

UNIVERSITY OF MINNESOTA

BOARD OF REGENTS

MINUTES

BOARD OF REGENTS' MEETING

AND

REGENTS' COMMITTEE MEETINGS

January 9-10, 1992

Office of the Board of Regents

220 Morrill Hall

UNIVERSITY OF MINNESOTA

BOARD OF REGENTS

Minutes of the Board of Regents' Meeting
and Regents' Committee Meetings

January 9-10, 1992

<u>CONTENTS</u>	<u>PAGE</u>
I. Committee Meetings	
A. Audit Committee - January 9, 1992-----	245
B. Committee of the Whole - January 9, 1992-----	251
C. Committee of the Whole - January 10, 1992-----	259
 II. Board of Regents' Meeting - January 10, 1992	
A. Approval of Minutes-----	265
B. Report of the President-----	265
1) Restoration of Special Appropriations	
2) Layoffs in Minnesota Extension Service	
3) CUFS Cost Management Review	
4) National Collegiate Athletic Association (NCAA) Meeting	
5) Personnel Matters	
6) Tribute to Regents' Professor Robert H. Beck	
C. Report of the Chair-----	265
1) Annual Meeting of Minnesota Higher Education Coordinating Board	
2) Open Forum at University of Minnesota, Duluth	
3) Regents' Retreat	
4) Timetable for Steam Energy Project	
D. Gifts-----	266
E. Contracts and Grants/Applications and Awards-----	266
F. Report of the Committee of the Whole - January 9, 1992	
1) Approval - Acquisition of Interstate Medical Center, Red Wing, Minnesota-----	266
2) Approval - Approval of Board of Governors' Nominating Committee Report-----	267
3) Annual Report - University Hospital Board of Governors-----	267
4) Annual Report - General College-----	267
5) Minnesota Supercomputer Center - Proposal for Funding of Equipment Purchase-----	267
G. Report of the Committee of the Whole - January 10, 1992	
1) Approval - Senior Vice President's Monthly Educational Planning & Policy Report -----	268
2) Approval - Senior Vice President's Monthly Faculty, Staff & Student Affairs Report-----	268
3) Approval of Regents' Policy on Students with Disabilities-----	268
4) Approval of Senior Vice President's Monthly Finance & Legislative Report-----	268
5) Approval of Senior Vice President's Monthly Physical Planning & Operations Report-----	268
6) Approval - Project Budget Increase for Frederick R. Weisman Art Museum-----	268
7) Eastcliff Annual Report-----	269
8) Eastcliff Resource Committee Reorganization-----	269
9) Annual Financial Report Delayed-----	269
10) University Financial Management/Ratio Analysis Delayed-----	269

H. Report of the Audit Committee

1)	Approval - Compliance Officer's Quarterly Report -----	269
2)	Approval - Director of Audits' Quarterly Report-----	269
3)	Approval - Acceptance of Coopers & Lybrand CUFS Cost Management Review dated December 20, 1991-----	269
4)	Approval - Development of Action Plan in Response to Report to Management prepared by Coopers & Lybrand-----	269
5)	Quarterly Management Report on CUFS-----	269
6)	Financial Variance Reporting-----	269
7)	External Auditor's Report - Report to Management for year ended June 30, 1991-----	269

UNIVERSITY OF MINNESOTA

BOARD OF REGENTS

Audit Committee

January 9, 1992

A meeting of the Audit Committee of the Board of Regents was held on Thursday, January 9, 1992 at 10:00 a.m. in Room 300 Morrill Hall.

Regents present: Regent M. Page, presiding; Regents Craig, Keffeler, and Kuderer.

Staff present: Senior Vice President Erickson; Associate Executive Director Janzen; Controller LaFontaine; Director of Audits Patrick Spellacy; and Compliance Officer Gráinne Medearis.

Student Representative present: David Dahlgren

Others present: Mark Chronister and Mary Jepperson from the firm of Coopers and Lybrand.

COMPLIANCE OFFICER'S QUARTERLY REPORT

The committee reviewed a summary of the University's Compliance Officer's Quarterly Report which included only the audit recommendations considered "essential" issued between July 1, 1988 and August 30, 1991 and reported by the audited departments as of December 12, 1991.

Gráinne Medearis, Policy and Compliance Officer, reported that 16 essential recommendations were proposed and 14 have been completely implemented. Of the two remaining recommendations, one pertains to controlling workers' compensation cost and the second refers to the University's computer system needs. With regard to the University's computer system needs, efforts are continuing to enhance financial accountability capability with the installation of the new automated general ledger system (CUFS). It was reported that the CUFS system was implemented on November 4, 1991 and progress on the new system will continue to be reported to the committee.

With regard to workers' compensation, Ms. Medearis reported that a task force has been formed to study the issue. The results indicate that there needs to be a better way to administer workers' compensation claims and that potential costs can be controlled by better safety training and follow-up. She stated that these issues are currently being addressed.

Regent Keffeler stated for the record that she has a serious concern about the rate of progress in dealing with the workers' compensation issue.

The committee voted unanimously to recommend approval of the Compliance Officer's Quarterly Report.

DIRECTOR OF AUDITS' QUARTERLY REPORT

Patrick Spellacy, Director of Audits, presented the Quarterly Report which included audits issued since the October 24, 1991 report, audits in process, and audits scheduled.

With regard to the audits of the Institute of Disability Studies and the Graduate School, issues regarding conflicts of interest were cited that violated University policy and state law. Mr. Spellacy stated that the reports have been forwarded to the University Police Department and to the Hennepin County Attorney's Office to determine if any additional action is necessary. He will update the committee on the issue when more information is available.

Mr. Spellacy further reported that efforts to assist departments making the transition to the new financial management system have begun. The University of Minnesota Duluth, Veterinary Medicine and the Libraries are the first units scheduled to use on-line data entry with the new system. The department of audits will assist those units in making the conversion.

He also reported that work was completed concerning the financial management system project costs. The results were forwarded to Coopers & Lybrand for their review and consolidation with their analysis.

Regent Kuderer asked if the Audit Department does any management audits, particularly as it might pertain to the Bursar's Office and the long waiting lines that students encounter at the beginning of each quarter.

Mr. Spellacy responded that no audits have been done relating to the lines at the Bursar's office, however he does believe that there has been progress as it pertains to financial aid. Associate Vice President LaFontaine explained further that an automatic system to post student aid to term accounts will be implemented in fall 1992, helping to reduce the problem. In the interim, he reported that a new staggered payment schedule has been instituted so that payments to students are not all due at one time. After some discussion, a request was made by Regent Craig that progress of this project be put on the agenda of the Faculty, Staff & Student Affairs Committee for further review.

Regent Keffeler requested that future Quarterly reports from the Director of Audits more explicitly address follow-up on recommendations contained in the external auditor's Report to Management (management letter).

The committee voted unanimously to recommend approval of the Director of Audits' Quarterly Report, and directed that future Quarterly Reports explicitly address steps taken to deal with the issues raised by the Coopers & Lybrand Report to Management (management letter) for fiscal year ending June 30, 1991.

QUARTERLY REPORT ON FINANCIAL MANAGEMENT SYSTEMS (CUPS)

The committee received a quarterly update on the progress of the financial management system presented by Associate Vice President LaFontaine.

Mr. LaFontaine reported that CUFS is approximately 10 weeks into production. The month end report for December was run and distributed with no complications. The accounts payable process has also been relatively uneventful.

Mr. LaFontaine introduced Ms. Rachael Hollstadt who spoke briefly about the project. Ms. Hollstadt reported that some of the activities in completing implementation of the system include: 1) ensuring that all of the interfaces (payroll, financial aid, student loans) have run successfully; 2) ensuring that procedures for running the system are in place; and 3) ensuring that there is an organization in place reviewing the duties of the project team. In addition, she reported that considerable time has been spent responding to questions about the new system.

Regent Keffeler stated that two of the essential recommendations recently issued in the Coopers & Lybrand Report to Management (management letter) related to CUFS risk control and decentralization issues and asked what management actions are proposed to address them. Mr. LaFontaine explained briefly some of the plans that management is currently working on to address the recommendations. When final detailed plans are complete, they will be forwarded to Coopers & Lybrand for review.

The committee then discussed the CUFS Cost Management Review prepared by Coopers & Lybrand. Senior Vice President Erickson reviewed findings of the review which included:

- The University and its financial management system project team achieved a key goal - installation of the CUFS general ledger system as of November 1, 1991, the revised target date.
- Total costs for the CUFS project, including management's estimates to complete and excluding the hardware costs budget, are estimated to be approximately \$17.4 million, \$6 million in excess of budget.
- Basic project cost management and monitoring controls and procedures were not effective including:
 - Reconciliation of project cost reports to general ledger information,
 - Assignment of project financial responsibilities, and
 - Preparation of plans, budgets and estimates for task completion at each level of project team.

Recommendations in the review included the following:

- Enhance financial accountability by reconciling project detail costs to the general ledger.
 - Developing one cost accumulation tool, and
 - Basing estimates to complete on required effort and associated costs by task.
- Assign responsibility for cost control to project team leaders directing the resources assigned to the project.
- Develop an independent oversight and cost verification function.

Senior Vice President Erickson reported on actions taken by management which include: 1) removing the Project Director; 2) engaging a team from Coopers & Lybrand to review and determine the adequacy of controls; and 3) addressing the issues in the review has been set as the number one priority for Senior Vice President Erickson during the next several months.

Mark Chronister, Coopers & Lybrand, commented further on the report indicating that the overrun was mainly a reporting problem. He stated that there were procedures in place for reporting, however, the process was flawed. Secondly, he stated that the original estimates of the total cost of the project were incorrect and did not include all aspects associated with the project.

In answer to a question from Regent Kuderer, Mr. Chronister reiterated that he felt the problems were mainly in reporting and that the expenditures were justified. He noted that the Blue Ribbon Commission Report on Financial Management, issued in 1988, indicated that a new computerized bookkeeping system for the University could cost up to \$18 million.

Regent Keffeler stated that there have been a set of oversights in this project that have extended from planning to reporting. She noted a recommendation to assign a more active role to internal audit stating that the issue is not how to increase the independence of oversight but rather how to make certain that the management structure is performing properly. She would rather see a higher level of management oversight given to the project.

After further discussion, it was moved to accept the Coopers & Lybrand CUFS Cost Management Review dated December 20, 1991, but defer acceptance of the Quarterly Management Report on CUFS pending a report from management on corrective action and related costs.

The committee voted unanimously to recommend approval of the motion.

REVIEW OF FINANCIAL VARIANCE REPORTING

The committee reviewed proposed formats for financial variance reporting to the committee.

Senior Vice President Erickson presented three proposed report formats: 1) Balance Sheet, to include all funds - current and noncurrent; 2) Statement of Changes in Fund Balance, to include all funds - current and noncurrent; and 3) Budget Status, to include all current, nonsponsored funds. The level of reporting on the Budget Status Report would be by college and totaled by Vice Presidential unit. Vice President Erickson reviewed details of each report indicating that quarterly reporting to the Finance and Legislative Committee is proposed, however, reports could be provided monthly if the committee so desired.

Regent Keffeler stated quarterly reporting for the committee's purpose would be adequate as long as any extraordinary items would be noted in the Senior Vice President's Monthly Report.

While it was noted that these reports are a major step forward in reporting, Regent Keffeler expressed concern that until the University has the capacity to look at a budget and compare spending to budget, there is no variance report or any effective tool for oversight. She stated that she feels the financial management of the institution is going in the right direction, however, she is

disappointed in the pace and urged administration to inform the committee of what it might do to accelerate changes in reporting.

EXTERNAL AUDITOR'S REPORT

Mr. Mark Chronister and Ms. Mary Jepperson, from Coopers & Lybrand, presented the Report to Management (management letter) for the year ended June 30, 1991.

Mr. Chronister reviewed the following essential comments (items that may have a potentially critical negative impact on the University) contained in the report:

- **Manage the Decentralization of CUFS to Minimize Risks**
 - Auditors recommend that the University analyze, redesign, and implement work processes necessary to make the new system an effective management tool as well as to improve the control environment and realize operating efficiencies.
- **Finalize, Document and Test Internal Control Procedures for CUFS**
 - Auditors recommend an assessment of the controls be performed to ensure they are appropriately designed to address the completeness and accuracy of information process by the new system. Rigorous testing of controls over all significant transactions should likewise be performed.
- **Enhance Year-End Closing Process and Address Closing Process Needed on an Interim Basis**
 - Auditors recommend a closing plan encompassing the necessary reconciliations and reviews be developed to facilitate more accurate and timely financial reporting.
- **Review Security Over University Administrative Information Systems**
 - Auditors recommend that a comprehensive review of security over AIS financial information be performed.
- **Enhance Monitoring of Asset and Debt Management**
 - Auditors encourage assessment of internal controls to ensure that internal controls are designed to appropriately address the business and control risks associated with complex investment and debt strategies.

Mr. Chronister also reported on two essential comments from the 1990 report which have not been resolved pertaining to : 1) Critical evaluation of workers' compensation programs to maximize cost control; and 2) addressing of University computer systems needs.

Senior Vice President Erickson reported to the committee that administration is currently working with Coopers and Lybrand to identify and develop an action plan for every item noted in the management report.

Regent Kuderer expressed disappointment with the report and the unresolved status of recommendations contained in the 1990 Report. He indicated that he would like to see the action plan developed to respond to the recommendations.

Senior Vice President Erickson responded that a tentative plan would be available in 30 days. A discussion followed as to whether the Audit Committee should meet when the plan is available. It was agreed the plan would be distributed to the Audit Committee in 30 days and a special meeting would be left to the discretion of the Chair.

A motion was made and seconded that administration be directed to develop and distribute to the Audit Committee within 30 days, an action plan in response to the Report to Management prepared by Coopers & Lybrand for the year ended June 30, 1991. The motion passed unanimously.

Regent Craig expressed two concerns about the issues under discussion. One related to the multiple demands on administration of finance and operations and the adequacy of current human resources available to address the demands. The second concern was whether the Audit Committee should meet longer and/or more frequently to allow more time to review this and other important issues.

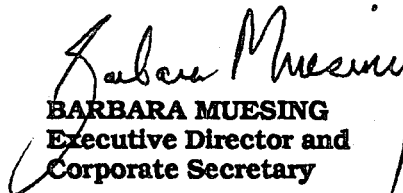
Senior Vice President Erickson indicated he was responding aggressively to immediate issues with assistance from Coopers & Lybrand. He assured the committee that time lines, staffing and other resource issues will be included in the plan. For the longer term he will be assessing and building the staff needed for a lean but improved organization.

On the issue of frequency and length of Audit Committee meetings, Chair Page suggested that she confer with Vice President Erickson and recommend additional meeting times as appropriate.

Regent Keffeler addressed the recommendation contained in the report pertaining to monitoring of asset and debt management. She indicated that a response was due to the Finance Committee three months ago and expressed disappointment that the report is overdue.

Senior Vice President Erickson responded that he will be addressing the issue shortly.

The meeting adjourned at 12:05 p.m.


BARBARA MUESING
Executive Director and
Corporate Secretary

UNIVERSITY OF MINNESOTA

BOARD OF REGENTS

Committee of the Whole

January 9, 1992

A meeting of the Committee of the Whole of the Board of Regents was held on Thursday, January 9, 1992, at 1:40 p.m. in the Regents' Room, 238 Morrill Hall.

Regents present: Regent Kuderer, presiding; Regents Anderson, Craig, Keffeler, Neel, A. Page, M. Page, Reagan, Rosha, Sahlstrom, and Wynia.

Staff present: President Hasselmo; Chancellors Johnson and Wilhelmson; Senior Vice Presidents Erickson and Infante; Vice Presidents Allen, Heydinger, and Perlmutter; Vice Provost Hopkins; Executive Director Muesing; Associate Executive Director Janzen; Associate Vice President Barbatsis.

Student Representatives present: Darby Laing and Tim Wolf.

REPORT OF THE HOSPITAL BOARD OF GOVERNORS

David Lentz, Vice Chair of the Board of Governors of the University of Minnesota Hospital and Clinic (UMHC), presented the annual report on the Board's activities.

Mr. Lentz reviewed UMHC utilization levels for 1990-91 and 1991-92, including admissions, average length of stay and outpatient clinic visits. He summarized the financial status of UMHC for 1990-91, stating that revenues exceeded expenses by \$12.1 million as a result of efforts to become more cost effective. He noted that during the first five months of 1991-92, expenses exceeded revenues by \$1.8 million due to unanticipated fluctuations in patient activity levels.

Mr. Lentz discussed the Board's involvement in internal initiatives and strategic planning. He stated that a strategic plan will be developed and implemented by the third quarter of 1992, which will focus on maintaining the financial viability of the organization and the patient base necessary to serve UMHC's education and research missions.

Mr. Lentz reported on UMHC's external activities, and noted that the medical staff participate in more than 500 visits to outstate communities annually. He stressed the importance of cooperative arrangements and acquisitions, and stated that the Board of Governors strongly supports the proposed acquisition of the Interstate Medical Center, P.A. in Red Wing, Minnesota.

In conclusion, Mr. Lentz expressed appreciation on behalf of the Board of Governors to Vice President Cherie Perlmutter for her effective leadership of the health sciences over the past three years.

Regent Kuderer commented on the authority and responsibilities which the Board of Regents has delegated to the Board of Governors, and urged the Regents to review the section of the Board of Governors' Bylaws which outlines those delegations.

In response to Regent Sahlstrom, Robert Dickler, UMHC General Director, reviewed the Board of Governors' organizational structure and its agenda-setting process.

Regents Craig and Keffeler complimented the Board of Governors for addressing the changes in the health care field. In response to issues raised by Regent Keffeler regarding declining admissions and the current financial shortfall, Mr. Dickler stated that UMHC has a declining segment of the market share and noted that over 50 percent of its patients come from outside the seven-county metropolitan area. He discussed recent fluctuations in activity levels, resulting in a \$1.8 million loss in the first five months of the current fiscal year. Regardless of volume patterns, Mr. Dickler stated that the target for the fourth quarter is to bring expenses and revenues into alignment so UMHC enters 1992-93 in a continuing stable financial situation.

In response to questions by Regents Kuderer and Keffeler regarding development of a strategic plan, Mr. Dickler stated that UMHC is selecting a consultant and forming a work plan for its strategic planning process. The process could take six to nine months, and he anticipates that by the beginning of the third quarter of this calendar year there will be definitive results to bring forward to the Board of Governors. Regent Keffeler noted that the proposed acquisition has been considered within the context of the need for an overall plan, and she urged the UMHC administration to expedite development and implementation of its strategic plan.

In response to Regent Kuderer, Mr. Dickler stated that the UMHC budget is \$300 million, approximately \$13.5 million of which was appropriated by the state.

Following the discussion, Regent Kuderer expressed appreciation for the report, and he thanked Mr. Lentz and the members of the Board of Governors for their work on behalf of the University.

ACQUISITION OF INTERSTATE MEDICAL CENTER, P.A., RED WING, MN

Vice President Perlmutter led the discussion regarding the proposed acquisition of Interstate Medical Center, P.A. in Red Wing, Minnesota. She presented the following resolution to the committee for approval:

WHEREAS, the Board of Regents, in recognition of the changing health care delivery environment, wishes to support and encourage the administration, the University of Minnesota Hospital and Clinic (UMHC) and its Board of Governors to seek new relationships -- including but not limited to, joint ventures, affiliations, collaborative relationships and acquisitions -- to assure the Hospital and Clinic's ability to fulfill its mission of supporting the clinical, educational and research needs of the schools, colleges and programs of the Academic Health Center and enhancing its statewide service mission; and

WHEREAS, the administration, the UMHC and its Board of Governors have undertaken a process to develop a strategic plan to serve as the framework for considering such initiatives; and

WHEREAS, the plan will be completed and available for review and appropriate action by the end of the current calendar year; and

WHEREAS, the UMHC has proposed the acquisition of Interstate Medical Center, P.A. in Red Wing, Minnesota; and

WHEREAS, the Board of Governors of UMHC and the administration of the University have endorsed and recommended that the Board of Regents approve the proposed acquisition;

NOW, THEREFORE, BE IT RESOLVED, that the Board of Regents authorizes the administration to proceed with the due diligence process and to complete the acquisition of Interstate Medical Center, P.A. within the acquisition parameters detailed in the proposal submitted to the Board of Regents. The Board of Regents will receive notification of the finalization of the acquisition and appropriate updates regarding the activities and status of the new corporation.

In response to an issue raised by Regent Wynia, Mr. Dickler stated that if the proposed acquisition is approved, in the future he will report on the Interstate Medical Center as a separate entity.

Several Regents expressed concern regarding UMHC seeking new collaborative relationships and acquisitions before a strategic plan is implemented. Vice President Perlmutter noted that as the strategic plan is being developed, the administration will present appropriate initiatives to the Board for consideration.

Regent Keffeler concurred with the concerns raised, and moved approval of the following resolution (changes from the suggested resolution noted):

WHEREAS, the Board of Regents, in recognition of the changing health care delivery environment, wishes to support and encourage the administration, the University of Minnesota Hospital and Clinic (UMHC) and its Board of Governors to seek explore and consider new relationships -- including but not limited to, joint ventures, affiliations, collaborative relationships and acquisitions -- to assure the Hospital and Clinic's ability to fulfill its mission of supporting the clinical, educational and research needs of the schools, colleges and programs of the Academic Health Center and enhancing its statewide service mission; and

WHEREAS, the administration, the UMHC and its Board of Governors have undertaken a process to develop a strategic plan to serve as the framework for considering such initiatives; and

~~WHEREAS, the plan will be completed and available for review and appropriate action by the end of the current calendar year; and~~

WHEREAS, the UMHC has proposed the acquisition of Interstate Medical Center, P.A. in Red Wing, Minnesota; and

WHEREAS, the Board of Governors of UMHC and the administration of the University have endorsed and recommended that the Board of Regents approve the proposed acquisition;

NOW, THEREFORE, BE IT RESOLVED, that the Board of Regents authorizes the administration to proceed with the due diligence process and to complete the acquisition of Interstate Medical Center, P.A. within the acquisition parameters detailed in the proposal submitted to the Board of Regents. The Board of Regents will receive notification of the finalization of the acquisition and appropriate updates regarding the activities and status of the new corporation.

BE IT FURTHER RESOLVED, that the Board of Governors be requested to develop and submit a strategic plan for approval by the Board of Regents at the earliest possible date and that such ventures and initiatives be deferred pending approval of this plan.

The motion was seconded by Regent Rosha.

Mr. Dickler stated he understands that any changes relating to the mission and the strategic directions of UMHC must be approved by the Board of Regents. However, since strategic planning is an on-going process, he asked the Board to consider whether any modification of a plan in its dynamic state must also be approved. In addition, Mr. Dickler expressed concern that the amended resolution will constrict UMHC's ability during the strategic planning process to seek and develop appropriate relationships. Regent Keffeler stated that she intended to convey through her resolution that the Board of Regents would like to have a strategic plan in place before proceeding with matters of consequence concerning the direction of UMHC.

Regent Kuderer asked the administration for its position on the proposal to defer ventures and initiatives pending approval of the UMHC strategic plan. Vice President Perlmutter indicated that UMHC's goal is to implement a strategic plan incorporating potential collaborative relationships and future planning, but she feels the proposed language would be too restrictive during the planning process.

With respect to approval of a strategic plan, President Hasselmo stated that he does not feel it would pose a problem if the Board of Regents approved principles designed to guide future development of UMHC. However, if Board approval is required on any change in a blueprint that lays out strategic options for UMHC, he feels that may confine management of the UMHC and exploration of opportunities as they arise.

Regent Rosha spoke in support of the resolution, stating that he is comfortable asking the administration to defer potential cooperative relationships because they are pertinent to the policy changes the Board is considering. He noted that if the UMHC administration wants to pursue such relationships, the resolution does not prevent them from asking the Board to consider them during the strategic planning process.

As maker of the motion, Regent Keffeler supported Regent Craig's suggestion to change the following section of the proposed resolution because it reflects the spirit of what the Board is trying to accomplish:

BE IT FURTHER RESOLVED, that the Board of Governors be requested to develop and submit a strategic plan for approval by the Board of Regents at the earliest possible date and that ~~such ventures and initiatives~~ further asset acquisitions be deferred pending approval of this plan.

She urged UMHC management to be cognizant of the significance of potential relationships and to aggressively keep the Board of Regents advised during the process of developing a strategic plan. As seconder of the motion, Regent Rosha accepted the suggested change.

Regent Kuderer stated that the proposed resolution calls for the Board of Governors to promptly develop a strategic plan and limits the Board as to further asset acquisitions, but allows the exploration of other relationships. He concurred with Mr. Dickler's assumption that if an opportunity for an asset acquisition arose that UMHC management wished to pursue, they would have that right.

Regent Roshia expressed concerns regarding the proposed changes, stating that any type of activity will have an impact during this period of limited resources.

Regent Sahlstrom supported the prompt development of a strategic plan, but expressed concern about restricting the efforts to move UMHC forward to serve its educational and research missions. Vice President Perlmutter stated that the proposed resolution will not restrict those efforts.

Regent Anderson urged the UMHC administration to proceed aggressively and innovatively to make sure that the University of Minnesota continues to have the finest public university hospital in the nation.

Following the discussion, the committee voted unanimously, with Regent Neel abstaining from the vote, to recommend approval of the following resolution:

WHEREAS, the Board of Regents, in recognition of the changing health care delivery environment, wishes to support and encourage the administration, the University of Minnesota Hospital and Clinic (UMHC) and its Board of Governors to explore and consider new relationships -- including but not limited to, joint ventures, affiliations, collaborative relationships and acquisitions -- to assure the Hospital and Clinic's ability to fulfill its mission of supporting the clinical, educational and research needs of the schools, colleges and programs of the Academic Health Center and enhancing its statewide service mission; and

WHEREAS, the administration, the UMHC and its Board of Governors have undertaken a process to develop a strategic plan to serve as the framework for considering such initiatives; and

WHEREAS, the UMHC has proposed the acquisition of Interstate Medical Center, P.A. in Red Wing, Minnesota; and

WHEREAS, the Board of Governors of UMHC and the administration of the University have endorsed and recommended that the Board of Regents approve the proposed acquisition;

NOW, THEREFORE, BE IT RESOLVED, that the Board of Regents authorizes the administration to proceed with the due diligence process and to complete the acquisition of Interstate Medical Center, P.A. within the acquisition parameters detailed in the proposal submitted to the Board of Regents. The Board of Regents will receive notification of the finalization of the acquisition and appropriate updates regarding the activities and status of the new corporation.

BE IT FURTHER RESOLVED, that the Board of Governors be requested to develop and submit a strategic plan for approval by the Board of Regents at the earliest possible date and that further asset acquisitions be deferred pending approval of this plan.

**REPORT OF THE NOMINATING COMMITTEE - BOARD OF GOVERNORS
UNIVERSITY OF MINNESOTA HOSPITAL AND CLINIC**

The committee voted unanimously to recommend approval of the following resolution:

RESOLVED, that on the recommendation of the Board of Regents' Nominating Committee for the Board of Governors of the University of Minnesota Hospital and Clinic, the following individuals are appointed for the terms noted:

Terence J. Hill - One-year term
Arthur R. Kydd - One-year term

SUPERCOMPUTER CENTER FUNDING TO FACILITATE EQUIPMENT PURCHASE

Regent Kuderer led the discussion regarding a proposal for funding to facilitate the purchase of equipment for the Minnesota Supercomputer Center, Inc. He noted that this is a significant policy item, which has been reviewed by the Board officers and which will be presented for approval at the February meeting.

Dr. Infante discussed the history of Minnesota Supercomputer Center, Inc. since it was created in 1982. The University of Minnesota Foundation owns 90 percent of the stock and the Regents of the University of Minnesota owns 10 percent, and he noted that it has been a very profitable and advantageous relationship for the University. He reviewed the proposal and presented the following resolution to the committee for information:

WHEREAS, the University of Minnesota (the "University") has been purchasing computing services from Research Equipment, Inc., doing business as the Minnesota Supercomputer Center, Inc. (the "Center"); and

WHEREAS, the Center is planning to upgrade its facilities with the acquisition of more advanced technology for high performance computing; and

WHEREAS, the University desires to continue to have access to these advanced computing facilities for its faculty and student research and educational activities; and

WHEREAS, the University and the Center recognize that a four-year commitment for services is necessary to allow the Center to plan its equipment acquisitions;

NOW, THEREFORE, BE IT RESOLVED, that the University agrees to enter into a Computing Services Agreement between the University and the Center for a term of four (4) years at an annual amount of eight million dollars (\$8,000,000), to begin on July 1, 1992 and continue through June 30, 1996. This payment will be the only committed obligation of the University.

BE IT FURTHER RESOLVED, that the University Administration be, and hereby is, authorized and directed to enter into the attached Computing Services Agreement and other attached agreements which are necessary to carry out the purposes of the foregoing resolution.

Dr. Infante reported that he consulted with the Senate Consultative Committee, the Senate Committee on Computing, and the Computational Users Group regarding the funding proposal. He stated that although there are concerns regarding the risks associated with the proposal, there is general support for the resolution.

Stephen Pflaum, Chairman of the Board of Directors of Minnesota Supercomputer Center, Inc., discussed the relationship between the Supercomputer Center and the University of Minnesota. He noted that the Center is a separate for-profit corporation, and he reported that the revenue received from outside sources which contract with the Supercomputer Center is substantial and subsidizes the University's share of computer time.

John Sell, President of Minnesota Supercomputer Center, Inc., indicated that the company's mission is to provide the University of Minnesota with access to the most advanced large-scale computing facilities available. He stated that the purpose of the resolution is to enable the corporation to complete negotiations with vendors for acquisition of advanced computing facilities so it can stay competitive and provide the University and its researchers with access to the computing resources that they require.

Regent Kuderer commented on the proposal and reviewed related policy questions, noting that approval of the resolution will obligate the University to supply the Center with \$8 million per year for four years. In response to issues raised by committee members, Mr. Pflaum and Mr. Sell discussed the Center's current competitive position, the need to acquire the new technology to stay competitive and viable as a business, the market demand for the new technology, and legislative support for the Center.

Regents Wynia and Craig asked about the source of the \$8 million per year if it is not funded by the Legislature, and President Hasselmo and Mr. Sell stated that the University would be required to reallocate funds or attempt to sell its computer time to other users to meet its commitment. President Hasselmo and Senior Vice President Infante spoke in support of the proposal and noted the negative impact on the University if the Supercomputer Center does not acquire the new technology.

Following the discussion, Regent Kuderer encouraged the Regents to contact the administration with any further concerns before the proposal is presented for approval at the February meeting. He thanked Mr. Pflaum and Mr. Sell for their presentation.

ANNUAL REPORT ON GENERAL COLLEGE

Senior Vice President Infante and Vice Provost Hopkins began the discussion regarding General College. They noted the progress that has been made, and credited Dean Taylor and the faculty for the significant changes that have been made and will continue to be made within the college.

David Taylor, Dean of General College (GC), presented the college's annual report. He reviewed the activities of the past year, stating that academic year 1990-91 marked an important transition point in GC's history. He stated that the new curriculum is fully articulated, and noted that it is the basis for the college's planning activities. He indicated that faculty and staff arrangements are being adjusted consistent with the student body now being served, and redirection of resources is being explored to support instruction and maximize student outcomes.

Dean Taylor reported on a number of challenges facing the college. He stated that the increase in admission thresholds and performance levels in other colleges will require more effective screening of GC applicants in the future. He also noted that 95

percent of GC's budget is devoted to personnel, and efforts are being made to reallocate funds to areas that will result in better student outcomes.

Dean Taylor reported on an enhanced student data base and recent studies of GC students, and he discussed the resulting profiles of the GC student body. He stated that the information will be used to improve retention and successful transfer rates.

Vice Provost Hopkins responded to Regent Sahlstrom's concerns regarding counseling services provided to students who are not admitted to the University, stating that Project INFORM is an excellent service which outlines available options and presents students with alternatives.

Regent Keffeler asked if General College has established benchmarks for improvements in graduation and transfer rates. Dean Taylor stated that although there are outcomes he would like to see, he is hesitant to quantify them because they might not be realistic as a result of the new curriculum. He noted that GC's mission is to prepare students for transfer into degree-granting programs throughout the University and at other post-secondary institutions.

Following the discussion, Regent Kuderer expressed appreciation to Dean Taylor for his report, and stated that General College has prospered under his leadership and direction. President Hasselmo discussed the important educational function served by General College, and indicated that he is pleased with the work of Dean Taylor.

The meeting adjourned at 4:40 p.m.


BARBARA MUESING
Executive Director and
Corporate Secretary

UNIVERSITY OF MINNESOTA

BOARD OF REGENTS

Committee of the Whole

January 10, 1992

A meeting of the Committee of the Whole of the Board of Regents was held on Friday, January 10, 1992, at 9:40 a.m. in the Regents' Room, 238 Morrill Hall.

Regents present: Regent Kuderer, presiding; Regents Craig, Keffeler, Neel, A. Page, M. Page, Rosha, Sahlstrom, and Wynia.

Staff present: President Hasselmo; Chancellors Ianni, Johnson, Sargeant and Wilhelmson; Senior Vice Presidents Erickson and Infante; Vice Presidents Allen, Heydinger, and Perlmutter; Vice Provost Hopkins; Executive Director Muesing; Associate Executive Director Janzen; Associate Vice Presidents Barbatsis, Fischer, Kvavik, LaFontaine, and Zetterberg; Assistant Provost Bakkenist; Assistant Vice President Markham.

Student Representative present: Tim Wolf.

EASTCLIFF ANNUAL REPORT

Assistant Provost Bakkenist and Professor Roger Clemence, Chair of the Eastcliff Technical Advisory Committee, reviewed the Eastcliff Annual Report for 1990-91. They noted the addition of a handicapped-accessible bathroom on the first floor and plans to replace the 95 original windows during the spring and summer of 1993. Mr. Bakkenist reported that Marvin Windows has offered to provide \$120,000 worth of replacement windows for \$40,000.

Dr. Clemence noted that Eastcliff serves dual functions as the home of the President's family and as a major greeting place for the University. A total of 5,078 guests were hosted at 86 events during 1990-91. He reported that Kristine Aasheim did an excellent job as interim manager of Eastcliff, and announced that Claudia Wallace-Gardner will fill that position on a permanent basis, effective February 3, 1992.

As a member of the original Eastcliff Technical Advisory Committee, Regent Sahlstrom stated he is pleased with the progress that has been made, and commented on the generous contribution by Marvin Windows.

Regent Kuderer thanked Mr. Bakkenist and Professor Clemence for their report, and expressed appreciation to the members of the committee for their work on behalf of the University.

EASTCLIFF RESOURCE COMMITTEE REORGANIZATION

Vice President Heydinger presented a proposal to reorganize the membership and meeting schedule of the Eastcliff Resource Committee. Under the proposal, membership would consist of five to ten citizen members; two Regents; five University

of Minnesota administrative representatives, including the President or the President's spouse and the Eastcliff Manager; one Eastcliff Technical Advisory Committee representative; and two University of Minnesota Foundation representatives, including the President and one trustee. Dr. Heydinger stated that the co-chairs of the committee would be a Regent and a citizen member, and the committee will meet on a semi-annual basis and at the call of the Chair. In addition, the Project Subcommittee will meet in May and November.

Regent Kuderer noted that the objective of the Eastcliff Resource Committee is to insure that Eastcliff is maintained as a resource of the University. He commented on the proposed reorganization, and stated that it will be presented for approval at the February meeting.

President Hasselmo thanked Regents Kuderer and Keffeler, Vice President Heydinger, Assistant Provost Bakkenist, Professor Clemence and the members of Eastcliff-related committees for their efforts to insure that Eastcliff serves its purposes effectively.

SENIOR VICE PRESIDENTS' MONTHLY REPORTS

Educational Planning & Policy Report

Senior Vice President Infante reviewed the Senior Vice President's Monthly Report, which was included in the docket materials. He presented the following item to the committee for approval:

a) Jazz Studies Major/Bachelor of Music Degree, University of Minnesota, Duluth.

The committee voted unanimously to recommend approval of the proposed Jazz Studies Major/Bachelor of Music Degree at the University of Minnesota, Duluth.

Dr. Infante discussed the following proposals, and stated that they will be presented for approval at the February meeting:

a) Free-Standing Graduate Minor in Building Science at the Master and Ph.D. Levels

b) Free-Standing Graduate Minor in Interpersonal Relationships Research at the Ph.D. Level

c) Amendment of the Twin Cities Campus Assembly Constitution to reflect the establishment of the Council on Liberal Education.

Regent Wynia asked for information regarding the costs associated with adding new minors. Dr. Infante reported that many of the courses already exist, and he commented on additional costs. David Grimsrud, Director of the Minnesota Building Research Center, commented on the reorganization of courses associated with the proposed free-standing graduate minor in Building Science.

Dr. Infante commented on a recent program approval by the Higher Education Coordinating Board, and he reported that the University is still being considered as the location for the newly-established Midwestern Higher Education Commission. He noted that Regent Keffeler will participate in the second site visit on January 17, 1992.

Faculty, Staff & Student Affairs Report

Senior Vice President Infante reviewed the Senior Vice President's Monthly Report, which was included in the docket materials. He presented a proposed Policy on Students with Disabilities to the committee for approval, which will bring the University into compliance with Minnesota law. He stated that a similar policy will be developed for faculty and staff.

The committee voted unanimously to recommend approval of the proposed policy.

Dr. Infante presented 1) a status report on administrative searches; 2) the appointment of Professor Frederick Silver to the Earl Bakken Endowed Chair in Biomedical Engineering, effective July 1, 1992; and 3) the appointment of James Wacker as Head Football Coach, effective January 1, 1992.

The committee voted unanimously to accept the Senior Vice President's Monthly Report.

Finance & Legislative Report

Legislative Capital Request

Regent Kuderer noted that Dr. Infante suggested a change in the state's position on a bonding bill. As a result, he stated that the administration developed a resolution regarding rank ordering of the University's capital projects.

Dr. Infante reviewed the list of nine projects. He noted the importance of the Archives Facility Planning item, and stated that it was included as part of a pre-planning project previously approved by the Board and funded by the Legislature for Walter Library. In response to concerns raised by Regent Wynia, Dr. Infante and Associate Vice President Kvavik discussed the rationale for building the archives facility prior to the renovation of Walter Library.

Following the discussion, Regent Kuderer stated that the resolution will be presented for approval at the February meeting.

Senior Vice President's Monthly Report

Senior Vice President Erickson presented the Senior Vice President's Monthly Report, which was included in the docket materials, to the committee for approval. He noted that candidates for the position of Assistant Vice President for Campus Health and Safety are being interviewed by the Search Committee, and a recommendation will be presented to the Board at a future meeting.

Regent Keffeler asked that future monthly financial reports highlight any variance from budget. Mr. Erickson stated that he presented information to the Audit Committee on proposed interim reporting on financial statements, which will be implemented as soon as possible. Regent Keffeler noted that there are some areas where budgets can currently be monitored in a variance mode, and she asked Mr. Erickson to start providing the information now.

The committee voted unanimously to recommend approval of the Senior Vice President's Monthly Report.

Physical Planning & Operations Report

Frederick R. Weisman Art Museum Project - Budget Revision

Assistant Vice President Markham reported that bids for the Frederick R. Weisman Art Museum project exceeded the estimated construction budget by approximately \$1.4 million. She reviewed a proposed funding plan to address the additional costs associated with the project, including deduct alternates, project cash reserves, and miscellaneous adjustments.

Ms. Markham presented an administrative recommendation for approval that the budget be amended by \$575,000, of which \$175,000 would come from museum funds to be provided from a combination of existing gifts and non-state museum funds. The President's discretionary funds would provide \$400,000, to be reimbursed through a combination of fund raising and future project reductions. She stated that this \$400,000 will be used for furnishings, equipment, and interior partitions to insure that the building is functional upon completion.

Regent Keffeler expressed concern regarding the recommendation and suggested that alternatives should be considered to bring the project within budget, such as redrawing the project, rebidding the project or identifying additional deduct alternates. She also asked about donor implications if the project is not completed by June 1993. Regent Neel concurred with her concerns.

President Hasselmo responded that the major donor who made the project possible was concerned about the timetable, and the June 1993 completion date was settled after negotiation with the donor. Ms. Markham discussed the impact of a rebidding process on the project timetable, the commitment to donors to complete the project by June 1993, and the effect of additional deduct alternates on the architectural integrity of the building. Associate Vice President Fischer stated that the June 1993 timetable was a very important consideration in securing private support for the project, and noted that there is reasonable confidence that incremental private donations can be generated for the project.

Regent Sahlstrom made a motion to approve the administrative recommendation to increase the budget for the project by \$575,000. Regent Craig seconded the motion.

In response to Regent Wynia, Mr. Erickson indicated that the construction budget includes \$20,000 for estimated moving costs. Ms. Markham stated that the art museum does not currently have an operating budget for building operations and maintenance due to its location in Northrop Auditorium. Estimated operating costs of approximately \$400,000 per year will be reflected in the budget for the next fiscal year. President Hasselmo stressed the importance of the project to the University and responded to Regent Wynia's concerns regarding the construction timetable, the estimated operating budget for the new facility, and the lack of identification of the revenue source in light of the financial challenges facing the University.

Lyndel King, Director of the University Art Museum, discussed the temporary rededication of \$175,000 of museum funds for the project and noted that the new museum will not be open to the public until late 1993 or early 1994. In response to Regent Craig, she stated that there will be no admission charge to the new art museum.

In response to Regent M. Page, President Hasselmo stated that there may be a major contributor who donated funds for art work who would be willing to rededicate those funds for the construction project.

Regent Sahlstrom expressed strong support for the project, and he urged the Regents to approve the administrative recommendation. Regent Kuderer concurred, noting the risks associated with a delay in awarding the bid for the project.

In response to Regent Rosha, President Hasselmo stated that he will inform the Board regarding reimbursement of the discretionary funds advanced for this project. He spoke in support of the project, stating that he agreed to advance the funds under these difficult circumstances because he does not want to jeopardize the donor funds which have made the entire project possible.

In response to Regent Keffeler, Ms. Markham stated that redrawing and rebidding the project would be a three-month process and would involve additional costs. President Hasselmo noted that the possibility of construction delays has not been discussed with the major donor.

Given the importance of the project, Regent A. Page stated that he feels it would be better to move forward with the project under the current circumstances than to delay. However, he asked that future discussions of this nature be held well in advance of deadlines. President Hasselmo spoke in support of the recommendation, and stated that time constraints could not be avoided in this situation.

Student Representative Wolf urged the Board to move forward with the art museum project at this time, and he asked for assurance that student fees will not be used to fund the operating costs of the new facility.

Regent Sahlstrom expressed concern about the level of detailed questioning regarding the administrative recommendation, and he urged the Board to support the motion.

Regent Rosha spoke in support of the project, and stated that it is important for the Board to be aware of and consider the future implications of every project that is presented.

Regent Neel endorsed the administrative recommendation. He stated that the discussion does not single out the proposed project, but rather reflects the need for clear accountability in the future.

President Hasselmo stated that the discussion was useful, noting that the administration is committed to resolving procedural questions in the future. In response to an earlier comment, he briefly addressed the difference between the funding problems associated with this project and the CUFS project, stating that the low bid for the art museum project was higher than originally estimated. He noted that the ability to generate external funding for programmatic activities of the art museum will be greatly enhanced by construction of the new facility.

Following the discussion, committee voted by a majority, with Regents Keffeler and Wynia voting against the motion, to recommend approval of the administrative recommendation to increase the project budget for the Frederick R. Weisman Art Museum by \$575,000.

Senior Vice President's Monthly Report

Senior Vice President Erickson presented the Senior Vice President's Monthly Report, which was included in the docket materials, to the committee for approval.

The committee voted unanimously to recommend approval of the Senior Vice President's Monthly Report.

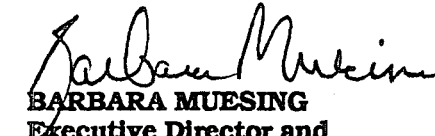
ANNUAL FINANCIAL REPORT

and

UNIVERSITY FINANCIAL MANAGEMENT/RATIO ANALYSIS

The discussions regarding the Annual Financial Report and University financial management/ratio analysis were delayed due to time constraints.

The meeting adjourned at 11:35 a.m.


BARBARA MUESING
Executive Director and
Corporate Secretary

UNIVERSITY OF MINNESOTA

BOARD OF REGENTS

January 10, 1992

A meeting of the Board of Regents of the University of Minnesota was held on Friday, January 10, 1992, at 11:36 a.m. in the Regents' Room, 238 Morrill Hall.

Regents present: Anderson, Craig, Keffeler, Kuderer, Neel, A. Page, M. Page, Reagan, Roe, Rosha, Sahlstrom, and Wynia. President Hasselmo presided.

Staff present: Chancellors Johnson, Sargeant, and Wilhelmson; Senior Vice Presidents Erickson and Infante; Vice Presidents Allen, Heydinger, and Perlmutter; Vice Provost Hopkins; Executive Director Muesing; Associate Executive Director Janzen; Associate Vice President Fischer; and Assistant Vice President Markham.

APPROVAL OF MINUTES

The Board of Regents voted unanimously to approve the minutes of the following meetings:

Committee of the Whole - Open Forum - December 3, 1991
Physical Planning & Operations Committee -
December 12, 1991
Finance & Legislative Committee - December 12, 1991
Faculty, Staff & Student Affairs Committee -
December 12, 1991
Educational Planning & Policy Committee -
December 12, 1991
Committee of the Whole - December 12, 1991
Committee of the Whole - December 13, 1991
Board of Regents - December 13, 1991

REPORT OF THE PRESIDENT

President Hasselmo presented his monthly report which pertained to restoration of special appropriations; layoffs in the Minnesota Extension Service; CUFS Cost Management Review; a recent meeting of the National Collegiate Athletic Association (NCAA) ; personnel matters; and a tribute to Regents' Professor Robert H. Beck.

Dean Robert Stein, faculty representative to the NCAA, briefly addressed the Board on the recent NCAA meeting held in Anaheim, California, indicating that academic reform was the major topic of the convention. He presented a short synopsis of actions approved to strengthen academic standards for participation in intercollegiate sports.

A copy of the President's Report is on file in the Regents' Office.

REPORT OF THE CHAIR

Chair Kuderer reported that the annual meeting of the Minnesota Higher Education Coordinating Board will be held on January 15 at the Humphrey Institute noting that he and President Hasselmo will be participating in the program. Any Board members planning to attend should contact the Regents' Office.

He reported that the Board of Regents will be holding an Open Forum on the University of Minnesota Duluth campus, Thursday, January 23. Regent Keffeler will be chairing the forum and a number of regents have indicated they will attend.

In addition, a Regents' Retreat will be held Monday, February 17. Futurist Arthur Harkins will be the featured speaker.

Lastly, Regent Kuderer reported that the timetable for choosing a steam energy provider is progressing. Signed contracts from the three providers should be complete by the end of January with an analysis completed by the end of February. The item should be on the agenda for information in March with presentations from proponents and the administration, an open forum will be held March 30 to receive input from the faculty committee and other interested parties, and action is expected to be taken at the April meeting.

GIFTS

Robert Hanle, Director of Development, presented the monthly list of gifts to the University of Minnesota, the University of Minnesota Foundation, the Arboretum Foundation and the Minnesota Medical Foundation as listed in the docket material and on file in the Regents' Office.

The Board of Regents voted unanimously to approve the gifts.

CONTRACTS AND GRANTS/APPLICATIONS AND AWARDS

Senior Vice President Infante submitted for approval the contracts and grants/applications and awards as presented in the docket material and on file in the Regents' Office.

The Board of Regents voted unanimously to approve the contracts and grants/applications and awards.

REPORT OF THE COMMITTEE OF THE WHOLE January 9, 1991

Regent Kuderer, Chair of the committee, reported that the committee voted unanimously to recommend approval of the following actions:

- a) Approval of resolution re Acquisition of Interstate Medical Center, Red Wing, Minnesota, as follows:

WHEREAS, the Board of Regents, in recognition of the changing health care delivery environment, wishes to support and encourage the administration, the University of Minnesota Hospital and Clinic (UMHC) and its Board of Governors to explore and consider new relationships --

including but not limited to, joint ventures, affiliations, collaborative relationships and acquisitions -- to assure the Hospital and Clinic's ability to fulfill its mission of supporting the clinical, educational and research needs of the schools, colleges and programs of the Academic Health Center and enhancing its statewide service mission; and

WHEREAS, the administration, the UMHC and its Board of Governors have undertaken a process to develop a strategic plan to serve as the framework for considering such initiatives; and

WHEREAS, the UMHC has proposed the acquisition of Interstate Medical Center, P.A. in Red Wing, Minnesota; and

WHEREAS, the Board of Governors of UMHC and the administration of the University have endorsed and recommended that the Board of Regents approve the proposed acquisition;

NOW, THEREFORE, BE IT RESOLVED, that the Board of Regents authorizes the administration to proceed with the due diligence process and to complete the acquisition of Interstate Medical Center, P.A. within the acquisition parameters detailed in the proposal submitted to the Board of Regents. The Board of Regents will receive notification of the finalization of the acquisition and appropriate updates regarding the activities and status of the new corporation.

BE IT FURTHER RESOLVED, that the Board of Governors be requested to develop and submit a strategic plan for approval by the Board of Regents at the earliest possible date and that further asset acquisitions be deferred pending approval of this plan.

- b) Approval of resolution re Report of the Nominating Committee/Hospital Board of Governors, as follows:

RESOLVED, that on the recommendation of the Board of Regents' Nominating Committee for the Board of Governors of the University of Minnesota Hospital and Clinic, the following individuals are appointed for the terms noted:

Terence J. Hill - One-year term
Arthur R. Kydd - One-year term

The Board of Regents voted unanimously to approve the recommendations of the Committee of the Whole. Regent Neel abstained from voting on the Acquisition of the Interstate Medical Center due to a conflict of interest.

Chair Kuderer reported that the committee also received an annual report from the University Hospital Board of Governors; received an annual report from General College; and reviewed a proposal for funding to facilitate the purchase of equipment for the Minnesota Supercomputer Center, Inc.

REPORT OF THE COMMITTEE OF THE WHOLE
January 10, 1991

Regent Kuderer, Chair of the committee, reported that the committee voted unanimously to recommend approval of the following actions:

- a) Approval of the Senior Vice President's Monthly Educational Planning & Policy Report for January as presented to the committee in the docket material including the following action item:
 - 1. Approval of Jazz Studies Major/Bachelor of Music Degree, University of Minnesota, Duluth.

- b) Approval of the Senior Vice President's Monthly Faculty, Staff & Student Affairs Report for January as presented to the committee in the docket material including the following action item:
 - 1. Approval of Regents' Policy: Policy on Students with Disabilities, as follows:

Policy on Students with Disabilities

The Board of Regents of the University of Minnesota is committed to provide for the needs of enrolled or admitted students who have disabilities under section 504 of the Rehabilitation Act of 1973.

It is the policy of the Board of Regents that each campus shall make services available for any student who, through a recent assessment, can document a disability. The administration is directed to provide appropriate services, and included among them shall be 1) support, counseling and information; 2) academic assistance services; and 3) advocacy services.

- c) Approval of the Senior Vice President's Monthly Finance & Legislative Report for January as presented to the committee in the docket material. Information pertaining to the Legislative Capital Request was also included in the Report.

- d) Approval of the Senior Vice President's Monthly Physical Planning & Operations Report for January as presented to the committee in the docket material.

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

Chair Kuderer reported that the committee also voted by majority to recommend approval of the following action:

- a) Approval to increase the project budget for the Frederick R. Weisman Art Museum by \$575,000.

The Board of Regents voted by majority to approve the recommendation of the Committee of the Whole with Regents Keffeler and Wynia voting against the motion.

Chair Kuderer reported that the committee also received the Eastcliff Annual Report and reviewed a proposal to reorganize the membership and meeting schedule of the Eastcliff Resource Committee. The agenda items pertaining to the Annual Financial Report and the University Financial Management/Ratio Analysis were delayed due to time constraints.

REPORT OF THE AUDIT COMMITTEE

Regent M. Page, Chair of the committee, reported that the committee voted unanimously to recommend approval of the following actions:

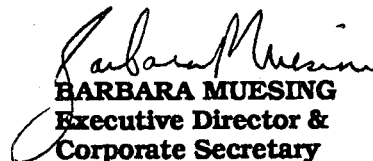
- a) Approval of the Compliance Officer's Quarterly Report as presented to the committee in the docket materials.
- b) Approval of the Director of Audits' Quarterly Report as presented to the committee in the docket materials with the direction that future Quarterly Reports explicitly address steps taken to deal with issues raised by the Coopers & Lybrand Report to Management (management letter) for fiscal year ending June 30, 1991.
- c) Approval to accept the Coopers & Lybrand CUFS Cost Management Review dated December 20, 1991.
- d) Approval to direct Administration to develop and distribute to the Audit Committee within 30 days, an action plan in response to the Report to Management (management letter) prepared by Coopers & Lybrand for the year ended June 30, 1991.

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

Chair Page reported that the committee deferred acceptance of the Quarterly Management Report on CUFS pending a report from management on corrective action and related costs.

Chair Page reported that the committee discussed financial variance reporting; and reviewed the Report to Management (management letter) for the year ended June 30, 1991 prepared by Coopers and Lybrand.

The meeting adjourned at 11:55 a.m.


BARBARA MUESING
Executive Director &
Corporate Secretary

