

**UNIVERSITY OF MINNESOTA
BOARD OF REGENTS**

November 8, 2002

A meeting of the Board of Regents of the University of Minnesota was held on Friday, November 8, 2002, at 9:00 a.m. in the Boardroom, 600 McNamara Alumni Center.

Regents present: Maureen Reed, presiding; Anthony Baraga, Peter Bell, Frank Berman, Dallas Bohnsack, William Hogan, Jean Keffeler, David Metzen, H. Bryan Neel, and Lakeesha Ransom. Regent Robert Bergland joined the meeting via telephone during the agenda item related to the selection of the president.

Staff present: Interim President Robert Bruininks; Chancellors Donald Sargeant and Samuel Schuman; Executive Vice President and Provost Christine Maziar; Senior Vice President Frank Cerra; Vice Presidents Sandra Gardebring, Charles Muscoplat, and Kathleen O'Brien; Interim Vice Presidents Kathryn Brown and David Hamilton; General Counsel Mark Rotenberg; Executive Director Ann Cieslak; and Associate Vice Presidents Gerald Fischer, Gail Klatt, Donna Peterson, and Richard Pfutzenreuter.

OATH OF OFFICE - REGENT PETER BELL

Interim President Bruininks administered the oath of office to newly-elected Regent Peter Bell. Bell was appointed by Governor Jesse Ventura to fulfill the term of Michael O'Keefe representing the 5th Congressional District.

APPROVAL OF MINUTES

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

Facilities Committee — October 10, 2002

Finance & Operations Committee — October 10, 2002

Faculty, Staff & Student Affairs Committee — October 10, 2002

Board of Regents Work Session — October 10, 2002

Board of Regents Meeting — October 11, 2002

REPORT OF THE PRESIDENT

Interim President Bruininks reported that the University is planning a national accountability in higher education conference to be held in spring or summer 2003. The conference will address state and federal trends in accountability; campus-based planning systems and strategies; measures and reporting systems; responses to trends and ranking systems; and communication strategies. The conference is intended to deepen the University's commitment to the accountability that bolsters the public confidence in the University.

Bruininks also reported on a new initiative he is proposing to raise public awareness of the educational needs of Minnesota's children, youth, and families. This initiative will bring together University researchers and community members to share their expertise and work together through major lectures, conferences, and workshops. In addition, the University will conduct its second Children's Summit in May 2003 to enable leaders from around the state to convene for a roundtable discussion about working together to address the needs of Minnesota children. The University will also launch a "U Connects" program to enable young people and their mentors to experience University activities.

Bruininks also noted that the University's Community Fund Drive surpassed its goal of \$1 million in employee contributions, with nearly one third of University employees participating. In addition, employee capital campaign contributions surpassed its goal of \$40 million by 45 percent. These numbers indicate that the University of Minnesota staff and faculty are committed both to the community and to the University's mission.

Several Board members complimented Bruininks and expressed support for the children's initiatives he is proposing.

REPORT OF THE CHAIR

Chair Reed provided a brief report indicating that a number of Board members will be attend the Gopher — Wisconsin game in Madison, Wisconsin on November 23, 2003 as guests of the Athletic Department.

RECEIVE AND FILE REPORTS

Chair Reed noted the receipt and filing of the Annual Eastcliff Report and the Quarterly Report of Grant and Contract Activity.

GIFTS

Associate Vice President Gerald Fischer presented the monthly list of gifts to the University of Minnesota, the University of Minnesota Foundation, the Arboretum Foundation, and the Minnesota Medical Foundation through September 30, 2002, as listed 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.

REPORT OF THE ALL-UNIVERSITY HONORS COMMITTEE

Regent Reed stated that the Report of the All-University Honors Committee was forwarded to the Board from Interim President Bruininks on October 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.

REPORT OF THE AUDIT COMMITTEE

Regent Bohnsack, Vice Chair of the committee, reported that the committee received an overview of the Sarbanes-Oxley Act of 2002, received the annual audit from the University's external audit firm, Deloitte & Touche, including the audit judgments and unadjusted differences; and received a report on the implementation of the Health Insurance Portability and Accountability Act (HIPAA). The committee also reviewed a number of information items as described in the docket materials.

REPORT OF THE FACULTY, STAFF, & STUDENT AFFAIRS COMMITTEE

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

REPORT OF THE FINANCE & OPERATIONS COMMITTEE

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

REPORT OF THE FACILITIES COMMITTEE

Regent Neel, 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 November 7, 2002 committee minutes.
- b. Approval of a resolution relating to nominating the West Central School of Agriculture and Experiment Station Historic District on the Morris campus to the National Register of Historic Places, as follows:

WHEREAS, approximately 41.5 acres of the University of Minnesota Morris campus formerly housed the West Central School of Agriculture (WCSA) and Experiment Station, which was a boarding high school and research facility; and

WHEREAS, the buildings in this portion of the Morris campus include one structure that dates from the federal Morris Industrial School for Indians, thirteen buildings that were built for the WCSA and Experiment Station, and four buildings that were built for the University of Minnesota Morris; and

WHEREAS, the property is an excellent example of a residential agricultural school, a significant trend in public education that was particularly important in midwestern and southern states; and

WHEREAS, the WCSA and Experiment Station was one of the longest running residential agricultural high schools in the country, operating from 1910 —1963; and

WHEREAS, today, the former WCSA campus is one of the most intact examples of this type of facility remaining in the United States; and

WHEREAS, the WCSA and Experiment Station were significant components of the University of Minnesota's system of regional agricultural high schools and experiment stations, a system that was a model for the development of agricultural education elsewhere in the nation; and

WHEREAS, the WCSA and Experiment Station are significant for their important contributions to education and agriculture in west central Minnesota; and

WHEREAS, preserving the WCSA and Experiment Station portion of the Morris campus is consistent with planning principle #3 in the *University of Minnesota, Morris, Campus Master Plan — 1995*, which states "Maximizing the value of existing physical assets while responding to emerging/changing needs"; and

WHEREAS, Alumni Associations of the WCSA and the University of Minnesota Morris endorse and promote the concept of establishing the WCSA and Experiment Station Historic District on the Morris campus; and

WHEREAS, identification of this historic area of the Morris campus will clarify and heighten the sense of history and continuity of today's and tomorrow's students by making them more aware of the strong tradition of education in the state, and provide a deeper appreciation of the places in which they study, live and play at college today.

NOW, THEREFORE, BE IT RESOLVED that the Board of Regents recognizes the historically significant nature of the WCSA and Experiment Station portion of the Morris campus; and

BE IT FURTHER RESOLVED, that the Board of Regents concurs with the administration's desire to nominate the WCSA and Experiment Station Historic District on the Morris campus to the National Register of Historic Places.

- c. Approval that the appropriate administrative officers be authorized to execute the appropriate documents providing for the sale of 123.64 acres of land in Carlton County, Minnesota, to the County of Carlton.

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

Neel reported that the committee also discussed its workplan for the current academic year; reviewed two proposed amendments to the FY03 Capital Budget relating to funding for the Phillips Wangensteen Building UMPHysicians Imaging Center and funding for the design of the Sports and Health Center Expansion project located on the Duluth campus. The committee reviewed the Sports Fields and Facilities District Plan Phase I and also reviewed a number of 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 and described in the November 7, 2002 committee minutes.

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

Hogan reported that the committee also discussed its workplan for 2002-2003; received a presentation on enrollment management strategies and issues; and received information on the impact of post-September 11, 2001 federal guidelines on research and international students.

REPORT OF THE LITIGATION REVIEW COMMITTEE

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

APPOINTMENTS: UNIVERSITY FOUNDATION TRUSTEES

A motion was made and seconded and the Board of Regents voted unanimously to approve the following appointments to the University of Minnesota Foundation Board of Trustees:

H. Bryan Neel, III — reappointed for a three-year term, November 2002-2005

Marvin Borman — reappointed for a three-year term, November 2002-2005

Patricia Spence — reappointed for a three-year term, November 2002-2005

REPORT OF NOMINATING COMMITTEE/ FAIRVIEW HEALTH SERVICES BOARD OF TRUSTEES

Regent Bohnsack, Chair of the Nominating Committee to recommend a University appointment to the Fairview Health Services Board of Trustees, presented the report of the committee and the following resolution for approval:

RESOLVED, that on the recommendation of the Board of Regents Nominating Committee, the following appointment to the Fairview Health Services Board of Trustees is hereby approved:

Roby Calvin Thompson, Jr., M.D.

The Board of Regents voted unanimously to approve the resolution relating to the appointment of a member to the Fairview Health Services Board of Trustees.

BIENNIAL BUDGET REQUEST

A motion was made and seconded to approve the following resolution presented by Interim President Bruininks relating to the University's 2004-05 biennial budget proposal:

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

WHEREAS, the University of Minnesota's objectives are to promote economic growth and employment in the state, prepare students for 21st century jobs, improve the health of our people, facilitate the creation of new technologies and knowledge, along with their prompt transfer to the public and private sectors, and ensure that children of all races, genders, and family income live as well or better than their parents; and

WHEREAS, the 2004-2005 biennial budget proposal is designed to meet these objectives by investing resources to continually set and implement academic priorities, support talented faculty and staff, help students meet educational goals, and build and maintain the academic infrastructure; and

WHEREAS, these investments build upon the investments made in the 1998-1999 biennial budget, the 1999 supplemental budget, the 2000-2001 biennial budget, the 2002-2003 biennial budget, and the 1998, 2000, and 2002 legislative session capital budgets to advance the goals of the University;

NOW, THEREFORE, BE IT RESOLVED that the Biennial Budget Proposal for FY 2004-2005 be adopted by the Board of Regents for presentation to the State of Minnesota; that this proposal, detailed in the attached material to this resolution, is based on a reasoned partnership of shared responsibility with the State of Minnesota that calls for a 50-50 financing partnership; that this 50-50 partnership represents increased biennial investments by the State of Minnesota of \$96 million, a tuition model to average 4.5% for each of the two years to yield a biennial increase of \$46 million in tuition revenue, and a reallocation model to average 2.5% of the University's current state appropriation to yield a biennial amount of \$50 million; and

BE IT STILL FURTHER RESOLVED, that the University engage its faculty, students, and staff, together with the State of Minnesota, to continue the shared responsibility for the maintenance and enhancement of the University's programs and goals in support of the well-being of the State of Minnesota and the nation.

Bruininks presented the proposed 2004-2005 Biennial Budget Request as provided in the docket materials on file in the Board Office. He stressed that the proposal, presented for review at the October 2002 Board of Regents meeting, was built on continuity, responsibility, and partnership and demonstrates that the University is committed to wise stewardship of its resources by reflecting a realistic but responsible statement of the University's needs.

In response to questions, Bruininks indicated that targeted reductions, broad- scale assessment of the University's budget, and cost reductions are tools used to determine how the University will fund its share of the proposed partnership with the state. He stressed the importance of maintaining a budget pool that constantly reinvests in the priorities of the University, even in times of retrenchment. Other areas that need to be protected are investments in the quality of the student experience and compensation for faculty and staff.

Regent Keffeler suggested that the administration explore the use of scholarship funding as a strategy for reinforcing the University's areas of investment excellence. She also stated that she believes the University should have a standard of excellence in the level of compensation for faculty and staff. She suggested that incentive-based compensation also be explored.

Regent Berman expressed concern that the proposed funding in the request for faculty and staff salaries will not be adequate to retain valued faculty and staff. He would encourage the administration to consider a separate presentation to the legislature that would exclusively address faculty and staff compensation and the effect that a small increase in compensation will have on the University.

Regent Metzen stated he agrees with his colleagues that faculty and staff compensation is a critical issue in the request. However, he believes the University should present a realistic budget during a time when the State is facing a \$3 billion deficit. He also stressed the importance of delivering a unified message to the Legislature during the session. Regent Baraga concurred with Metzen's comments, cautioning that adding more information to the request contradicts the University's

message that it can accommodate budget reductions if necessary.

Bruininks commented that this budget request does not reflect the total approach to compensation. There are a number of other resources that provide compensation for faculty and staff in addition to the funding received from the State. He added that a position paper on the centrality of compensation to the long-range academic strategy of the University might be useful and should not be considered as a competitive document to the biennial request.

The Board of Regents voted unanimously to approve the resolution relating to the University's 2004-05 biennial budget proposal.

ANNUAL REPORT ON THE STATUS OF UNIVERSITY RESEARCH

Interim Vice President Hamilton presented the annual report on the status of the University's research programs as provided in the docket materials. The emphasis of the report is typically on the sponsored program portion of the University's research enterprise.

Key highlights of the report indicated that University-sponsored research programs have realized continued growth in FY02. Sponsored expenditures increased 8 percent, sponsored awards grew 6 percent, and research proposals were up 5 percent. Facilities and administrative cost reimbursements have also grown and are 14 percent higher than the previous year. The University continues to experience growth in activities surrounding technology commercialization.

In response to Regent Keffeler, Hamilton stated that information on how the University of Minnesota ranks compared to benchmark competitors, particularly in critical areas, would be provided to the Board.

SELECTION OF THE UNIVERSITY PRESIDENT

Prior to the discussion of the selection of the University president, Chair Reed asked Interim President Bruininks to leave the room. Regent Bergland joined the meeting via telephone.

Chair Reed called forward Allison Rhody, Chair of the Student Representatives, to present a statement on behalf of the Student Representatives regarding the selection of Robert Bruininks for the position of president.

Rhody expressed elation on behalf of the students on the selection of Robert Bruininks as a finalist for the position of president. The students believe that Bruininks, in his position of interim president, has led the University with "integrity, class, and visionary wisdom", which promises a bright future for the institution. She believes students systemwide are excited about his selection.

Reed provided background on the search process, indicating that during the past six months the Board had developed a list of leadership characteristics desired, hired an external consultant, and selected a presidential search advisory committee to review candidate files and forward a short list for the Board to consider.

Reed reported that after deliberation, the Board of Regents, at its meeting on November 7, 2002, nominated Robert Bruininks as the finalist for president. Since his designation as a finalist, Bruininks was interviewed by a number of constituencies and the Board has received overwhelming, positive comments in support of Bruininks.

Regent Neel moved that the Board of Regents select Robert H. Bruininks as the 15th president of the University of Minnesota.

The motion was seconded and Board members expressed their support of Bruininks.

The Board of Regents then voted unanimously to select Robert H. Bruininks as the 15th president of the University of Minnesota.

Reed briefly described details of Bruininks' proposed contract. The annual base salary will be \$340,000 extending until June 30, 2005. He will receive \$25,000 in deferred compensation for the remainder of the 2002-03 academic year and \$50,000 per year thereafter. The contract provides for a vehicle, a requirement that the President live at Eastcliff, and provisions for when the president no longer holds the position.

Regent Hogan moved approval of the contract terms with authorization for the Executive Director and Corporate Secretary to execute the contract.

The Board of Regents voted unanimously to approve the contract terms.

The meeting adjourned at 11:45 a.m.

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

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