

UNIVERSITY OF MINNESOTA

BOARD OF REGENTS

October 12, 2007

A meeting of the Board of Regents of the University of Minnesota was held on Friday, October 12, 2007, at 9:00 a.m. in Oyate Hall on the University of Minnesota Morris campus.

Regents present: Patricia Simmons, presiding; Clyde Allen, Anthony Baraga, Dallas Bohnsack, Maureen Cisneros, Linda Cohen, John Frobenius, Venora Hung, Dean Johnson, David Larson, and David Metzen.

Staff Present: President Robert Bruininks; Chancellors Charles Casey, Jacqueline Johnson, and Stephen Lehmkuhle; Senior Vice President and Provost Thomas Sullivan; Senior Vice Presidents Frank Cerra and Robert Jones; Vice Presidents Kathryn Brown, Carol Carrier, Timothy Mulcahy, Richard Pfutzenreuter; General Counsel Mark Rotenberg; and Executive Director Ann Cieslak.

**INTRODUCTION OF CHANCELLOR,
UNIVERSITY OF MINNESOTA ROCHESTER**

President Bruininks introduced Stephen Lehmkuhle, newly-appointed Chancellor of the University of Minnesota Rochester. Dr. Lehmkuhle assumed his duties on September 7, 2007. Lehmkuhle briefly addressed the Board.

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 – September 6, 2007
Educational Planning & Policy Committee – September 6, 2007
Facilities Committee – September 6, 2007
Faculty, Staff & Student Affairs Committee – September 6, 2007
Finance & Operations Committee – September 6, 2007
Litigation Review Committee – September 6, 2007
Board of Regents – September 7, 2007

REPORT OF THE PRESIDENT

Bruininks reported on a community visit to Willmar, Minnesota prior to the Board meetings in Morris. Bruininks, with Regents Allen, Frobenius, and Johnson, and other University officials visited a number of regional facilities and participated in a roundtable session with University of Minnesota Extension agents and Kandiyohi County Commissioners. He noted that this visit demonstrates again the impact of the University of Minnesota on the state's economy and quality of life.

Bruininks expressed appreciation for the warm welcome extended to everyone during the two-day visit to the Morris campus.

REPORT OF THE CHAIR

Chair Simmons expressed gratitude on behalf of the Board of Regents to Chancellor Johnson and the faculty, staff and students of the Morris campus for their gracious hospitality.

She also reported that a number of Regents will attend the Gopher football game at the University of Michigan in late October, and noted the distribution of the President's Workplan for 2007-08.

RECEIVE AND FILE REPORTS

Chair Simmons reported there were no items for receipt and filing.

REPORT OF THE ALL-UNIVERSITY HONORS COMMITTEE

Chair Simmons noted that the Report of the All-University Honors Committee was forwarded to the Board from President Bruininks on September 26, 2007.

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.

SUMMARY OF EXPENDITURES

Chair Simmons presented the Quarterly Summary of Expenditures for the Office of the Board of Regents, the President's Office, and Eastcliff Operations, for twelve months ending June 30, 2007, as included 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 June 30, 2007.

GIFTS

Foundation President Gerald Fischer presented the list of gifts to the University of Minnesota, the University of Minnesota Foundation, the Arboretum Foundation, and the Minnesota Medical Foundation for three months through August 31, 2007, as included in the docket materials.

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

2008 STATE CAPITAL REQUEST

President Bruininks presented the 2008 State Capital Request (Request) as detailed in the docket and associated materials distributed at the meeting. The \$308 million Request is built upon a combination of funds appropriated by the State of Minnesota (\$238.7 million) and resources committed by the University of Minnesota (\$69.3 million). The Request was reviewed by the Board of Regents at its June 2007 meeting and subsequently adjusted to reflect program changes, inflation, and further project development.

Bruininks reported that the development of the Request was guided by the following principles:

- Align projects with strategic priorities to advance academic excellence;
- Protect past investments through the preservation and renewal of historic structures;
- Seize unique opportunities to create state-of-the-art and sustainable facilities;
- Address pressing infrastructure needs;
- Ensure the institution's financial position by staying within operating and debt capacity limits; and
- Capitalize on fundraising potential.

Bruininks stated that this Request is the largest ever presented to the State of Minnesota. He summarized the projects included in the Request and explained how each project supports the University's institutional, educational, and strategic priorities. He emphasized the importance of the investments in connecting the resources of the University to meeting the needs of Minnesota communities and regions. Bruininks noted that the \$100 million request for Higher Education Asset Preservation and Replacement funds will be used system-wide to maximize and extend the life of the University's existing physical systems and infrastructure.

A motion was made and seconded to approve the Resolution Related to the 2008 State Capital Request.

In response to a question from Regent Frobenius, Senior Vice President Cerra explained that the \$20 million request for the Critical Research and Learning Center funding will create the infrastructure to serve a new clinic and provide redundancy to the existing hospital and portions of the Academic Health Center. He added that the clinic is an essential addition to the clinical sciences mission, as it would become the major training site for the next generation of physicians, nurses, and pharmacists. Vice President Pfutzenreuter clarified that the State of Minnesota only provides bonding to a capital project if it is publicly owned and serves a public purpose. The balance of funding for the clinic building will be determined with other affected partners, such as University of Minnesota Physicians and Fairview Health Services.

Board members commended the administration on the usefulness of the video presentation in demonstrating the importance of the Request to advancing the mission and values of the University.

The Board of Regents voted unanimously to approve the resolution as follows:

RESOLUTION RELATED TO 2008 STATE CAPITAL REQUEST

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 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 2008 State Capital Request to the Minnesota Legislature in the amount of \$308,000,000 consisting of \$238,700,000 from the State of Minnesota and \$69,300,000 from the University of Minnesota.

UNIVERSITY PLAN, PERFORMANCE & ACCOUNTABILITY REPORT

Due to time constraints, the *University Plan, Performance, and Accountability Report* was postponed to the November 2007 Board of Regents meeting.

REPORT OF THE CHANCELLOR

Chancellor Johnson presented a report to the Board addressing the importance of the Morris campus to the University and to the region. Johnson reported on a number of programs launched to expand opportunities for students and faculty to improve the teaching and learning experience. She highlighted the unique opportunities offered in a liberal arts environment and how the Morris campus environment prepares students to become engaged citizens. Students learn firsthand to be critical thinkers, problem solvers, and to be inter-culturally connected. Johnson also reported that the Morris campus has advanced ahead of the field in efforts related to renewable energy and sustainability, and has become a system-wide, regional, state, and national leader in this area.

A copy of the full report of the Chancellor is on file in the Board Office.

REPORT OF THE AUDIT COMMITTEE – SEPTEMBER 2007

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

- a) Approval of the Consent Report as presented to the committee and described in the September 6, 2007 committee minutes.

Due to the early adjournment of the Board meeting, the engagement of PriceWaterhouseCoopers, LLP, was approved through the Board's emergency approval process on September 12, 2007.

Cohen reported that the committee also received an update on the external audit; a report from the compliance officer; an internal audit update; discussed the 2007-08 committee workplan; and reviewed a number of information items contained in the September docket materials.

REPORT OF THE FACULTY, STAFF & STUDENT AFFAIRS COMMITTEE – SEPTEMBER 2007

Regent Frobenius, 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 September 6, 2007 committee minutes.

Due to the early adjournment of the Board meeting, the Consent Report was approved through the Board's emergency approval process on September 7, 2007.

Frobenius reported that the committee also received reports on post-tenure review; University responses to the needs of student veterans; student mental health issues; reviewed the 2007-08 committee workplan; and reviewed information items contained in the September docket materials.

**REPORT OF THE FINANCE & OPERATIONS COMMITTEE –
SEPTEMBER 2007**

Regent Johnson, Vice 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 September 6, 2007 minutes; and

Due to the early adjournment of the Board meeting, the Consent Report was subsequently approved through the Board's emergency approval process.

Johnson reported that the committee also discussed issues related to the Annual Asset Management Report and issues related to the 2008 State Capital Request; discussed the 2007-08 committee workplan; and reviewed the information items described in the September docket materials.

**REPORT OF THE EDUCATIONAL PLANNING & POLICY COMMITTEE –
SEPTEMBER 2007**

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

- a) Approval of the Consent Report as presented to the committee and described in the September 6, 2007 committee minutes;
- b) Approval of a Resolution Related to the 2007 Minnesota-Wisconsin Tuition Reciprocity Agreement, as follows:

WHEREAS, the University of Minnesota values the long-standing tradition of tuition reciprocity between the state of Minnesota and the state of Wisconsin under agreements that have evolved and changed over time; and

WHEREAS, the state of Minnesota and the state of Wisconsin have renegotiated the agreement to address fully concerns raised by the University of Minnesota; and

WHEREAS, the state of Minnesota requires the Board of Regents to approve all reciprocity agreements before they become effective.

NOW, THEREFORE, BE IT RESOLVED, that the Board of Regents hereby approves the 2007 Minnesota-Wisconsin Public Higher Education Reciprocity Agreement as provided in the docket materials.

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

Larson reported that the committee also received the Academic Program Changes Annual Report; discussed academic issues related to the *University Plan, Performance & Accountability Report*; and discussed the committee workplan for 2007-08.

REPORT OF THE FACILITIES COMMITTEE – SEPTEMBER 2007

Regent Metzen, 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 September 6, 2007 minutes;
- b) Approval of the following real estate transactions:
 - 1) Purchase of 22.68 acres from LaMinora Properties, Inc., St. Louis County, as presented to the committee and described in the September 6, 2007 minutes;
 - 2) Purchase of 23.22 acres in St. Louis County from the State of Minnesota Department of Natural Resources, as presented to the committee and described in the September 6, 2007 minutes;
 - 3) Conversion of 120 acres at the Fens Research Facility in Zim, Minnesota into a wetland bank (Duluth campus);
- c) Approval of schematic plans for the Chester Park School Renovation, Duluth campus; and
- d) Approval of an amendment to the 2007 Capital Budget as presented to the committee and described in the September 6, 2007 minutes by:
 - 1) \$1,800,000 to increase funding for the Metropolitan Council Sanitary Sewer Work, East Gateway District, Twin Cities campus.

Due to the early adjournment of the Board meeting, these items were approved through the Board's emergency approval process on September 12, 2007.

Metzen reported that the committee also reviewed the following real estate transaction: purchase of 2001 Plymouth Avenue North, Minneapolis; received a facilities condition assessment update; discussed the 2007-08 committee workplan; and reviewed a number of information items included in the September docket materials.

REPORT OF THE LITIGATION REVIEW COMMITTEE – SEPTEMBER 2007

Regent Baraga, Chair of the committee, reported that the committee met in open session to discuss the Office of the General Counsel's Annual Report on Legal Matters. The committee then went into closed session to discuss attorney-client privileged matters and no action was taken at the meeting.

REPORT OF THE AUDIT COMMITTEE – OCTOBER 2007

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

REPORT OF THE FACULTY, STAFF & STUDENT AFFAIRS COMMITTEE – OCTOBER 2007

Regent Frobenius, 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 October 11, 2007 minutes;
- b) Approval of a Resolution Related to the Proposed Labor Agreement with the Teamsters Local 320, as follows:

WHEREAS, the parties have met and negotiated over the course of the past few months and have reached agreement regarding terms and conditions of employment regarding the employees of this bargaining unit (a complete copy of which is available in the Board of Regents Office); and

WHEREAS, the Teamsters of Local Union 320 have ratified acceptance of the agreement; and

WHEREAS, according to Board of Regents Policy: *Board Operations and Agenda Guidelines*, approval of labor agreements by the Board of Regents is required;

NOW, THEREFORE, BE IT RESOLVED, that on the recommendation of the President, the Board of Regents approves this labor agreement as outlined in the docket for October 11, 2007.

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

Frobenius reported that the committee also received a report on a Summary of Student Metrics from the 2007-08 *University Plan, Performance & Accountability Report*; and a report on the Morris Student Experience: *Exceptional Students, Engaged Learning*. The committee also reviewed a number of information items contained in the docket materials.

REPORT OF THE FINANCE & OPERATIONS COMMITTEE – OCTOBER 2007

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

- a) Approval of the revised Consent Report for the Finance & Operations Committee as presented to the committee and described in the October 11, 2007 minutes;
- b) Approval of a Resolution Related to Issuance of New Commercial Paper, as follows:

WHEREAS, it has been proposed that the University proceed with a plan of financing which involves, among other things, the issuance and sale by the University of general obligation indebtedness of the University in the form of commercial paper to finance purchases of land and buildings, construction and remodeling projects undertaken by the University, the acquisition and installation of items of equipment by the University, and costs of issuance of the commercial paper; and

WHEREAS, the commercial paper is proposed to be issued under the University's existing commercial paper program, which was authorized by the Board of Regents in resolutions approved unanimously at the meetings of November 8, 1996 and September 9, 2005 (the "Commercial Paper Program"); and

WHEREAS, the commercial paper will be issued pursuant to an Indenture of Trust between the University and a bank or trust company acting as trustee, or pursuant to an Order of the University; and

WHEREAS, the Indenture of Trust or Order pursuant to which the commercial paper will be issued will contain the terms of such commercial paper and agreements and covenants of the University with respect to the payment of the principal of, premium, if any, and interest on such commercial paper;

NOW, THEREFORE, BE IT RESOLVED, by the Regents of the University of Minnesota, as follows:

1. To provide funds to finance and/or reimburse the University for purchases of land and buildings, construction and remodeling projects to be undertaken by the University, and the acquisition and installation of items of equipment by the University, the University hereby authorizes the issuance of additional commercial paper pursuant to the Commercial Paper Program in the principal amount of up to \$135,000,000, together with an additional principal amount to finance the costs of issuance of the Commercial Paper (the additional commercial paper so authorized is herein called "Commercial Paper"). The Commercial Paper shall be general obligations of the University.

2. The land and buildings, construction and remodeling projects, and items of equipment to be financed by the proceeds of the Commercial Paper shall be the land and buildings, construction and remodeling projects, and items of equipment the source of funding of which is designated by the Board of Regents or by the Treasurer as part of the University's capital planning process as proceeds of indebtedness of the University.

3. The Treasurer is authorized to approve revised terms of the Commercial Paper Program, including but not limited to increasing the maximum principal capacity thereof to \$350,000,000. The amortization schedule for repayment of commercial paper issued under such program shall be not longer than 20 years.

4. The Treasurer is authorized to negotiate with one or more banks, investment banking firms or financial institutions acting as the dealer for the Commercial Paper, the terms and conditions upon

which the Commercial Paper shall be sold and issued, and to approve the terms of such sale and issuance.

5. In connection with the Commercial Paper Program and the issuance of the Commercial Paper the President and Treasurer are authorized to execute and deliver on behalf of the University the Indenture of Trust or Order of the University or any supplement or amendment thereto under which the Commercial Paper is to be issued in the form and containing such covenants, agreements, representations and warranties of the University as may be approved by the Treasurer and the General Counsel, and the Secretary and Treasurer are authorized to execute and deliver the Commercial Paper in accordance with such Indenture of Trust or Order of the University or any supplement or amendment thereto. The signatures of the Secretary and/or Treasurer may be made on the Commercial Paper by facsimile.

6. In addition, the Treasurer is further authorized to negotiate with one or more commercial banks, insurers or other credit support or liquidity facility providers the terms and conditions of any credit support or liquidity facility for the Commercial Paper, and the Treasurer is authorized to execute and deliver any agreements of the University with the provider of any such credit support facility or liquidity facility. Such agreements shall be in the form and contain such rights, obligations, covenants, agreements, representations and warranties of the University as may be approved by the Treasurer and the General Counsel.

7. The Treasurer is authorized to approve the Official Statement, Offering Memorandum, Offering Circular or other offering material to be prepared and distributed by the University to any purchaser or potential purchaser of any of the Commercial Paper (however so entitled, the "Offering Memorandum"), and the Treasurer is authorized to execute and deliver the Offering Memorandum.

8. The appropriate University officers are authorized to execute and deliver all other documents, certificates and to take such action as may be necessary or appropriate in connection with the Commercial Paper Program and the issuance and sale of the Commercial Paper.

9. The Secretary and other officials of the University are authorized and directed to prepare and furnish to any purchasers of the Commercial Paper certified copies of all proceedings and records of the University as may be required or appropriate to evidence the facts relating to the legality of the Commercial Paper and the Commercial Paper Program as such facts appear from the books and records in the officers' custody and control or as otherwise known to them; and all such certified copies, certificates and affidavits, including any heretofore furnished, shall constitute representations of the University as to the truth of all statements contained therein.

10. The execution of any document by the appropriate officers of the University herein authorized shall be conclusive evidence of the approval of such documents in accordance with the terms hereof. In the absence of the President or Treasurer, any Indenture of Trust, Order, Offering Memorandum, purchase agreement with the initial purchaser or purchasers of the Commercial Paper or any other

document to be executed by the President or Treasurer in connection with the Commercial Paper or Commercial Paper Program may be executed by the Chair or Vice Chair instead of the President and by the Secretary instead of the Treasurer.

The Board of Regents voted unanimously to approve the recommendations of the Finance & Operations committee.

Johnson reported that the committee also reviewed a number of information items detailed in the docket materials.

**REPORT OF THE EDUCATIONAL PLANNING & POLICY COMMITTEE -
OCTOBER 2007**

Regent Larson, Chair of the committee, reported that the committee received: Campus Reports & Strategic Positioning Update: Crookston & Morris; and reviewed information items described in the docket materials.

**REPORT OF THE FACILITIES COMMITTEE -
OCTOBER 2007**

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

**REPORT OF THE LITIGATION REVIEW COMMITTEE -
OCTOBER 2007**

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

NEW BUSINESS

Regent Baraga reported that he attended the recent dedication of the Gerald W. Heaney Federal Building and United States Courthouse and Customhouse in Duluth. Heaney previously served on the Board of Regents.

The meeting adjourned at 11:08 a.m.



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