

UNIVERSITY OF MINNESOTA

BOARD OF REGENTS

MINUTES

BOARD OF REGENTS MEETINGS

AND

COMMITTEE MEETINGS

November 13-14, 2008

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**

November 13-14, 2008

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UNIVERSITY OF MINNESOTA

BOARD OF REGENTS

Audit Committee

November 13, 2008

A meeting of the Audit Committee of the Board of Regents was held on Thursday, November 13, 2008 at 8:30 a.m. in the East Committee Room, 600 McNamara Alumni Center.

Regents present: Linda Cohen, presiding; Clyde Allen, Dallas Bohnsack, John Frobenius, Venora Hung, and Dean Johnson. Chair Patricia Simmons also participated in the meeting.

Staff present: Chancellors Charles Casey and Jacqueline Johnson; Senior Vice President and Provost Thomas Sullivan; Vice Presidents Steve Cawley, Timothy Mulcahy, and Richard Pfitzenreuter; General Counsel Mark Rotenberg; Executive Director Ann Cieslak; and Associate Vice Presidents Gail Klatt and Michael Volna.

Student Representatives present: Jennifer McCabe and Dustin Norman.

EXTERNAL AUDIT REPORT

Associate Controller Denise Seck introduced Don Loberg and Craig Popenhagen, Principals, LarsonAllen, who presented the external auditor's opinion on the accuracy and reliability of the University's FY2008 financial statements, as included in the materials distributed at the meeting and on file in the Board Office. This report is meant to assure the committee that the University has the appropriate policies, procedures, and control systems to produce accurate and reliable financial information.

Loberg and Popenhagen reported on the FY2008 audit, indicating that the University's financial statements received an unqualified audit opinion. Popenhagen discussed required communications, noting LarsonAllen received the full cooperation of management during the audit process. This communication contributed to the successful completion of all aspects of the audit. Loberg noted that the audit process progressed as expected, even while the institution was converting to the Enterprise Financial System. He also reported on new auditing and accounting standards.

Loberg indicated that the institution's financial position is very healthy, despite recent market declines, and is nearly at break-even status, which is unusual for a higher education institution. He presented a number of financial ratios to show that the University compares favorably with other Big 10 universities. Popenhagen discussed total revenues and total expenses trends. The decrease in revenue is due to market declines on investments, the capital appropriations cycle within the state, and rising expenses for annual increases in compensation and benefits. The institution's instructional expense compared to tuition revenue has remained consistent over the past several years and is lower than that of other Big 10 institutions.

EVOLVING THE UNIVERSITY'S RESEARCH INFRASTRUCTURE TO SUPPORT EMERGING TRENDS IN FEDERAL FUNDING OPPORTUNITIES

Vice President Mulcahy presented an analysis of (1) present and emerging compliance risks associated with the University's research agenda and (2) the University's new integrated research compliance structure addressing those risks. Three significant pressures face the institution: the funding environment, pressures associated with accountability, and compliance.

Mulcahy described declining federal funding in research and the resulting competitive pressure on universities and faculty. The probability of success in obtaining funding is dropping rapidly due to declining state support and increasing pressure for business and industry funding. He also noted institutional policies and procedures and the associated pressures to achieve compliance.

Mulcahy stressed that risk tolerance is an important concept, including how to assess risk, respond to risk appropriately and proportionately, and not assume a risk adverse posture. Institutional attitude is critical because compliance, if not managed well, can lead to unproductive increases in burden and corresponding decreases in research productivity. The institution does have control over some areas, such as policies and procedures, and he outlined several key elements where control can be exercised.

In response to questions from Regent Frobenius, Mulcahy reported that there is an active policy review underway involving a University-wide effort to consider all administrative policies and procedures. Also, two years ago the Office of the Vice President for Research participated in a continuous improvement project to evaluate the costs or risks associated with implementation of a policy, both in terms of the costs of compliance and the indirect impacts of the policy. He added that the University can control its own policies and procedures, but federal policies, such as caps on administrative support rates, affect the cost of compliance and are not negotiable.

Regent Simmons commented on the importance of accepting risk and cautioned the institution not to become risk adverse, adding that risk must be managed by having an infrastructure in place for education purposes, supporting the compliance process, and determining standards based on this institution's best interests. She noted it would be useful for the Board to revisit the issue.

REVISIT OF INSTITUTIONAL RISK PROFILE

Regent Cohen stated that the purpose of the discussion is to introduce new Audit Committee members to the Institutional Risk Profile (heat map) developed by the Audit Committee in 2005 and to determine if changes are warranted. The heat map provides an illustration of the University's enterprise level risk from the governance perspective. Cohen introduced Senior Vice President and Provost Sullivan to lead the discussion of the existing heat map and another illustrating changes recommended by the administration.

Sullivan described the proposed changes to the heat map, as illustrated in the docket and materials distributed at the meeting and on file in the Board Office. He

identified a number of areas in which additional risks have emerged that pose higher risk and impact and several areas where risk and impact have been reduced.

In response to questions from the committee, Sullivan indicated that the heat map is a dynamic document that will evolve as items move into the higher risk areas. Depending on the circumstances, some of these risks can be controlled through application of an appropriate level of risk management. Regent Simmons observed that some items, by their very nature, will remain in the high-risk and high-impact areas of the heat map, but she questioned whether administration should make efforts to move other high-risk items to the lower-risk and impact area.

BOARD OF REGENTS POLICY: *AUDIT COMMITTEE CHARTER*

Associate Vice President Klatt presented a proposed amendment to Board of Regents Policy: *Audit Committee Charter*, as outlined in the docket materials. She noted that the only proposed amendment recommended is to eliminate reference to a specifically named administrative policy.

Regent Frobenius proposed the addition of language in Subd. 3(a) to better indicate that University activities and operations function efficiently and effectively.

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

BOARD OF REGENTS POLICY: *INTERNAL CONTROLS*

Associate Vice President Klatt presented proposed amendments to Board of Regents Policy: *Internal Controls*, as detailed in the docket materials. The amendments involve reformatting the policy to conform to new Board policy standards, including the incorporation of guiding principles, and a proposed name change to Board of Regents Policy: *Internal Control*. The substantive content of the policy remains unchanged.

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

INTERNAL AUDIT UPDATE

Associate Vice President Klatt presented the Internal Audit Update, as included in the docket materials. Since the last update to the Audit Committee in May 2008, 40 percent of outstanding recommendations rated as “essential” were implemented by University departments, a percentage equal to the expected implementation rate and a significant improvement over recent quarters. In addition, 11 units fully implemented all their remaining “essential” recommendations.

Klatt provided a brief update on the audit coverage provided to the TCF Bank Stadium, noting the decision to contract with an audit group with specific expertise in stadium construction. She also presented results from an internal quality self-assessment of the Office of Internal Audit required as part of an upcoming external peer review.

Klatt reported that every two years the Office of Internal Audit participates in a benchmarking survey of internal audit functions internationally. She highlighted the results, which indicate that the Office of Internal Audit compares very favorably with

peer institutions on many key indicators. A copy of the report is on file in the Board Office.

INFORMATION ITEMS

Associate Vice President Klatt referred the committee to the information items contained in the docket materials, including:

- Semi-Annual Controller's Report.

The meeting adjourned at 10:17 a.m.



ANN D. CIESLAK
Executive Director and
Corporate Secretary

UNIVERSITY OF MINNESOTA
BOARD OF REGENTS
Finance & Operations Committee
November 13, 2008

A meeting of the Finance and Operations Committee of the Board of Regents was held on Thursday, November 13, 2008 at 1:15 p.m. in the East Committee Room, 600 McNamara Alumni Center.

Regents present: Steven Hunter, presiding; Clyde Allen, Linda Cohen, John Frobenius, Venora Hung, and Dean Johnson.

Staff present: President Robert Bruininks; Senior Vice President and Provost Thomas Sullivan; Senior Vice Presidents Frank Cerra and Robert Jones; Vice Presidents Kathryn Brown, Steve Cawley, Timothy Mulcahy, and Richard Pfutzenreuter; Executive Director Ann Cieslak; and Associate Vice Presidents Gail Klatt, Stuart Mason, Beth Nunnally, and Michael Volna.

Student Representatives present: Imee Cambroner and Jennifer McCabe.

RESOLUTION RELATED TO ISSUANCE OF UNIVERSITY DEBT

Vice President Pfutzenreuter presented a Resolution Related to Issuance of Debt (Resolution), as included in the docket materials. He indicated that the Resolution authorizes \$164 million of new debt including: \$41 million for TCF Bank Stadium; \$61.3 million for the University's share of capital projects authorized in the 2008 legislature for new construction and renovation at the Twin Cities, Morris, and Crookston campuses; and \$60.8 million for projects currently underway or previously approved for Commercial Paper debt that, due to the current market, will be funded through other means. Regent Allen reported that the Debt Management Advisory Committee recently reviewed the Resolution and the University's debt capacity and supports the Resolution.

In response to questions from the committee, Pfutzenreuter explained that the University stands to lose the State's share of funding for projects if it does not have authority to issue debt for those projects. He observed that the Resolution requests maximum authority, but that the University may not seek funding for all of the specified projects. The University will closely review and consider deferring future projects.

A motion was made and seconded and the committee voted unanimously to recommend approval of the Resolution Related to Issuance of Debt.

**RESOLUTION RELATED TO ISSUANCE OF DEBT FOR
BIOMEDICAL SCIENCES RESEARCH FACILITIES**

Vice President Pfutzenreuter presented a Resolution Related to the Issuance of Debt for Biomedical Sciences Research Facilities (Resolution), as included in the docket and associated materials distributed at the meeting and on file in the Board Office.

Pfutzenreuter noted that the State is responsible for 75 percent of the \$292 million for the four projects and the University for 25 percent, or \$73 million. To be in compliance with the bonding legislation, the Board must certify that:

- The University has a financing plan for each of the four projects.
- The maximum cost for all projects will not exceed \$292 million.
- Principal and interest terms have been established for service on each series of bonds.
- No tuition revenues will be used to service the University's share.

Pfutzenreuter explained the Resolution creates a shelf program that authorizes funding for all four projects, but he noted that funding for each project will be brought to the Board for approval. As part of the Resolution, the University is seeking authority to issue \$16 million of debt for the first project.

In response to questions from the committee, Pfutzenreuter clarified that responsibility for the payment of principal and interest will fall to the primary occupant of the new buildings, the Academic Health Center, but aggressive fundraising, including naming opportunities, may alleviate the need to issue debt. Pfutzenreuter noted that the State's appropriation is not at risk if the University delays construction of the other biomedical buildings.

A motion was made and seconded and the committee voted unanimously to recommend approval of the Resolution Related to Issuance of Debt for Biomedical Sciences Research Facilities.

ISSUES RELATED TO: FINANCIAL HEAT MAP

Vice President Pfutzenreuter invited Associate Vice Presidents Mason and Volna to join him in presenting issues related to the financial heat map and to discuss areas of institutional risk, as included in the docket and associated materials distributed at the meeting and on file in the Board Office. Mason noted that the market fell an additional 15 percent since the docket materials were prepared a week ago, which demonstrates the volatility of the financial market.

Pfutzenreuter called attention to the quick action that was taken by University staff to protect investments in response to the bankruptcies of Lehman Brothers Holding Inc. and American International Group. He reviewed the institution's financial risk in four general areas: 1) debt management; 2) property insurance; 3) portfolio risk, including the Consolidated Endowment Fund (CEF), Temporary Investment Pool (TIP), general investment pool, and RUMINCO; and 4) the State appropriations. State revenue forecasts will provide a context for the University's budget request, but Pfutzenreuter stated that he has not received specific instructions from the Department of Finance regarding potential cuts. He expects to meet soon with the Commissioner of Finance to discuss the University's request.

Mason presented portfolio risk data and outlined CEF and TIP risk reduction initiatives planned through December 2008. Additional areas of focus include investment market liquidity and investment manager organizational stability.

In response to questions from the committee, Pfutzenreuter indicated that the University's bond rating could be affected if the State's rating falls. Regent Allen reported that the Debt Management Advisory Committee has extensively reviewed these issues.

CONSENT REPORT

Vice President Pfutzenreuter presented the Consent Report, as detailed in the docket materials, including the following:

Purchase of Goods and Services Over \$250,000 to:

- Aastra Intecom, Anixter, Border States Electric Supply, Communications Supply Corp, Goldcom, Graybar Inc., and MN Computer Supply for an estimated \$2,000,000 combined total to provide telecommunication equipment and supplies for the period of December 16, 2008, through December 15, 2009, for Networking and Telecommunications Services, a division of the Office of Information Technology.
- Charter Search, Inc. for \$773,564 for air charter service for the 2008-09 season for away men's and women's basketball games for the Department of Intercollegiate Athletics for the University of Minnesota men's and women's basketball teams.
- To Mega Farms, Inc. for \$375,000 for snow removal for the University of Minnesota Twin Cities campus for FY09 for the Facilities Management – LandCare.
- Metropolitan Council and Metro Transit for \$27.75 million for the continuation of the UPass/Metropass programs from December 1, 2008, to September 2013 for Parking and Transportation Services.
- Minnesota Coaches, Inc. for an estimate of \$1,050,000 for charter bus transportation as needed for the period of November 15, 2008, through August 1, 2011 for the Department of Intercollegiate Athletics.
- Oracle Corporation for \$459,104 to renew Oracle University-wide computer software licenses, updates, and maintenance support for the one-year period November 24, 2008, through November 23, 2009, for the Office of Information Technology.
- Rigaku for \$618,500 for an X-ray Crystallography Diffraction system to be housed at The Hormel Institute, University of Minnesota, Austin, MN.

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

INFORMATION ITEMS

Vice President Pfitzenreuter referred committee members to the Information Item contained in the docket materials: Quarterly Investment Advisory Committee Update.

The meeting adjourned at 2:41 p.m.



ANN D. CIESLAK
Executive Director and
Corporate Secretary

UNIVERSITY OF MINNESOTA

BOARD OF REGENTS

Facilities Committee

November 13, 2008

A meeting of the Facilities Committee of the Board of Regents was held on Thursday, November 13, 2008 at 1:15 p.m. in the West Committee Room, 600 McNamara Alumni Center.

Regents present: David Metzen, presiding; Anthony Baraga, Dallas Bohnsack, David Larson, Maureen Ramirez, and Patricia Simmons.

Staff present: Chancellors Charles Casey, Jacqueline Johnson, and Stephen Lehmkuhle; Vice President Kathleen O'Brien; Executive Director Ann Cieslak; and Associate Vice Presidents Michael Berthelsen and Michael Perkins.

Student Representatives present: Erick Elgin and Emma Olson.

REAL ESTATE TRANSACTIONS

A. Purchase of 2609-2613 4th Street SE, Minneapolis, Twin Cities Campus

The committee reviewed a proposal for the purchase of 2609-2613 4th Street SE, Minneapolis. Vice President O'Brien explained that the property will provide a site for the development of a building to be occupied by Facilities Management's LandCare Division. Susan Carlson Weinberg, Director of Real Estate, summarized the location and description of the property and the source of funds, as detailed in the docket materials.

In response to a question from Regent Larson, Vice President O'Brien stated that the property location will provide ideal operational efficiency for LandCare Division activities. She added that this is an ideal time for the purchase as the site's proximity to current University property and the future Central Corridor Light Rail line will likely increase its value in future years.

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

B. Agreements for University Facilities and Services for Walden University Summer Residency Program, July 12-25, 2009, Twin Cities Campus

The committee reviewed a proposal for agreements for University facilities and services for the Walden University Summer Residency Program, July 12-25, 2009, Twin Cities campus. Weinberg summarized the agreement in terms of University facilities and services to be used and fees paid to the University, as detailed in the docket materials. She noted that this would be the third consecutive year that Walden has held the Summer Residency Program on the Twin Cities campus.

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

CAPITAL BUDGET AMENDMENT

A. Food Service Servery & Life Safety Renovation, Phase I, Morris Campus

The committee reviewed a proposal to amend the FY2009 Capital Budget by \$1,480,000 to incorporate funding for the Food Service Servery and Life Safety Renovation project located on the Morris campus.

Vice President O'Brien introduced Chancellor Johnson and Associate Vice President Perkins to provide information on the amendment, as detailed in the docket and materials distributed at the meeting. Johnson explained that the project will completely remodel the servery area of the Food Service building, which has had no renovations since its construction in 1970. She reported that 90 percent of first-year students and 50 percent of all students live on campus and have a meal plan with the University.

Perkins reported that the project should improve efficiency as the food preparation facility will be moved from the basement level to the first floor where the food is served. He also clarified that the project will include the installation of new fire alarm and sprinkler systems.

In response to a question from Regent Baraga, O'Brien explained that Sodexo, which is providing the majority of the funding for the project, recently signed a 12-year contract with the University with an option for a four-year extension. Johnson added that the Morris campus has had a productive relationship with Sodexo for the past ten years.

In response to a question from Regent Ramirez, Johnson reported that the only other on-campus dining option for students is the Turtle Mountain Café in the Student Center, which has a more limited menu and reduced hours of operation. She identified the expansion of dining options for the Student Center as a potential component of Phase II of the project.

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

FACILITIES CONDITION ASSESSMENT: PART II

Regent Metzen explained that since this agenda item was not completed at the previous Facilities Committee meeting, he asked the presenters to return to allow time for discussion. Vice President O'Brien introduced Associate Vice President Berthelsen and Sean Schuller of Facilities Management to make the presentation, as detailed in the docket and materials distributed at the meeting.

Berthelsen noted that \$160 million in renovation funds per year would be needed to maintain the University's Facility Condition Needs Index (percentage of facilities that need renovation/replacement within the next ten years). He added that actual renovation funding over the past two years has averaged only \$88 million. Berthelsen also provided information on various capital funding strategies employed by University peers. Such strategies include full state funding for renewal and infrastructure, requirements that all projects include funding for deferred maintenance, internal fees assessed to create an infrastructure funding stream, and dedicated endowment funds for infrastructure renewal.

In response to a question from Regent Larson, Berthelsen explained that reducing the number of students on campus would not dramatically reduce facility maintenance costs because only three percent of University building space is housed in

classrooms. In response to a question from Regent Ramirez, Berthelsen observed that as the size of the campus continues to increase, identifying maintenance and renewal funding becomes a more daunting challenge. O'Brien added that as long as renovation funding lags, the University must make smart decisions about such issues as building decommissioning.

ISSUES RELATED TO: SUPPLEMENTAL 2009 STATE CAPITAL REQUEST

Vice President O'Brien provided information on the University's supplemental capital construction request to the State for the 2009 legislative session, as detailed in the docket materials. She explained that the request is divided into the following two categories:

- \$35 million in Higher Education Asset Preservation and Replacement (HEAPR) funds; and
- \$39.5 million for the Bell Museum of Natural History project on the Twin Cities, St. Paul campus.

O'Brien reported that HEAPR funding would be focused on energy and utility projects that support the University's energy principles and sustainability goals, improve reliability and efficiency, and reduce building and utility costs. She also reminded the committee that the Bell Museum project was approved by the Legislature as part of the 2008 bonding bill, but was vetoed by the Governor.

In response to questions from Regents, O'Brien explained that \$3.5 million has been added to the Bell Museum request from 2008 to account for inflation. She added that Capital Planning and Project Management is constantly observing trends in the cost of construction materials, and that to date there has been no indication of deflation.

CONSENT REPORT

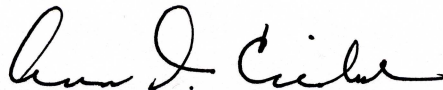
There were no Consent Report items this month.

INFORMATION ITEMS

Vice President O'Brien referred committee members to the Information Items contained in the docket materials, including:

- Final project review for the Centennial Hall II project on the Crookston campus.

The meeting adjourned at 2:35 p.m.



ANN D. CIESLAK
Executive Director and
Corporate Secretary

UNIVERSITY OF MINNESOTA

BOARD OF REGENTS

Work Session

November 13, 2008

A meeting of the Board of Regents of the University of Minnesota was held on Thursday, November 13, 2008, at 10:30 a.m. in the Boardroom, 600 McNamara Alumni Center.

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

Staff present: Senior Vice President Frank Cerra and Executive Director Ann Cieslak.

Regent Simmons called to order a meeting of the Board of Regents, noting that the Academic Health Center (AHC) is an important topic because of its critical role in the mission of the University, because of its contribution to the State of Minnesota, and because prevailing conditions in health care make it difficult to determine what actions are most appropriate today and how best to plan for the future. Today's discussion will ensure (1) that the Board is prepared when the time comes to make decisions about the AHC's future and how best to position it to fulfill its mission; (2) that the Board is prepared to develop principles to guide the Board's decision making and to serve as useful reference points for University leaders; and (3) that the Board understands what future goals the University must establish in this area and how the Board will participate in making this endeavor a success.

Simmons invited Senior Vice President Cerra to lead the discussion. He reviewed the following (materials in the docket and associated materials distributed at the meeting and on file in the Board Office):

- operational guidelines currently in effect for the AHC's Clinical Enterprise;
- the history of Board actions regarding the Clinical Enterprise;
- the triangle of agreements that currently governs relationships among the University, University of Minnesota Physicians (UMP), and Fairview Health Services (FHS);
- the University's goals for fulfilling its land grant mission as described in the 1997 Summary Document and the 1997 Affiliation Agreement; and
- the ways in which the partnership has been successful.

Cerra explained that since the creation of the partnership in 1997, dramatic changes in the health care marketplace now require that the AHC gain greater access to a larger population and patient base; develop a new approach to education and training; enhance community partnerships; generate a new economic model to support the mission; and achieve a functional convergence and operational integration among the University, UMP, and FHS that adds value to and allows the AHC to compete effectively in the health care marketplace.

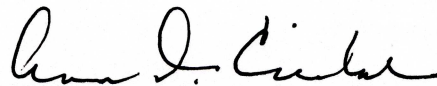
Cerra defined functional convergence as the University, UMP, and FHS functioning as one interdependent organization in order to be a national leader in clinical quality, innovation, and breakthrough therapies. He described five critical success factors, the relationship between established goals and imperatives, the next steps necessary for achieving functional convergence, the anticipated value added from functional convergence, the measures of success/guiding principles for the new entity, and the Board's role in critical decisions and timelines for the AHC.

A lengthy discussion ensued in which the following issues were raised:

- the need for an integrated health care system to control costs and the quality of care;
- the need for a mechanism to fund medical education and research;
- the need to engage staff at all levels in moving from a culture of interdependence to integration of the AHC, UMP, and FHS;
- the need to manage significant change and improvement through shared risk, a common form of governance, and added value to support the academic mission;
- the possible effects of expanding UMP to include Fairview physicians and/or community doctors;
- the need to define the Board's obligations and authority relative to UMP and this integrated enterprise; and
- the need to define the Board's role in governing this integrated enterprise today and in the future.

Simmons observed that in the coming months the Board's discussion must focus on (1) its ongoing responsibility to understand the issues well enough to give good advice, assent, and approval as appropriate, recognizing the Board's responsibility to its partners and to the public; (2) the development of a vision for how the University should benefit from this endeavor and what the Board is willing to contribute to ensure its success; and (3) the development of a set of Board principles to guide future decisions regarding convergence of the AHC, UMP, and FHS.

The work session adjourned at 11:38 a.m.



ANN D. CIESLAK
Executive Director and
Corporate Secretary

UNIVERSITY OF MINNESOTA

BOARD OF REGENTS

Work Session

November 13, 2008

A work session of the Board of Regents was held on Thursday, November 13, 2008 at 3:30 p.m. in the East Committee Room, 600 McNamara Alumni Center.

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

Staff present: President Robert Bruininks and Executive Director Ann Cieslak.

Regent Simmons explained that the work session would mark the beginning of a discussion about the role of private giving to the University. She stated that the session would focus on the University's development priorities and provide the opportunity to engage in strategic thinking about this issue. Simmons welcomed Steven Goldstein, President of the University of Minnesota Foundation (UMF), and Becky Malkerson, President and Chief Executive Officer of the Minnesota Medical Foundation (MMF), to provide information on their organizations' strategies for increasing private support for University priorities, as detailed in the docket and materials distributed at the meeting.

Goldstein acknowledged that private support will be increasingly important to the University amidst the current challenging financial environment and announced that UMF and MMF have assembled a plan for a new private giving campaign. Malkerson reported that the new campaign will build upon the success of the past two years in which fundraising totaled \$250 million in FY2006-07 and \$289 million in FY2007-08. She reported that UMF and MMF are in the quiet phase of the new campaign, working with donors on transformational gifts. Malkerson noted that these large gifts will constitute the majority of campaign giving, as was the case with the last campaign when 86 percent of gifts came from one percent of donors.

Goldstein and Malkerson explained that UMF and MMF are focusing on the following strategies in planning for the upcoming campaign:

- University-wide giving with transformational gifts (\$25 million or more) from individuals, foundations, and corporations;
- College and campus based giving with a focus on academic and research gift priorities, specifically in the Academic Health Center;
- New strategies such as giving attached to interdisciplinary initiatives and attracting more annual giving donors; and
- Marketing the campaign to make a compelling case for the importance of giving to the University at this time.

Emphasizing the importance of annual giving to the campaign strategy, Malkerson observed that \$50 million in annual reoccurring gifts would be equivalent to a five

percent payout on a \$1 billion endowment.

A lengthy discussion ensued. In response to a question from Regent Baraga, Goldstein stated that the recently completed presidential campaign demonstrated the power of using technology in private fundraising. Goldstein added that social networking websites have the potential to significantly improve the engagement of University alumni. Regent Ramirez cautioned that social networking sites do not necessarily create communities and that the student experience while at the University is still the foundation for lifetime association with the institution.

In response to a question from Regent Hung, Goldstein stated that increasing the diversity of donors is a priority and an area with tremendous growth potential. Simmons noted that there has been a significant effort to add diversity to the UMF board in recent years.

Several Regents applauded the emphasis on annual giving, specifically for individuals not able to give transformational gifts. Regent Metzen expressed appreciation for the manner in which UMF and MMF are coordinating the campaign effort and addressing the Board as partners.

The work session adjourned at 4:30 p.m.



ANN D. CIESLAK
Executive Director and
Corporate Secretary

UNIVERSITY OF MINNESOTA

BOARD OF REGENTS

November 14, 2008

A meeting of the Board of Regents of the University of Minnesota was held on Friday, November 14, 2008, at 9:00 a.m. in the Boardroom, 600 McNamara Alumni Center.

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

Staff Present: President Robert Bruininks; Chancellors Charles Casey, Jacqueline Johnson, Stephen Lehmkuhle, and Kathryn Martin; Senior Vice President and Provost Thomas Sullivan; Senior Vice Presidents Frank Cerra and Robert Jones; Vice Presidents Kathy Brown, Karen Himle, Charles Muscoplat, Kathleen O'Brien, Richard Pfitzenreuter, and Steven Rosenstone; General Counsel Mark Rotenberg; Executive Director Ann Cieslak; and Associate Vice President Mike Volna.

RECOGNITION

Recognition was given to Professor Kathryn Sikkink, McKnight Presidential Chair in Political Science.

APPROVAL OF MINUTES

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

Educational Planning & Policy Committee – October 16, 2008
Faculty, Staff & Student Affairs Committee – October 16, 2008
Board of Regents – October 17, 2008
Board of Regents Work Session – October 16, 2008

REPORT OF THE PRESIDENT

President Bruininks reported on recent Federal legislation that will provide significant increases in funds for low-income students and incentives to support research and innovation in renewable energy.

President Bruininks discussed the financial challenges facing the University and potential long-term implication for the budget and academic programs. He stated priorities will need to be set and difficult choices will need to be made, but stressed the importance of guiding the process carefully, so changes create future opportunities and protect the quality of the University. He briefly outlined the guiding principles also used to develop the biennial budget request, which he will present to the Minnesota

Department of Finance. The President announced the implementation of a system-wide hiring pause and a salary freeze for the institution's senior executives for the coming year.

President Bruininks reported on the institution's recent recognition as a Champion of Sustainability in Communities for its work in reducing the energy carbon footprint of the University and advancing the use of renewable energy systems.

REPORT OF THE CHAIR

Chair Simmons acknowledged economic challenges facing the University and offered assurance that the Board of Regents will be actively engaged, making decisions based on fulfillment of its responsibilities to the State of Minnesota. The Board will work closely with the President and the administration to use resources wisely.

Chair Simmons acknowledged receipt of the President's Workplan for 2008-11. She reported that the President's announcement about freezing executive salaries came after he had requested that the Board freeze his salary. The Board has honored that request.

Chair Simmons offered her best wishes for the coming Thanksgiving holiday. She noted the next meetings of the Board of Regents would occur December 11-12, 2008 on the Twin Cities campus.

RECEIVE AND FILE REPORTS

Chair Simmons noted the receipt and filing of the Annual Eastcliff Report. She acknowledged Regent Bohnsack for serving as Friends of Eastcliff Committee chair.

CONSENT REPORT

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

- Appointments: University Foundation Trustees, as follows:
 1. Honorable David Larson (term expires 2011)
 2. E. Thomas Sullivan (term expires 2011)
 3. Robert M. A. Johnson (term expires 2011).
- Summary of gifts through September 30, 2008.
- Faculty, Staff & Student Affairs Committee Consent Report, including:
 - Appointment of James A. Parente, Jr. to the position of Dean, College of Liberal Arts, effective November 14, 2008.

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

ANNUAL REPORT ON PRIVATE GIVING

Chair Simmons introduced L. Steven Goldstein, President, University of Minnesota Foundation (UMF), and Becky Malkerson, President and CEO, Minnesota Medical Foundation (MMF), to present an annual review of fundraising highlights as provided in the materials distributed at the meeting and on file in the Board Office.

Malkerson reported that gift production totaled \$289 million in FY2008, compared to \$251 million the previous year. Goldstein recognized over 88,000 donors who have pledged current and future gifts, noting that over 51,000 are University alumni. He reported that 98% of gifts made to the University were designated specifically for students, faculty, research, facilities, and academic programs and outreach. Malkerson reported that the foundation transferred a record \$138 million to the University, including \$27 million for student support.

Goldstein reported that gifts supporting students totaled \$56 million in FY2008, second highest in any single year, and that the total raised for the *Promise of Tomorrow* Scholarship drive exceeds \$251 million.

Goldstein and Malkerson spoke about the role of private giving to the University, highlighting a number of areas that benefit from private giving and describing how contributions leverage the state's investment to create and enhance an environment for learning and outreach. They provided examples of faculty research made possible by private giving, noting last year's \$65 million gift for cancer research from Minnesota Masonic Charities.

Boardmembers commended UMF and MMF staff for a successful year despite difficult financial circumstances. They applauded how private gifts align with the priorities of the University, including access for students, respect for the work of faculty and staff, and new discoveries and research.

SUPPLEMENTAL 2009 STATE CAPITAL REQUEST

Vice President O'Brien reported that the Supplemental 2009 State Capital Request contains two requests: \$35 million of Higher Education Preservation and Replacement (HEAPR) funds, and \$39.5 million for the Bell Museum of Natural History. O'Brien stated that HEAPR funds are used system-wide to maintain existing facilities, support energy and utility projects that improve reliability, support sustainability goals, and reduce operating costs. The Bell Museum project on the St. Paul campus would replace the current facility on the Minneapolis campus. She noted that the museum is the state's official natural history center and would also be a living research museum for University faculty.

President Bruininks stated that the capital request projects have been fully planned and could be implemented immediately after action by the legislature, thus creating economic activity in the state. He reported that private donors have pledged nearly \$10 million for the Bell Museum project.

In response to questions from Boardmembers, O'Brien stated that the Bell Museum project costs have increased \$3.5 million since last year due to inflation. Vice President Pfutzenreuter added that this request should not have an impact on University debt service because HEAPR is funded completely by the state and a significant portion of the Bell Museum project would be covered by private donations.

Regent Hunter commented on the importance of the Bell Museum project since failure to proceed could jeopardize the significant amount of private funds raised.

Regent Allen pointed out that when the state invests HEAPR funds in the University it creates construction jobs, which helps the economy. Boardmembers expressed support for the request, indicating the importance of HEAPR funds to ensure campus facilities are repaired and maintained.

The Supplemental 2009 State Capital Request will return for action at a future meeting of the Board of Regents.

**RESOLUTION ON UMORE PARK: CONCEPT MASTER PLAN,
GOVERNANCE STRUCTURE & LEGACY FUND**

President Bruininks stated that this is a continuing discussion about the repurposing of UMore Park, a parcel of land (approximately 8,000 acres) in Rosemount, Minnesota. The administration is requesting Board of Regents approval of a resolution that addresses three areas: a Concept Master Plan, a governance structure, and a Legacy Fund concept. The President referred to principles adopted by the Board to guide the planning of UMore Park.

Vice President Muscoplat described the development of the Concept Master Plan, as provided in the docket and materials distributed at the meeting and on file in the Board Office. The plan is driven by the University's academic mission, its commitment to environmental stewardship, information on gravel resources on the property, current and future plans of local jurisdictions, the need for flexibility to accommodate changes and new opportunities, and public comments. If approved, the resolution would allow the administration to move forward with the next steps preceding development.

General Counsel Rotenberg reported on the analysis of possible governance structures for UMore Park. The administration and general counsel developed a set of analyses criteria consistent with Board of Regents principles adopted in 2006, including legal, regulatory, tax, financial, operational, and reputational.

The administration also considered existing University relationships as well as relevant best practices of public and private universities and government entities engaged in mixed-use land activities. The criteria were used to evaluate four possible legal structures: a for-profit corporation, a non-profit corporation, a University department, and a single owner limited liability corporation (LLC). After careful review, the administration and General Counsel recommend creation of a single-owner LLC to exercise management and supervision of the UMore Park project. Rotenberg summarized the key features of a single-owner LLC, emphasizing that it would allow for (1) a high degree of organizational flexibility, (2) be staffed as needed to carry out assignments, and (3) avoid diversion of University focus from the University's core teaching and research mission.

Rotenberg reported that although significant net income from the UMore Park project is unlikely in the near future, the President recommends creation of a legacy fund reserved for special academic research, education, and public engagement opportunities not otherwise already funded by state, federal, or tuition revenues. The resolution, if approved, would provide that the proposed legacy fund not supplant otherwise available government or private funds received by the University.

Chair Simmons reiterated that the resolution is before the Board of Regents for review. If passed, it would affirm the Board's support for UMore Park planning and allow the administration to move forward with the Concept Master Plan, and further development of the governance structure and Legacy Fund.

Bruininks emphasized the potential value of the land to the University, the community, the region, the state's economy. Possible long-term financial benefits to the University will be greater if the project is well planned in collaboration with local jurisdictions and other partners.

A lengthy discussion ensued, and Boardmembers raised a number of issues, including:

- the appropriate level of restrictions on the legacy fund;
- the University's obligation to comply with the intent of the original gift of the land from the Federal government;
- control of the land following development;
- the level of flexibility in governance and management necessary to foster entrepreneurship while protecting the University from risk; and
- the important interrelationship between the University and local jurisdictions.

In response to questions regarding project funding, Bruininks explained that current funding is provided by revenues from the land, as well as other non-state, non-tuition sources. These funds are being loaned to the project and will be repaid when UMore Park produces more revenue from gravel or development.

The *Resolution on UMore Park: Concept Master Plan, Governance Structure, and Legacy Fund*, will return for action at a future meeting of the Board of Regents. Regent Simmons noted that the administration will provide additional information and briefings as requested by the Board.

RESOLUTION TO ALLOW ALCOHOLIC BEVERAGE SALES AT LIMITED LOCATIONS ON CAMPUS

Chair Simmons introduced Vice President Kathryn Brown and Associate General Counsel William Donohue to present the *Resolution to Allow Alcoholic Beverage Sales at Limited Locations on Campus*, as included in the docket materials.

Brown reported that the Minnesota legislature has passed a law authorizing the University to apply for licenses to sell alcoholic beverages at the new football stadium and up to seven other locations on campus, with applications for those licenses subject to Board of Regents approval. At this time the administration is seeking approval to allow applications for licenses to sell alcoholic beverages at four locations and to permit the President or designate to allow sale of alcoholic beverages by licensed caterers in conjunction with events on campus. The specific locations are:

- TCF Bank Stadium in premium seating areas;
- Williams Arena Clubroom and suites;
- Mariucci Arena Clubroom and suites; and
- Minnesota Landscape Arboretum.

Brown stated that Board of Regents Policy: *Alcoholic Beverages on Campus* comprehensively regulates alcoholic beverages on campus including their use, sale, promotion, and marketing. With the exception of the yet-to-be-completed TCF Bank Stadium, alcohol is already being served (but not sold) in the four venues. The facilities proposed were chosen because they are locations dedicated primarily to events and social entertaining that are not typically frequented by students. Brown noted that this proposal is consistent with all but two Big 10 peer university athletic venues.

Brown described the second aspect of the resolution, which authorizes the President or designee by written permit to allow sales of alcoholic beverages on campus by licensed caterers for special events. This proposal addresses the needs of several venues and groups on campus without extending the number of University licenses. It is not expected to increase the amount of alcohol consumed on campus.

Simmons highlighted the components of the proposed resolution, noting it is comprehensive; applies to all campuses; is expected to decrease consumption because alcohol will be sold rather than provided; and is limited to venues that minimize the opportunity for student exposure. The administration also received broad input in developing this proposal.

A lengthy discussion ensued.

In response to a question by Regent Baraga, Brown noted the primary objective of the proposed resolution is to manage risk and defray expenses currently incurred by serving alcohol. Any revenue realized would be modest in nature and probably would be used to upgrade a facility. Regent Baraga commented that he will have difficulty supporting the resolution because he would like to see athletic events alcohol-free.

Boardmembers commented that although there are advantages to selling alcoholic beverages as opposed to giving them away, there could be a public perception that high-spending supporters have access to alcohol while other patrons do not. Brown noted that avoiding the sale of alcohol in student areas is paramount and this proposal is consistent with other Big 10 schools. More patrons have access to alcohol now because it is sold in public concourses in the Metrodome.

In response to questions from Regent Ramirez, Brown noted that patrons will access suite areas in TCF Bank Stadium by designated elevators and must have proper tickets and credentials to enter those areas. Patrons in any athletic venues would not be permitted to take alcohol into an open seating area.

The *Resolution to Allow Alcoholic Beverage Sales at Limited Locations on Campus* will return for action at a future meeting of the Board of Regents.

REPORT OF THE FACULTY, STAFF & STUDENT AFFAIRS COMMITTEE

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

REPORT OF THE FINANCE & OPERATIONS COMMITTEE

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

- a) Recommend approval of the Consent Report for the Finance & Operations Committee as presented to the committee and described in the November 13, 2008 committee minutes.
- b) Recommend approval of a *Resolution Related to Issuance of University Debt*, 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 of general obligation indebtedness of the University (such general obligation indebtedness, whether issued in the form of bonds, notes or such other form of indebtedness as may be designated by the University, the "Bonds"), the proceeds of which are to be used to finance University purchases of land and buildings, construction and remodeling projects, the acquisition and installation of equipment and costs of issuance of the Bonds;

WHEREAS, the Bonds 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;

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

WHEREAS, the principal amount of the Bonds authorized will be the amount of the Bonds outstanding at any time, and not an aggregate principal amount.

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

1. To provide funds to finance University purchases of land and buildings, construction and remodeling projects, the acquisition and installation of equipment by the University and the costs of issuance thereof, the University hereby authorizes the sale and issuance of the Bonds in one or more series in the principal amount of up to \$164,000,000. The Bonds shall be indebtedness of the University and shall mature not later than the date that is 25 years after the date of issuance of each series. The Bonds shall be general obligations of the University if the Treasurer determines that the Bonds shall be issued as general obligations of the University. Interest on the Bonds may or may not be excludable from gross income under Section 103 of the Internal Revenue Code of 1986, as amended.

2. As approximately \$65,000,000 of the principal amount stated in Section 1 shall be used to finance purchases, projects, and equipment for which the issuance of commercial paper was authorized in October, 2007 in the principal amount of \$135,000,000, the amount of commercial paper authorized in October, 2007 shall be deemed to have been reduced to \$70,000,000.

3. The purchases of land and buildings, construction and remodeling projects, and equipment to be financed by the proceeds of the Bonds shall be those the source of funding of which is so designated by the Board of Regents or by the Treasurer as part of the University's capital planning process.

4. The Treasurer is authorized to negotiate with one or more banks, investment banking firms or financial institutions to be engaged by the Board of Regents as the underwriter for the Bonds, the terms and conditions upon which the Bonds shall be sold and issued, and to approve the terms of such sale and issuance, including whether the Bonds shall be issued as general obligations of the University. The Treasurer is further authorized to negotiate with one or more commercial banks the terms and condition of any credit support or liquidity facility for any series of Bonds and approve the terms of such credit support or liquidity facility, and to negotiate the terms and condition of any interest rate swap agreement or other similar agreements with the counterparty to such agreement as hedging techniques with respect to the interest rate on any series of Bonds. 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.

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

6. The President and Treasurer are authorized to execute and deliver a purchase agreement with the initial purchaser or purchasers of any series of Bonds in the form and containing such covenants, agreements, representations and warranties of the University as may be approved by the Treasurer and General Counsel.

7. The Treasurer is authorized to approve the Preliminary Official Statement and the final Official Statement or any supplements or amendments thereto to be prepared and distributed to any purchaser or potential purchaser of a series of Bonds, and the President is authorized to execute and deliver the final Official Statement or any supplements or amendments thereto.

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 issuance and sale of the Bonds.

9. The Secretary and other officials of the University are authorized and directed to prepare and furnish to any purchasers of the Bonds 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 Bonds 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 University officers 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, final Official Statement, purchase agreement or any other document to be executed by the President or Treasurer in connection with the Bonds may be executed by the Chair or Vice Chair instead of the President and by the Secretary instead of the Treasurer.

- c) Recommend approval of a *Resolution Related to Issuance of Debt for Biomedical Sciences Research Facilities*, as follows.

WHEREAS, on March 10, 2006, the Board of Regents of the University of Minnesota (Board) approved a resolution which requested that the Minnesota Legislature provide funding to assist in the construction or renovation of capital facilities and related equipment supporting biomedical sciences research (Facilities);

WHEREAS, the 2008 Minnesota State Legislature enacted Sections 137.61 to 137.65 of the Minnesota Statutes (Biomedical Science Research Funding Legislation), which provides that, on the condition that certain required certifications are made by the Board of Regents and the Commissioner of Finance, the State will transfer to the University up to 75 percent of the project costs for each of four projects approved by the Board of Regents, provided that the principal amount of bonds issued by the University of Minnesota to pay the state's share of the costs must not exceed \$219,000,000 (State Funding);

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 indebtedness in the form of bonds issued in one or more series (Bonds), the proceeds of which are to be used to finance the costs of the Facilities, including the State Funding;

WHEREAS, the Bonds 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 any series of Bonds will be issued will contain the terms of such Bonds and agreements and covenants of the University with respect to the payment of the principal of, premium, if any, and interest on such Bonds.

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

1. To provide financing for the costs of the Facilities, including the State Funding, the University hereby authorizes the issuance of the Bonds in one or more series in the total principal amount of up to \$292,000,000, provided that authorization for each series is subject to the condition that it has been or will be certified by the Board in compliance with Secs. 137.63, Subd. 2 and 137.64, Subd. 1 of the Biomedical Science Research Funding Legislation (each, a Certification Resolution). The Bonds shall mature no later than the date that is 25 years from the date of issuance of each series. All or a portion of each series of the Bonds shall be general obligations of the University if the Treasurer determines that the Bonds shall be issued as general obligations of the University. Interest on the Bonds may or may not be excludable from gross income under Section 103 of the Internal Revenue Code of 1986, as amended. The Treasurer is authorized to approve the terms of one or more series of Bonds to be issued by the University pursuant to the authority contained in this resolution as provided in Section 2 hereof. The terms of any additional series of Bonds to be issued by the University pursuant to the authority contained in this resolution shall be subject to the further approval of the Board of Regents.

2. As the initial Bonds to be issued pursuant to the authority contained in this resolution, the Treasurer is authorized to approve the terms of one or more series of bonds up to an aggregate principal amount of \$16,000,000; including but not limited to the principal amount thereof, the maturity date or dates thereof, the interest rate or rates thereon, and the provisions, if any, with respect to the redemption of such Bonds prior to the stated maturity thereof, provided that if the interest rate on any series of Bonds shall be a fixed rate as provided in the Indenture of Trust or Order pursuant to which it is issued, the interest rate on any Bonds of such series may not exceed 8.00% per annum, and in no event shall any Bond mature later than 25 years following its date of issuance.

3. The Treasurer is authorized to negotiate with one or more banks, investment banking firms or financial institutions to be engaged by the Board of Regents as the underwriter for the Bonds, the terms and conditions upon which the Bonds shall be sold and issued, and to approve the terms of such sale and issuance, including if the Bonds shall be issued as general obligations of the University.

4. In connection with the issuance of any series of Bonds, 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 Bonds are 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 Bonds 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 on the Bonds may be by facsimile.

5. The President and Treasurer are authorized to execute and deliver a purchase agreement with the initial purchaser or purchasers of any series of Bonds in the form and containing such covenants, agreements, representations and warranties of the University as may be approved by the Treasurer and General Counsel.

6. In addition, the Treasurer is further authorized to negotiate with one or more commercial banks, insurers or other credit support providers the terms and conditions of any credit support for any series of Bonds, and the President and Treasurer are authorized to execute and deliver any agreements of the University with the provider of any such credit support 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 Preliminary Official Statement and the final Official Statement or any supplements or amendments thereto to be prepared and distributed by the University to any purchaser or potential purchaser of a series of Bonds, and the President is authorized to execute and deliver the final Official Statement or any supplements or amendments thereto.

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 issuance and sale of the Bonds.

9. The Secretary and other officials of the University are authorized and directed to prepare and furnish to any purchasers of the Bonds 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 Bonds 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, final Official Statement, purchase agreement with the initial purchaser or purchasers of any series of Bonds or any other document to be executed by the President or Treasurer in connection with the Bonds 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.

Hunter reported that the committee also discussed issues related to the financial heat map and reviewed a number of information items contained in the docket materials.

REPORT OF THE EDUCATIONAL PLANNING & POLICY COMMITTEE

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

REPORT OF THE FACILITIES COMMITTEE

Regent Metzen, Chair of the committee, reported that the committee reviewed two proposed real estate transactions: 1) Purchase of 2609-2613 - 4th Street SE, Minneapolis, Twin Cities campus; and 2) Agreements for University facilities and services for Walden University Summer Residency Program, July 12-25, 2009, Twin Cities campus; reviewed a Capital Budget Amendment for \$1,480,000 to include funding for the Food Service Servery and Life Safety Renovation, Phase I, Morris campus; received a facilities condition assessment (part II); discussed issues related to the Supplemental 2009 State Capital Request; and reviewed the information items contained in the docket materials.

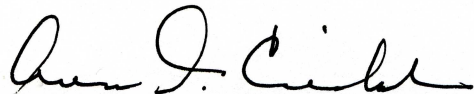
REPORT OF THE AUDIT COMMITTEE

Regent Cohen, Chair of the committee, reported that the committee received reports on the external audit, and evolving the University's research infrastructure to support emerging trends in federal funding opportunities; revisited the institutional risk profile; reviewed proposed amendments to Board of Regents Policy: *Audit Committee Charter* and Board of Regents Policy: *Internal Controls*; and reviewed the information items included in the docket materials.

REPORT OF THE LITIGATION REVIEW COMMITTEE

Chair Simmons reported that the committee did not meet this month.

The meeting adjourned at 11:30 a.m.



ANN D. CIESLAK
Executive Director and
Corporate Secretary