

**UNIVERSITY OF MINNESOTA
BOARD OF REGENTS
September 12, 2003**

A meeting of the Board of Regents of the University of Minnesota was held on Friday, September 12, 2003, at 9:30 a.m. in the Boardroom, 600 McNamara Alumni Center.

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

Staff present: President Robert Bruininks; Chancellors Velmer Burton and Samuel Schuman; Executive Vice President and Provost Christine Maziar; Senior Vice President Frank Cerra; Vice Presidents Kathryn Brown, Carol Carrier, and Kathleen O'Brien; Interim Vice President David Hamilton; General Counsel Mark Rotenberg; Executive Director Ann Cieslak; Provost David Carl; and Associate Vice Presidents Gerald Fischer, Gail Klatt, Donna Peterson, Richard Pfitzenreuter, and Michael Volna.

RECOGNITION

Kamil Ugurbil

McKnight Presidential Endowed Chair

President Bruininks recognized Professor Kamil Ugurbil, a McKnight Presidential Endowed Chair in Radiology.

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 - July 10, 2003

Educational Planning & Policy Committee - July 10, 2003

Facilities Committee - July 10, 2003

Faculty, Staff & Student Affairs Committee - July 10, 2003

Finance & Operations Committee - July 10, 2003

Board of Regents - July 11, 2003

Special Board of Regents Meeting- August 25, 2003

REPORT OF THE PRESIDENT

President Bruininks reported on the conclusion of the capital campaign. He stated that \$1.6 billion was raised, an amount greater than the sum of all the gifts given to the University before the campaign began in 1966. The donations will have a positive impact across all of the University campuses. He expressed his appreciation to all

of the volunteers, donors, faculty, and staff who participated in the campaign.

He reported on a possible private donation to the University for the purpose of building a football stadium on the Twin Cities campus. In response to the proposed donation, the University will conduct an analysis to determine the feasibility of a Gopher-only stadium on campus funded substantially with private gifts. The study will include consultation with all constituencies that may be affected. He will report progress on the analysis at the October 2003 meeting of the Board.

The President reported that he has submitted his 2003-04 Workplan to the Board. The workplan articulates his vision and proposed action in six critical areas:

1) initiating priorities and investment to insure academic excellence; 2) strengthening the University's public mission and engagement; 3) increasing public understanding and support for the University; 4) increasing the alignment of programming and funding; 5) increasing the University's stewardship, productivity and accountability; and 6) overseeing a number of other leadership and management priorities.

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

REPORT OF THE CHAIR

Chair Metzen reported that the Board had a productive retreat in August. A summary of the retreat is on file in the Board Office. He has asked Regents Frobenius, Ransom, and Bell to work on the issue of continuing education for regents and Regents Reed and Allen will conduct a study regarding the feasibility of moving Board chair elections to even years.

Metzen reported that the Board has received the President's workplan and that he and Regent Baraga will be working with the President to determine the criteria for reviewing his work on an annual basis. He also reported that the President has been nominated by President George Bush to the J. William Fulbright Scholarship Board. The Fulbright Foreign Scholarship Board was established by Congress to supervise the Fulbright Program and select students, scholars, teachers, trainees and others to participate in educational exchange programs. Bruininks was nominated to a three-year term, pending approval by Congress.

He noted that a number of Regents attended the Twin Cities convocation and will also be attending Chancellor Burton's inauguration October 17, 2003 on the University of Minnesota Crookston campus. The Board has also been invited to travel with the football team to its game in Illinois on October 25, 2003.

Finally, he reported that the next regularly-scheduled board meetings will be held on the Morris campus October 9-10, 2003.

RECEIVE AND FILE REPORTS

Chair Metzen reported the receipt and filing of the Quarterly Report of Grant & Contract Activity and the Annual Report on Legal Matters.

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 June 30, 2003 and for the month of July 2003. The list is on file in the Board Office. He also reported on the culmination of the Capital Campaign.

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

REPORT OF THE ALL-UNIVERSITY HONORS COMMITTEE

Regent Metzen stated that the Report of the All-University Honors Committee was forwarded to the Board from President Bruininks on August 25, 2003.

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

QUARTERLY SUMMARY OF EXPENDITURES

Regent Metzen presented the Quarterly Summary of Expenditures for the Office of the Board of Regents, the President's Office, and Eastcliff Operations, for twelve months ending June 30, 2003 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 June 30, 2003.

BOARD OF REGENTS POLICY REVIEW

Chair Metzen presented revisions to the following Board of Regents policies:

Board of Regents Policy: Board Authority

Board of Regents Policy: Founding Date, Corporate Name, and Seal

Board of Regents Policy: Mission Statement

Board of Regents Policy: Board and Individual Regent Responsibilities

It was noted that the changes proposed were not substantive and were being proposed to provide consistency with the Board of Regents Policy: Reservation and Delegation of Authority. The changes also reflect language and formatting consistent with other Board policies.

Regent Bell raised a concern relating to specific language in the Board of Regents Policy: Mission Statement relating to preparing students for active roles in a multiracial and multicultural world. He expressed a preference for a broader definition of diversity. After a short discussion, Chair Metzen suggested that the policy relating to the Mission Statement be scheduled for further review and discussion before action is taken. The other three policies will be on the agenda in October for action.

REPORT OF THE FACULTY CONSULTATIVE COMMITTEE

Professor Judith Martin reported on the activities of the committee since its last report to the Board of Regents, and briefly discussed ongoing and emerging initiatives.

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

2004 CAPITAL REQUEST

President Bruininks presented the proposed 2004 State Capital Request as contained in the docket materials. The request totaling \$155.5 million from the State of Minnesota and a \$33.2 million University of Minnesota commitment was developed around the priorities outlined in the current Six-Year Capital Improvement Plan. The request places an increased emphasis on the renewal of existing facilities and infrastructure. It also requests funds to begin design work on new facilities for business schools; to construct a student recreation center at UMD; and to develop a joint use sports facility and utility infrastructure at the University of Minnesota Morris.

Bruininks reviewed the goals and principles that guided the development of the 2004 capital request and reported that the framework for the request consisted of four components. Forty-eight percent was targeted for traditional Higher Education Asset Preservation & Replacement (HEAPR); 39 percent for major building renewal; 11 percent for new construction; and 2 percent for strategic academic priorities. He provided details of the request, and noted that the majority of the funds would be spent on health and safety, systems, and utility, security and classroom upgrades on all of the campuses. The request is focused on meeting critical facilities needs and advancing the University's teaching and research mission.

Board members expressed strong support for the percent of funding designated for HEAPR and building renewal. The preservation of the University's assets is of critical importance.

In response to a question, Bruininks noted that the yearly capital request is developed from a Six-Year Capital Plan that is reviewed and updated continuously. He indicated that for the benefit of the new members on the Board, he would provide a summary of the process for development of these plans. Historical information relating to past funding received from the state as well as past bonding bills are factors that are taken into consideration when the requests are developed.

The 2004 Capital Request will be on the agenda for action at the October meeting.

REPORT OF THE AUDIT COMMITTEE

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

a) Approval of a revised Consent Report for the Audit Committee as presented to the committee and described in the September 11, 2003 committee minutes.

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

Frobenius reported that the committee discussed the committee workplan for 2003-04; received a briefing on the Committee of Sponsoring Organization's (COSO) Integrated Framework of Internal Control; received an update on internal audit activities; and reviewed information items as described in the docket materials.

REPORT OF THE FACULTY, STAFF, & STUDENT AFFAIRS COMMITTEE

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

a) Approval of the Consent Report for the Faculty, Staff, & Student Affairs Committee as presented to the committee and described in the September 11, 2003 committee minutes.

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

Regent Simmons reported that the committee received a report on staff and faculty diversity; reviewed information on institutional policies relating to alcohol and tobacco; and discussed the committee's 2003-04 workplan. The committee also reviewed a number of information items as described in the docket materials.

REPORT OF THE FINANCE & OPERATIONS COMMITTEE

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

a) Approval of the Consent Report for the Finance & Operations Committee as presented to the committee and described in the September 11, 2003 committee minutes.

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

Hogan reported that the committee also voted unanimously to recommend approval of the following motion relating to the Financial System Replacement Project:

It is the recommendation of this committee that the University proceed with this project (representing a net \$4.2 million decision based on savings from the existing maintenance contract and the \$5.1 million cost of the financial system) provided that:

- 1) information forthcoming in the next few weeks does not materially adversely affect this project; and
- 2) the administration recommends that this project proceed.

The motion was seconded. In response to a question, Associate Vice President Volna reported that the Board is

being asked to approve this savings opportunity now as it is only available through the end of September. Regent Berman expressed concern that by approving the motion now, it will commit the University to the entire project, that could cost as much as \$25 million, President Bruininks responded that replacement of the University's financial systems has been studied since 1997 and it is certain that the current system will need to be replaced in the very near future. He briefly described the process the University used to determine the chosen vendor. He indicated that he believes additional consultation is needed with the University community before a final recommendation is presented, however, he feels the University should not miss this savings opportunity. A number of the committee members also spoke in favor of the motion indicating that they believe it is a prudent step towards proceeding with the project.

The Board of Regents voted by a majority of 11 to 1 to approve the motion. Regent Berman voted against the motion.

Hogan reported that the committee also received a presentation on a recent asset allocation study; reviewed information on asset management roles and responsibilities; and discussed the committee's 2003-04 workplan.

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

REPORT OF THE EDUCATIONAL PLANNING & POLICY COMMITTEE

Regent Reed, 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 September 11, 2003 committee minutes.

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

Reed reported that the committee received an update on the educational needs of the student populations in the Twin Cities Metropolitan area; received an update on progress and issues relating to a Mayo/University partnership; discussed policy issues relating to technology enhanced learning; discussed the committee's 2003-04 workplan; and reviewed information relating to academic program additions and discontinuations. The committee also re-viewed a number of information items as described in the docket materials.

REPORT OF THE FACILITIES COMMITTEE

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

a) Approval of the schematic plans for the Jackson Hall End Cap/Stair Enclosure project and of the appropriate administrative officers proceeding with the award of contracts and the development of construction documents and construction.

b) Approval of schematic plans for the Scholars' Walk, Twin Cities campus project and of the appropriate administrative officers proceeding with the award of contracts and the development of construction documents and construction.

The Board of Regents voted unanimously to approve the recommendations of the Facilities Committee. Bohnsack reported that the committee reviewed a capital budget amendment relating to the Phillips-

Wangensteen Vascular Biology Center/Hebbel Lab Remodeling Project on the Twin Cities campus; reviewed two real estate transactions relating to

1) options relating to the Radisson Hotel Metrodome refinancing; and 2) an agreement for facilities and services on the Twin Cities campus for the 2004 U.S. Transplant Games; and engaged in a discussion relating to policy issues regarding land sale proceeds.

The committee discussed the 2003-04 workplan and reviewed information items as described in the docket materials.

REPORT OF THE LITIGATION REVIEW COMMITTEE

Regent Berman, Chair of the committee, reported that the committee met on September 11, 2003 to discuss attorney-client privileged matters and that no actions were taken at the meeting.

The meeting adjourned at 11:30 a.m.

ANN D. CIESLAK
Executive Director and
Corporate Secretary