student services fee each semester of their appointment. Summer session payment is not required.

Subd. 3. Administrative Assistance. Each Student Services Fee Committee shall receive administrative assistance from the respective campus administrations and student associations.

**SECTION VI. DELEGATION OF AUTHORITY.**

Subd. 1. Recommendations. The president shall recommend for Board of Regents action student services fees for each campus in the *Annual Operating Budget*.

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

Regent Simmons reported that the committee reviewed a proposed new Board of Regents Policy: *Employee Groups at the University of Minnesota*; received an update report on post-tenure review; and reviewed results of the Pulse Employee Satisfaction Survey administered in April 2004. The committee also reviewed a number of information items as described in the docket materials.

**REPORT OF THE FINANCE & OPERATIONS COMMITTEE**

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

- a) Approval of the amended Consent Report for the Finance & Operations Committee as presented to the committee and described in the June 9, 2005 committee minutes.

Allen noted that the recommendation was without contingency as the review of the item noted in the Finance & Operations Committee minutes of June 9, 2005 had been completed.

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

Regent Allen reported that the committee received an overview of financing assumptions relating to the FY06 Annual Operating Budget, the FY07 Preliminary Financial Plan, the FY06 Annual Capital Improvement Budget, and the Preliminary 2006 State Capital Budget Request. The committee also reviewed a number of information items as described in the docket materials.

**REPORT OF THE LITIGATION REVIEW COMMITTEE**

Regent Berman, Chair of the committee, reported that the committee met on June 1, 2005 to discuss attorney-client privileged matters and that no actions were taken at the meeting. He reported that the committee convened in public session to discuss current administrative practices regarding investigation of NCAA infractions.

The meeting adjourned at 12:04 p.m.

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