

**UNIVERSITY OF MINNESOTA**

**BOARD OF REGENTS**

**June 14, 2002**

A meeting of the Board of Regents of the University of Minnesota was held on Friday, June 14, 2002 at 9:00 a.m. in the Boardroom, 600 McNamara Alumni Center.

Regents present: Maureen Reed, presiding; Anthony Baraga, Frank Berman, Dallas Bohnsack, William Hogan, Jean Keffeler, Richard McNamara, David Metzen, Bryan Neel, Michael O'Keefe, and Lakeesha Ransom.

Staff present: President Mark Yudof; Chancellors Kathryn Martin and Donald Sargeant; Executive Vice President and Provost Robert Bruininks; Senior Vice President Frank Cerra; Vice Presidents Tonya Moten Brown, Carol Carrier, Sandra Gardebring, and Robert Jones; General Counsel Mark Rotenberg; Executive Director Ann Cieslak; Associate Vice Presidents Gerald Fischer, Donna Peterson, and Richard Pfitzenreuter.

**ANNUAL MEETING**

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

**ESTABLISHMENT OF MEETING DATES**

A motion was made and seconded and the Board of Regents voted unanimously to approve the following meeting schedule for 2002-2003:

July 11-12, 2002

No August Meeting

August 14-15, 2002 Board of Regents Retreat

September 12-13, 2002 Meeting at University of Minnesota Crookston

October 10-11, 2002

November 7-8, 2002

December 12-13, 2002

No January Meeting

February 13-14, 2003

March 13-14, 2003

April 10-11, 2003 Meeting at University of Minnesota Morris

May 8-9, 2003

June 12-13, 2003

The annual meeting adjourned at 9:10 a.m.

The regular meeting of the Board of Regents was convened at 9:11 a.m.

**RECOGNITION OF UMD THEATER STUDENTS  
AMERICAN COLLEGE THEATER FESTIVAL WINNERS &  
KENNEDY CENTER HONOREES**

Recognition was given to the University of Minnesota Duluth Department of Theater students. The theater program was chosen to present a production at the Kennedy Center in Washington D.C., the highest honor a college theater program can accept. It marks the fifth time that the UMD theater students have been chosen to present a production at the Kennedy Center.

**INTRODUCTION OF UNIVERSITY LIBRARIAN**

Executive Vice President & Provost Robert Bruininks introduced Wendy Pradt Lougee, newly-appointed Librarian for the University of Minnesota. Ms. Lougee's appointment is effective June 17, 2002.

**RECOGNITION OF REGENTS PROFESSOR**

Newly-appointed Regents Professor G. David Tilman, Professor of Ecology, was introduced to the Board. Regent Professorships are the highest honor that the University of Minnesota bestows on its faculty. The individual holds the title as long as the individual retains a full-time, tenured appointment as a faculty member of the University. Tilman 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 - May 9, 2002

Educational Planning & Policy Committee - May 9, 2002

Facilities Committee - May 9, 2002

Faculty, Staff & Student Affairs Committee - May 9, 2002

Finance & Operations Committee - May 9, 2002

Board of Regents - May 9, 2002

Board of Regents - May 10, 2002

Board of Regents - May 10, 2002

Board of Regents Public Forum - May 13, 2002

**REPORT OF THE PRESIDENT**

President Yudof congratulated the Board on their selection of Robert Bruininks as interim president. He stated that Bruininks has the support of the University community. His leadership as provost has been exemplary and he will serve the University well as interim president.

**REPORT OF THE CHAIR**

Chair Reed reported that the Report from the Ad Hoc Committee on Outreach is included in the docket materials and noted

that the committee has completed its work. She thanked Regents Bergland, Berman, Bohnsack, and Ransom for their participation on the committee.

She also reported that the Presidential Review Committee completed its work and due to the President's resignation, a shortened version of the review was prepared. Regent Baraga, a member of the review committee, provided a brief summary of the review noting the President's accomplishments during the past year. A copy of the review is on file in the Board Office.

### **RECEIVE AND FILE REPORTS**

Chair Reed noted the receipt and filing of the State Relations Report and the Delegations of Authority: Presidential Sub-delegations.

### **GIFTS**

Associate Vice President Gerald Fischer presented the monthly list of gifts to the University of Minnesota, the University of Minnesota Foundation, the Arboretum Foundation, and the Minnesota Medical Foundation through April 30, 2002, as presented in the docket material and on file in the Board Office.

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

Fischer reported on the University's Capital Campaign indicating that the University is in its sixth year of the campaign with a total raised to date of \$1,327,000,000. He recognized the efforts of Russell Bennett, Chair of the campaign.

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

Regent Reed stated that the Report of the All-University Honors Committee was forwarded to the Board of Regents from President Yudof on May 22, 2002.

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

### **QUARTERLY SUMMARY OF EXPENDITURES**

Regent Reed presented the Quarterly Summary of Expenditures for the Office of the Board of Regents, the President's Office, and Eastcliff Operations, for nine months ending March 31, 2002 as contained in the docket materials.

A motion was made and seconded and the Board of Regents voted unanimously to approve the Summary of Expenditures for the period ending March 31, 2002.

### **BOARD OF REGENTS POLICY: *CODE OF ETHICS FOR MEMBERS OF THE BOARD OF REGENTS***

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

Rotenberg highlighted two general standards that board members are obligated to follow: 1) Each member of the Board must consider the welfare of the entire University, not just a particular constituency, when considering an issue; and 2) Board members are obligated to not use the authority, title, or prestige of the regental office to obtain any private financial, social, or political benefit that would in any manner be inconsistent with public interest.

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

Likewise, the chair may also request an opinion from the general counsel on any conflict of interest question that comes to the chair's attention.

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

### **ANNUAL UNIVERSITY OF MINNESOTA ALUMNI ASSOCIATION REPORT**

Bruce Nelson, National President of the University of Minnesota Alumni Association (UMAA) presented the UMAA Annual Report as outlined in the docket materials.

Highlights of the report related to the achievements and communication efforts of the UMAA during the past year, completion of the Gateway Plaza, activities held in the McNamara Alumni Center, and celebration of the 100<sup>th</sup> anniversary of the UMAA *Minnesota* magazine.

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

Professor Joseph Massey, Chair of the Faculty Consultative Committee (FCC), presented the Faculty Consultative Committee quarterly report as contained in the docket materials. The report focused on the committee's accomplishments during Fiscal Year 2002.

### **RECOGNITION OF THE FACULTY CONSULTATIVE COMMITTEE CHAIR**

Recognition was given to Professor Joseph Massey for his service to the University community as the chair of the Faculty Consultative Committee from July 2001 through June 2002.

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

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

(a) Approval of the Consent Report for the Faculty, Staff & Student Affairs Committee as presented to the committee and described in the June 13, 2002 committee minutes.

(b) Approval of a resolution relating to the Labor Agreement with the Minnesota State Building and Construction Trades Council for Craft and Trades Employees, as follows:

WHEREAS, the parties have met and negotiated over the course of the past six months and have reached agreement regarding terms and conditions of employment regarding the employees of this bargaining unit; and

WHEREAS, the craft and trades locals have ratified acceptance of the agreement; and

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

NOW, THEREFORE, BE IT RESOLVED, that on the recommendation of the President, the Executive Vice President and Provost, and the Vice President for Human Resources, the Board of Regents approves this labor agreement as outlined in the docket for June 13, 2002.

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

Metzen reported that the committee reviewed amendments to the Board of Regents Policy: *Grievance Procedure*; received an update on employee health care benefits; and engaged in a discussion regarding residential life initiatives on the Twin Cities campus. The committee also reviewed information items as described in the docket materials.

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

Regent O'Keefe, 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 including an addition to the report presented at the meeting. Documentation was described in the docket materials on file in the Board office.

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

O'Keefe reported that the committee reviewed the proposed FY03 Annual Operating Budget and engaged in a preliminary discussion of the FY2004-2005 Biennial Budget. The committee also reviewed information items as described in the docket materials.

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

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

(a) Approval of the Consent Report for the Educational Planning & Policy Committee as presented to the committee as presented to the committee and described in the June 13, 2002 committee minutes.

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

Hogan reported that the committee reviewed the Civic Engagement Initiatives Report and engaged in a discussion relating to Metropolitan Higher Education issues and directions. The committee also reviewed information items as described in the docket materials.

### **REPORT OF THE FACILITIES COMMITTEE**

Regent Baraga, 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 June 13, 2002 committee minutes.

(b) Approval of a resolution relating to Exterior Design Standards, Duluth campus, as follows:

WHEREAS, the administration and the Board of Regents recognize the need for standards related to campus landscape and streetscape development to ensure that future improvements will unify and enhance the campus environment while allowing for efficiencies in maintenance and operations; and

WHEREAS, ongoing investment in the University of Minnesota Duluth campus calls for design standards to guide an extensive amount of exterior development; and

WHEREAS, the *University of Minnesota, Duluth Campus Master Plan - 2000* includes, among others, the following: *Restore the hillside forest and preserve important natural features and open spaces... Establish future building sites that preserve the compactness of the campus core, building on its inherent efficiencies... Expand the Academic core to the North and South while maintaining the existing circulation grid... Reinforce and expand the internal courtyard systems to bring light and natural landscape into view... Create greater campus visibility and access through a new ceremonial entrance off of Woodland Avenue leading to the center of the campus... Develop a new transit center as an*

*identifiable access point to the campus core... Re-shape and extend existing roadway systems including designating public parking enclaves at key entrance locations to support public access; and*

WHEREAS, professional staff from the Office of the University Architect, Campus Planning, and Design and Construction Services worked collaboratively with the University of Minnesota Duluth staff representing the Chancellor and various departments, including Facilities Management, to develop the University of Minnesota Duluth Campus Exterior Design Standards; and

WHEREAS, the outcome of this process included an assessment of existing conditions, an analysis of high priority locations on campus to identify the performance of existing exterior elements, and the refinement of recommendations to develop the standards document; and

WHEREAS, the purpose of the Exterior Design Standards is to provide a framework from which future capital improvements and design can occur consistent with long-term physical planning conducted for the University of Minnesota Duluth campus.

NOW, THEREFORE, BE IT RESOLVED that the Board of Regents approves the Exterior Design Standards described and illustrated in the document titled *University of Minnesota - Duluth Campus Exterior Design Standards - May 2002*.

BE IT FURTHER RESOLVED that the administration is authorized to amend and maintain the University of Minnesota Duluth Campus Exterior Design Standards on a regular basis as new information, products, and technology become available, as required to appropriately respond to the dynamics of a changing campus, and as may be necessary to ensure compliance with the *University of Minnesota Duluth Campus Master Plan - 2000* as it may be amended.

BE IT FURTHER RESOLVED that the University of Minnesota Duluth Campus Exterior Design Standards are to be used by the administration as a part of the process for making financial, planning, design, and operating and maintenance decisions relating to the built and natural environment within the boundaries of the University of Minnesota Duluth campus.

BE IT FINALLY RESOLVED that the Exterior Design Standards are to be implemented on all projects through the procedures, policies, and basic minimum requirements for materials and products established in the *University of Minnesota Standards and Procedures for Construction*.

(c) Approval of the schematic plans for the Kirby Plaza - Phase IB project and of the appropriate administrative officers proceeding with the award of contracts and the development of construction documents and construction.

(d) Approval of the schematic plans for the Visitor Center, Phase I - Site Improvement Project located at the Minnesota Landscape Arboretum, Chanhassen, Minnesota and of the appropriate administrative officers proceeding with the award of contracts and the development of construction documents and construction.

(e) Approval that the appropriate administrative officers receive authorization to execute the appropriate documents providing for the following real estate transactions:

A. Purchase of the Midwest Warehouse Property, 1901-5<sup>th</sup> Street SE, Minneapolis.

B. Five-Year Lease for Orthopaedic Surgery at Fairview-University Medical Center, Riverside Campus, 2512 South Seventh Street, Minneapolis.

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

Baraga reported that the committee reviewed a proposed lease for several academic health care units located at 925 Delaware Street, SE, Minneapolis, and engaged in a discussion regarding Twin Cities campus facilities issues. The committee

also reviewed a number of information items as described in the docket materials.

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

Regent Bohnsack, Vice Chair of the committee, reported that the committee reviewed the findings relating to the University's design and construction processes performed by both the Audit and Legal Departments.

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

Regent Neel, Chair of the committee, reported that the committee met on Thursday, June 13, 2002 to discuss attorney-client privileged matters and no action was taken at the meeting.

### **INTERCOLLEGIATE ATHLETICS: RESOLUTION**

Vice President Brown presented the following resolution regarding the level of institutional revenues proposed to be allocated to the Intercollegiate Athletics Department on the Twin Cities campus:

WHEREAS, intercollegiate athletics has played an important role in the University of Minnesota's history by fostering a sense of community, attracting public and alumni support, and providing educational opportunities for student-athletes; and

WHEREAS, the University has been and remains unequivocal in its support of the principles of striving for the highest levels of academic and competitive excellence; and meeting Title IX requirements by providing students of both genders equal opportunity for high quality athletic and academic experiences; and

WHEREAS, the Board of Regents accepted "*The President's Athletics Financial Plan*" presented to the Board on April 12, 2002, to address the financial problems within the Intercollegiate Athletics Departments; and

WHEREAS, the "*President's Athletics Financial Plan*" called for a determination by the Board of Regents concerning the appropriate level of institutional support for intercollegiate athletics;

NOW, THEREFORE, BE IT RESOLVED, that notwithstanding any previous action by the Board of Regents, the Board supports the implementation of an immediate freeze on the level of institutional revenue directly allocated to the Intercollegiate Athletics Department for fiscal years 2003 and 2004; and

BE IT FURTHER RESOLVED, that the Board reaffirms its support for intercollegiate athletics and reaffirms its support for the administration to manage a financially-sound program, committed to the well-being of all student-athletes, and consistent with the values and principles of the University.

A motion was made and seconded to approve the resolution.

Brown reported that the "*President's Athletics Financial Plan*" was presented to the Board on April 12, 2002 addressing the financial challenges within the Intercollegiate Athletics Department on the Twin Cities campus. Phase II of the plan called for the Board of Regents to make a determination about the appropriate level of institutional support for the Intercollegiate Athletics Department. The Board discussed the issue during a work session on May 9, 2002 and this resolution reflects that discussion.

The Board of Regents voted unanimously to approve the resolution.

### **FY02-03 ANNUAL CAPITAL IMPROVEMENT BUDGET**

President Yudof presented the FY03 Annual Capital Improvement Budget for approval.

The FY03 Annual Capital Improvement Budget authorizes projects totaling \$184,442,000 to begin design or construction

during FY03. He noted that the budget was adjusted to reflect the final actions by the legislature and Governor. He reviewed funding sources for the budget noting that 49.5 percent of the funding will come from state paid bonds. He provided a list of the state-approved projects and the projects that were vetoed. The president expressed disappointment that the Translational Research Facility, which received overwhelming support of both the House and the Senate, was vetoed by the Governor. He stated that this is an important project for the University of Minnesota and he would recommend that the University continue with the design of this building in the hope that there would be legislative action on it and other vetoed projects in the 2003 session. Board members expressed support for the President's recommendation.

A motion was made and seconded to approve the following resolution:

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

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

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

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

NOW, THEREFORE, BE IT RESOLVED, that the Board of Regents approves the FY2002-2003 Capital Improvement Budget and reaffirms its prior year capital expenditure authorizations.

The Board of Regents voted unanimously to approve the resolution relating to the 2002-2003 Capital Improvement Budget.

### **FY02-03 ANNUAL OPERATING BUDGET**

President Yudof presented his proposed FY03 Annual Operating Budget totaling \$2.3 billion for approval as described in the docket materials and on file in the Board Office. Development of the budget was based on:

- An investment plan of \$67.6 million in the areas of faculty and staff compensation; academic/compact initiatives; security; facilities and debt; technology (4 percent); and other institutional financial requirements.
- A recurring reduction of \$23.6 million to the previously authorized and anticipated state appropriation.
- A shared responsibility between the University (80 percent) and the students (20 percent) in funding the new budget shortfall of \$38.2 million created by the increased investment needs and reduced revenues.
- A resource plan for funding the University's share that includes: partial funding of central unit salaries; a modification in the planned faculty compensation increase; a special 2 percent assessment on academic units; reductions/delays in planned investments; and an increase in central indirect cost recovery funds. The resource plan for the students' share involves an increase in tuition above what was previously planned.

Yudof reviewed the budget plan describing the investment areas and explaining the strategies for addressing the loss in state funding and \$10 million in new investments. The plan proposes a 14.4 percent increase in tuition for all Twin Cities undergraduate students taking a full-credit load. The increase across all university campuses and all students averages 16 percent. This percentage includes an increase in the University fee from \$75 to \$150 per semester. To lessen the impact of the tuition increase on students, the plan includes an additional \$2 million in need-based grants and implementation of a 13-

credit tuition band for Twin Cities undergraduate students.

Jacob Elo, Vice Chair of the Student Representatives, addressed the 16 percent tuition increase, indicating that it will be a difficult burden for some students to bear. He stated that tuition comprises 17 percent of the University's total revenue and the student representatives believe that it is important to put controls on how large the percentage can become. They would like to propose that the Board of Regents consider formulating a strategic goal that would guide future decisions regarding tuition levels so that tuition would not rise over a specified percentage of the University's operating costs.

A motion was made and seconded to approve the following resolution relating to the FY2002-2003 Operating Budget:

WHEREAS, the University of Minnesota as the state's public, land grant university is charged with the responsibility to pursue knowledge and to help apply that knowledge through research and discovery, teaching and learning, and outreach and public service; and

WHEREAS, the State of Minnesota, through its legislative and executive branches, has appropriated funds to the University of Minnesota for the pursuit of its mission and in support of our goals and objectives; and

WHEREAS, the University of Minnesota is committed to achieving standards of national and international excellence; and

WHEREAS, the future of the University is premised on partnerships within the University community of faculty, staff and students, with the State of Minnesota, other educational institutions, business and industry, University alumni, local communities, and the citizens of Minnesota;

NOW, THEREFORE, BE IT RESOLVED, that to achieve these goals, the Board of Regents approves the University of Minnesota Fiscal Year 2002-03 Operating Budget as follows:

The annual revenue and expenditure plan for current, non-sponsored funds and projected expenditures for sponsored funds for fiscal year 2002-03; and

The Fiscal Year 2002-03 Operating Budget approved by the Board of Regents includes the following attachments which are included in the President's Recommended Fiscal Year 2002-03 Operating Budget:

Attachment 1 — Resource and Expenditure Budget Plan (University Fiscal Pages)

Attachment 3 — Fund Forecast — Centrally Allocated and Attributed Accounts

Attachment 4 — University of Minnesota 2002-03 Tuition Plan: Tuition Rates

Attachment 7 — University of Minnesota 2002-03 Tuition Plan: Course Fees

Attachment 8 — University of Minnesota 2002-03 Tuition Plan: Academic Fees

Attachment 9 — Student Service Fees

Regent Keffeler expressed support for the proposed budget but stated that she has concern about future budget planning. She would like the University to develop a long-range financial outlook for the operating budget, a forecast of the long-range costs for achieving the excellence goals that the University has set. President Yudof responded he believes a projection can be developed. Chair Reed stated that it can be scheduled on the agenda in the future.

The Board of Regents voted unanimously to approve the resolution relating to the FY2002-2003 Annual Operating Budget.

The meeting adjourned at 12:02 p.m.

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

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Last modified on September 7, 2005