

**UNIVERSITY OF MINNESOTA**

**BOARD OF REGENTS**

**MINUTES**

**BOARD OF REGENTS' MEETING**

**AND**

**REGENTS' COMMITTEE MEETINGS**

**March 12-13, 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

March 12-13, 1992

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Year 1991-92

**UNIVERSITY OF MINNESOTA**

**BOARD OF REGENTS**

**Physical Planning and Operations Committee**

**March 12, 1992**

A meeting of the Physical Planning and Operations Committee of the Board of Regents was held on Thursday, March 12, 1992 at 3:20 p.m. in the Regents' Room, 238 Morrill Hall.

Regents present: Regent Roe, Chair; Regents Anderson, Craig, Kuderer, and Wynia.

Staff present: Chancellor Sargeant; Senior Vice President Erickson; Associate Executive Director Janzen; Associate Vice President Hewitt; and Assistant Vice President Markham.

Student Representatives present: David Dahlgren and Troy Salzer.

**SENIOR VICE PRESIDENT'S MONTHLY REPORT**

The committee voted unanimously to recommend approval of the Senior Vice President's Monthly Report for March 1992.

Senior Vice President Erickson reported that Assistant Vice President Neil Bakkenist will be leaving the University due to a disability. He recognized the work Mr. Bakkenist has done during his tenure.

**MAC PHAIL CENTER TRANSITION**

The committee voted unanimously to recommend approval of a resolution authorizing the transfer of the MacPhail property to a nonprofit corporation consistent with the terms and conditions specified in the Memorandum of Understanding dated January 8, 1992 and contained in the docket materials. The resolution also directs staff to prepare the necessary legal documents to effect the transfer for execution by the appropriate University officers.

**PROJECTS PREVIOUSLY SUBMITTED FOR INFORMATION**

The committee voted unanimously to recommend that the appropriate administrative officers are authorized to proceed with the design and construction of the following projects:

- a. Memorial Stadium Demolition, Twin Cities Campus  
Estimated cost of the project: \$1,500,000  
Funding: Internal loan from Utilities Budget  
Estimated completion date: September 1992

In response to a question, it was noted that the administration is continuing to look at the idea of selling bricks from the demolished stadium as a fund raising event. It was noted, however, that pursuing the idea would add to the cost of the demolition and presently there is no funding available.

- b. Eddy and Peik Hall Improved Access Project, Scope/Cost Increase, Twin Cities Campus  
Estimated increase in project: \$234,500  
Total estimated cost of project: \$935,500  
Funding: 1988-89 Central Reserves Capital Spending Plan; 1988-89 Capital Spending Plan funded from a variable rate bond internal loan; 1990 Legislative Appropriation; and Counseling Services Department Funds  
Estimated completion date: December 1992
- c) Life Science Building Plaza, Roof Replacement, Duluth Campus  
Estimated cost of the project: \$169,000  
Funding: UMD Plant Funds  
Estimated completion date: July 1992
- d) Replace Roof - Cina Hall  
Estimated cost of the project: \$108,000  
Funding: UMD Plant Funds  
Estimated completion date: July 1992

**REAL ESTATE TRANSACTION PREVIOUSLY  
SUBMITTED FOR INFORMATION**

The committee voted unanimously to recommend approval of the following resolution re Sale of .061 Acre to Theatre in the Round Players, Twin Cities Campus:

RESOLVED, that on the recommendation of the President and the Senior Vice President for Finance and Operations, the appropriate administrative officers are authorized to execute the necessary documents to convey .061 acre of land described as the West 16 feet of the East 26 feet of Lot 7, Block 168, Town of Minneapolis Addition, Hennepin County, Minnesota, to Theatre in the Round Players, Inc. for \$34,500.

**PROJECTS PRESENTED FOR INFORMATION**

**Raze Warehouse at 1809 5th Street S.E.  
Twin Cities Campus**

This project consists of the demolition and site restoration work required to demolish and dispose of the warehouse located at 1809 5th Street SE in Minneapolis. Estimated cost of the project was reported to be \$157,000 with funding to be provided from Parking Services. Estimated completion is August 1992.

## **REAL ESTATE TRANSACTIONS PRESENTED FOR INFORMATION**

### **Ten-Year Land Lease to Midwest Warehouse, Inc. and Option to Purchase Midwest Warehouse Property Twin Cities Campus**

This proposal is for the lease of approximately 9,000 square feet of land to Midwest Warehouse, Inc. located at 1901 5th Street SE in Minneapolis for 10 years with an option to purchase the Midwest Warehouse property at the end of the lease. It was reported that the property to be included in the lease is part of the former Soo Line Railroad right-of-way which was purchased from New Century Development Corporation in July 1991. In addition, it was reported that the property has an assessed market value of \$262,500 and includes approximately 20,000 square feet of land.

### **Ten-Year Land Lease to Empire Organic Greenhouse and CERES, Rosemount Research Center, Rosemount**

This proposal would continue to lease, for a 10-year period, 18.5 acres of land at the Rosemount Research Center to Empire Organic Greenhouses, which has leased the land for two and a half years for yard waste and paper composting. Use of the premises would be shared with CERES Composting Company. Planned improvements at the leased premises are to be completed at the tenants' expense. In answer to a question, it was reported that there has been no opposition expressed about the composting from the residents in Rosemount.

### **Sale of 3,320.31 Acres of Salt Spring Lands in St. Louis and Cook Counties and Owre Property in Lake County to the U.S. Forest Service**

The committee reviewed information pertaining to discussions with the U.S. Forest Service for the sale of 3,320.31 acres of Salt Spring Lands in St. Louis and Cook counties as well as the Owre property located in Lake County. All of the properties are located in or near the Boundary Waters Canoe Area Wilderness or the Superior National Forest. It was noted that the University engaged in initial discussions regarding the sale in early 1989, however, the transactions could not be completed because of the substantial price discount the Trust for Public Land required to cover its costs in the transaction. It was also noted that proceeds from the sale of the Salt Spring Lands will go into the University Salt Land Fund.

### **Sale of Salt Spring Lands to Minnesota Department of Natural Resources for Public Access to Coons Lake**

The committee reviewed a proposal to sell a five-acre parcel of land located in government Lots 1 and 11 of Section 6 in St. Louis County for a public access site to Coons Lake. It was noted that the University Salt Land Fund will receive the proceeds from the sale of this property.

After some discussion, Associate Vice President Hewitt provided an update on the status of surplus real estate owned by the University of Minnesota.

## **REGENTS' PURCHASING POLICY AND DELEGATION OF AUTHORITY**

The committee reviewed proposed changes to the Regents' Purchasing Policy. Assistant Vice President Katherine Cram and Director of Purchasing Services Karen Triplett presented information to the committee reporting that the policy currently requires purchases above \$2,000 to be bid through a formal

paper-intensive and lengthy process which can extend the time to purchase supplies or equipment for the University up to 45 days or more. Purchases over \$5,000 are handled by a "sealed bid" process at a scheduled public bid opening attended by all interested parties, with a formal notification and offer to contest the award sent to vendors who do not receive the award. Both practices are perceived to be more cumbersome than beneficial. The proposed changes in the policy would raise the bid threshold to \$10,000 for regular purchases and the threshold for sealed bids to be set by administrative policy. Assistant Vice President Cram stated that she is confident the changes will be more cost effective for the University.

Committee members expressed support for changes in the policy, but were concerned about having an open-end threshold on sealed bids. Regent Kuderer stated he would rather see a dollar limit. Senior Vice President Erickson suggested that the proposed changes be modified to set the limit on sealed bids not to exceed \$50,000. This was agreeable to the committee and action on the item will be requested at the April meeting.

#### **AMENDMENTS TO REGENTS' TRAFFIC ORDINANCE**

Chair Roe announced that the committee meeting now constituted an open hearing as appropriately advertised regarding proposed amendments to the Regents' Traffic Regulation Ordinances. Assistant Vice President Paul Tschida reviewed the proposed amendments that would: 1) prohibit use of skateboards on University property; 2) regulate use of rollerblades in the same manner as bicycles on the campus; and 3) allow control of speed and use of unauthorized vehicles on the University Transitway between the Minneapolis and St. Paul campuses.

The committee engaged in discussion regarding the proposed amendments. Several concerns were raised by committee members. It was noted that significant damage has been reported to University property by skateboards and Regent Wynia indicated she would like to know the projected cost of those repairs.

With regard to skateboards, Student Representative Dahlgren asked 1) if less holistic solutions have been tried; 2) what kind of enforcement success the University has had with regulations already in effect for individuals behaving in a reckless manner; and 3) what the cost in police time would be to enforce the new ordinance. Mr. Tschida responded that a general ban would involve less police time than currently, where police are trying to insure that skateboards are used properly without destruction of property or harm to others.

Regent Kuderer asked why other campuses were not included in the ordinance. It was reported that other campuses are not specifically exempted, however, there has been no request from the coordinate campuses for such an ordinance. Further, if other campuses were to be included, another open hearing would need to be scheduled. The committee requested that the chancellors from the coordinate campuses be consulted about the desirability of roller blade and skateboard ordinances for each campus.

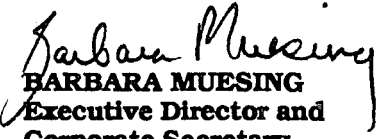
Questions were raised about bicycles being allowed on the transitway. Associate Vice President Hewitt reported that the transitway design currently does not include bicycle paths due to a lack of funding. However, portions of the transitway could accommodate a bicycle path if funding becomes available. There is a portion of the transitway that would not be able to accommodate a bike path, specifically a bridge that crosses railroad tracks. The committee



discussed the issue at length and Mr. Hewitt was requested to provide the committee with the cost estimate to construct a bicycle lane. Regent Wynia indicated if bicycling over the bridge is not conceivable, the administration might want to pursue working with the City of St. Paul to try to facilitate a true bicycling path across the railroad tracks.

Following the discussion, Regent Roe asked if there were any individuals that wished to speak about the proposed ordinances. There were no requests to speak. Regent Roe indicated that anyone contacting the Regents' Office or administration would be given an the opportunity to speak on this issue before action is taken at the April meeting.

The meeting adjourned at 5:00 p.m.

  
**BARBARA MUESING**  
**Executive Director and**  
**Corporate Secretary**

**UNIVERSITY OF MINNESOTA**

**BOARD OF REGENTS**

**Finance and Legislative Committee**

**March 12, 1992**

A meeting of the Finance and Legislative Committee of the Board of Regents was held on Thursday, March 12, 1992 at 2:10 p.m. in the Regents' Room, 238 Morrill Hall.

Regents present: Regent Anderson, Chair; Regents Kuderer, M. Page, Roshka, and Wynia.

Staff present: Senior Vice President Erickson; Associate Executive Director Janzen; Director of Asset Management Paschke; and State Relations Director Peterson.

Student Representatives present: Jeffrey Lund .

**SENIOR VICE PRESIDENT'S MONTHLY REPORT**

The committee voted unanimously to recommend approval of the Senior Vice President for Finance Monthly Report for March 1992.

Senior Vice President Erickson noted that a survey on implementation of the Financial Management System (CUFS) was taken and while there are some problems with implementation, overall the process is progressing smoothly.

**ADDING TO LIST OF REGENT APPROVED DEPOSITORIES**

The committee reviewed a proposed resolution that would add City National Bank, Cloquet, Minnesota and Citibank, N.A., Buffalo, New York to the University's list of approved depositories.

With regard to City National Bank in Cloquet, it was reported that the Cloquet Forestry Center requested the move for cost saving reasons. Regarding Citibank in Buffalo, New York, the Office of Asset Management would like to use its foreign draft collection service as a more efficient and less expensive means to collect on foreign checks submitted to the University.

Action will be requested at the April meeting.

**QUARTERLY INVESTMENT REPORT**

Roger Paschke, Director of Asset Management, presented the Quarterly Investment Report for the quarter ending December 31, 1991. He reported the following pertinent information regarding University investments for the period:

- **Endowments and Reserves** on December 31, 1991 were \$880.6 million for the University and \$259.4 million for the University Foundation. Faculty Retirement assets totaled \$702.4 million.
- The **Permanent University Fund (PUF)** is valued at \$123.4 million and is included in the Endowment Assets of the University.
- The **General Endowment** returned 8.5 percent and 28.8 percent for the past quarter and 12 months respectively vs. the benchmark returns of 7.3 percent and 25.5 percent (65 percent equities/35 percent fixed income), and 6.6 percent and 24.5 percent returns for the composite index of endowment and foundation funds. Over the past 10 years, the General Endowment has generally equaled or exceeded the returns of the benchmark index and a composite index of other endowment funds.
- Performance of **University Equity Managers** for the past 12 months ranged from 43.6 percent to 27.8 percent compared to the Standard & Poors 500 return of 30.5 percent.
- Performance of **University Fixed Income Managers** for the past 12 months ranged from 21.6 percent to 14.5 percent compared to the Lehman Brothers Government Corporate Index return of 16.1 percent.
- The performance of the **Long-Term Reserves** was 15.6 percent for the past 12 months compared to the fixed income benchmark return of 15.4 percent. For most periods, the performance of the long-term reserves exceeded the benchmark returns.
- The Average Yield for the **Short-Term Reserves** was 7.5 percent for the past 12 months vs. 5.5 percent for Treasury Bills and 6.0 percent for Money Market Funds.

Mr. Paschke responded briefly to comments and questions posed by committee members.

Mr. Paschke also distributed material informing the committee that an asset and debt management advisory committee has been formed to provide oversight assistance and advice to the Board of Regents in complex and specialized areas of finance. Development of the committee was in response to a resolution approved by the Board of Regents in April 1991. Work of the committee will be reported back to the Board in the coming months.

Mr. Paschke further reported that the University has an approximate \$100 million general obligation debt primarily related to construction of the University Hospital that is currently at a 7.5 percent interest rate. He stated that he wanted to inform the committee that the administration will be exploring ways to lower that debt cost and will report back to the committee in April.

#### **LEGISLATIVE STRATEGY**

Donna Peterson, Director of State Relations, presented an update on legislative activities during the past month. She reported that the Governor's proposed budget has been released that includes a \$25 million reduction of funding for the University. Hearings have begun in both the House and Senate and University administration is prepared to make presentations when requested.

She noted that the proposed new Basic Science Building for the Twin Cities campus was included in the Governor's budget.

Items that continue to receive attention at the legislature pertaining to higher education include the merger bill, financial aid, and tuition.

She reported that the breakfasts hosted by Regents for legislators were successful and she would recommend they continue each year.

Ms. Peterson reported that information pertaining to the steam plant contracts and the Supercomputer Center have been sent to legislators that may have indicated an interest in these issues.

In response to a question about coordination of the University's lobbying effort, Ms. Peterson stated that she does regularly convene all University people with legislative liaison responsibilities.

Ms. Peterson closed by reporting that the legislature is working with the Governor to reach agreement on the budget and that the session is expected to conclude by late April.

The meeting adjourned at 2:40 p.m.

  
**BARBARA MUESING**  
**Executive Director &**  
**Corporate Secretary**

Year 1991-92

**UNIVERSITY OF MINNESOTA**

**BOARD OF REGENTS**

**Faculty, Staff and Student Affairs Committee**

**March 12, 1992**

A meeting of the Faculty, Staff and Student Affairs Committee of the Board of Regents was held on Thursday, March 12, 1992, at 3:20 p.m. in Room 300, Morrill Hall.

Regents present: Regent Reagan, presiding; Regents Keffeler, A. Page, M. Page, and Rosha.

Staff present: Chancellor Johnson; Senior Vice President Infante; Vice President Peterson; Vice Provost Hopkins; Executive Director Muesing.

Student Representative present: Eric Carter.

**SENIOR VICE PRESIDENT'S MONTHLY REPORT**

Senior Vice President Infante presented the Senior Vice President's Monthly Report, which was contained in the docket materials, including personnel items, a status report on administrative searches, and a revised Regents' Policy on Faculty Sabbatical Furlough. He introduced Dr. Anne Petersen, Vice President for Research and Dean of the Graduate School.

Regent Keffeler asked that information regarding cost implications of revisions in Regents' policies be provided when such policies are presented. Dr. Infante noted that there are no cost implications associated with the proposed revisions in the Policy on Faculty Sabbatical Furlough.

Regent Rosha made a motion that the revised Regents' Policy on Faculty Sabbatical Furlough be acted on separately. Regent Keffeler seconded the motion. The committee voted unanimously to recommend approval of the motion.

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

The committee voted unanimously to recommend approval of the Regents' Policy on Faculty Sabbatical Furlough.

**1991-93 UNIT 1 (POLICE EMPLOYEES) COLLECTIVE BARGAINING AGREEMENT  
WITH TEAMSTERS LOCAL 320**

Roger Forrester, Director of the University Personnel Department, presented the proposed 1991-93 Unit 1 (Police Employees) Collective Bargaining Agreement between the University and Teamsters Local 320 to the committee for approval. He commented on provisions of the agreement and introduced Mel Dario, who was the University's chief negotiator on the contract.

The committee voted unanimously to recommend approval of the proposed Collective Bargaining Agreement.

Mr. Forrester distributed updated information regarding the clerical bargaining unit negotiations.

### **SINGLE QUARTER LEAVES**

Senior Vice President Infante presented the 1992-93 single quarter leaves to the committee for approval. The application and selection process was discussed, and Dr. Infante noted that the 1992-93 University-wide quota is 128 and 139 leaves are recommended in anticipation of cancellations.

The committee voted unanimously to recommend approval of the 1992-93 single quarter leaves.

### **NEW BUSINESS**

Regents' Professor Paul Gassman reported on the Sixth National Conference on Undergraduate Research, which will be held at the University of Minnesota March 26-28, 1992. He stated that the University's participation is an outgrowth of the Undergraduate Research Opportunities Program (UROP), and noted that the University has a national reputation in this area. He invited the Regents to participate in the conference.

Dr. Infante expressed appreciation to Dr. Gassman for his efforts.

The meeting adjourned at 3:50 p.m.

  
**BARBARA MUESING**  
**Executive Director and**  
**Corporate Secretary**

**UNIVERSITY OF MINNESOTA**  
**BOARD OF REGENTS**  
**Educational Planning and Policy Committee**  
**March 12, 1992**

A meeting of the Educational Planning and Policy Committee of the Board of Regents was held on Thursday, March 12, 1992, at 2:10 p.m. in Room 300, Morrill Hall.

Regents present: Regent Craig, presiding; Regents Keffeler, A. Page, Reagan, and Roe.

Staff present: Chancellors Johnson and Sargeant; Senior Vice President Infante; Vice President Petersen; Vice Provost Hopkins; Executive Director Muesing; Associate Vice President Hayes.

Student Representatives present: Lisa Noponen and Kristina Peterson.

Regent Craig noted that Lisa Noponen was attending the meeting in place of Student Representative Darby Laing, who was sick.

Senior Vice President Infante introduced Dr. Anne Petersen, Vice President for Research and Dean of the Graduate School. Dr. Petersen briefly addressed the committee.

Regents' Professor Paul Gassman reported on the Sixth National Conference on Undergraduate Research, which will be held at the University of Minnesota March 26-28, 1992. He stated that the University's participation is an outgrowth of the Undergraduate Research Opportunities Program (UROP), and noted that the University has a national reputation in this area. He invited the Regents to participate in the conference. Dr. Infante expressed appreciation to Dr. Gassman for his efforts.

**SENIOR VICE PRESIDENT'S MONTHLY REPORT**

Senior Vice President Infante presented, for the committee's approval, the Senior Vice President's Monthly Report included in the docket materials. He reported on the following items:

- A legislative proposal to cut state support of instructional costs from the current 67 percent to 34 percent (Senate File 1240/House File 1597);
- A visit by a delegation from the University of Manitoba to implement a reciprocity agreement which was established in 1989;
- Continuing activities associated with the University's Quality Improvement Initiative, and appointment of an Implementation Committee to develop a 12-month work plan;

- Approval by the University Senate of a document entitled "Policy Statement: Faculty Role in Advising";
- Appointment of a Twin Cities Task Force on Student Employment to further study student employment-related issues; and
- Approval by the Minnesota Higher Education Coordinating Board on February 20, 1992 of the Bachelor of Music in Jazz Studies, University of Minnesota, Duluth.

In response to Regent Keffeler, Dr. Infante reviewed the issues that the Task Force on Student Employment will address. Regent Reagan asked about student employment issues on the coordinate campuses, and Dr. Infante stated that he has invited the Chancellors to undertake similar reviews if there are areas of concern on their campuses.

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

**REPORT ON TUITION FUNDING FORMULA  
(SENATE FILE 1240/HOUSE FILE 1597)**

Senior Vice President Infante led a discussion regarding legislation to change state support for higher education instructional costs that has been introduced in the Senate by Senator Waldorf and in the House of Representatives by Representative Jaros. He stated that although it is unlikely the current bills will pass this year, it is important for the University to become involved in the discussion because the ideas contained in the proposed legislation have considerable support and could lead to significant changes.

David Berg, Director of Management Planning and Information Services (MPIS), discussed the history of the proposed legislation ("the Waldorf bill"). He noted that although the proponents of the legislation intended to apply it only to undergraduate education and to raise the tuition assumption for the technical college system to be equal to collegiate systems, those intentions are not clear in the bills as written.

Mr. Berg stated that the Waldorf bill would reduce state support of instructional costs from 67 percent to 34 percent of instructional costs, including instructional-related debt service. He reviewed the impact across the systems on system funding, tuition revenue, student aid, and the distribution of federal and state awards.

Regent Keffeler stated that the ideal situation would be to have a common student profile across all systems, so financial status would not influence educational choice. In response to Regent Craig, Mr. Berg stated that a survey being conducted by the University, the private colleges, and the State University System of family incomes of all students in each system will improve the available data.

Mr. Berg reviewed the impact of the legislation on current and new state grant recipients across all systems. He noted that 11,623 additional University of Minnesota students would receive aid, however, the data indicates that the average aid recipient would pay an additional \$448 because University students are somewhat more affluent than average. Mr. Berg stated that, if implemented, the Waldorf bill would result in savings to the state of approximately \$123.9 million.



Mr. Berg reviewed arguments for and against the Waldorf bill, noting that while it would maintain institutional spending authority and grant student aid more equitably, he does not believe a single state can put it into effect. The impact on reciprocity has not been considered, and the purchasing power of all non-need based scholarships would be diminished by one-half.

Regent Roe expressed concern regarding the proposed legislation, and stated that it would be useful to meet with Senator Waldorf and Representative Jaros regarding their intent. Regent Craig concurred, and suggested that the authors be invited to address the committee. Dr. Infante stated that there are problems associated with the bills, and reiterated the need for the University to participate in the discussions.

Student Legislative Lobbyist Lisa Noponen noted that she testified against the proposed legislation, and stated that she has been impressed by the efforts of University students in opposition to the bills. Student Representative Kristina Peterson also commented on student lobbying activities, including the efforts of Students Mad About Rising Tuition (SMART).

Regent Keffeler stated that tuition increases over the past two years have been larger than increases in financial aid, the net result being that it is harder for financially disadvantaged students to take advantage of the University's educational opportunities. As concerns are expressed regarding the proposed legislation, she noted that it is important to keep in mind the concept of equal access in light of the reality of the University's tuition increases relative to financial aid availability.

Regent A. Page stated that the \$123.9 million savings the state would realize if the proposed legislation is implemented is a direct tax on students. To the extent that students are the future of this state, he stated that it is not right to tax a few to benefit the whole. He concurred with Regent Keffeler that the issue of unmet financial need must be addressed.

Regent Reagan concurred with Regent Roe's suggestion to invite Senator Waldorf and Representative Jaros to meet with the Board. In response to Regent Reagan, Ms. Noponen stated that it is her impression that the legislation will not pass this session, but it has generated conversations that will take higher education in a different direction in the future. Dr. Infante concurred with Ms. Noponen's assessment. He noted that the proposed legislation would make it impossible to continue moving toward a single undergraduate tuition rate and the University would have to request educational offsets for high-cost programs, similar to the hospital education offset.

Regent Craig asked if the University is working with the other systems to address issues associated with the proposed legislation. Dr. Infante noted that Mr. Berg is representing the University on the Future Funding Task Force, and he stated that President Hasselmo has placed this item on the next agenda of the Higher Education Advisory Committee (HEAC). He noted that the Private College Council is supporting the proposed legislation.

Following the discussion, Regent Craig expressed appreciation for the report.

#### **NEW BUSINESS**

Student Representative Kristina Peterson stated that she has an internship in Washington, D.C. during spring quarter, and Alternate Student Representative Ron Merklng will take her position on the committee.

Regent Craig thanked Ms. Peterson for her contributions to the committee, and wished her well.

The meeting adjourned at 3:20 p.m.

  
**BARBARA MUESING**  
**Executive Director and**  
**Corporate Secretary**

**UNIVERSITY OF MINNESOTA**

**BOARD OF REGENTS**

**Committee of the Whole**

**March 12, 1992**

A meeting of the Committee of the Whole of the Board of Regents was held on Thursday, March 12, 1992, at 9:00 a.m. in the Regents' Room, 238 Morrill Hall.

Regents present: Regent Kuderer, presiding; Regents Anderson, Craig, Keffeler, M. Page, Reagan, Roe, Rosha, and Wynia. Regents Neel and Sahlstrom participated in the meeting via telephone.

Staff present: President Hasselmo; Senior Vice Presidents Erickson and Infante; Vice President Allen; Vice Provost Hopkins; Executive Director Muesing; Associate Executive Director Janzen; Assistant Vice President Markham; Treasurer Paschke.

Student Representative present: Tim Wolf.

**STEAM SERVICE CONTRACT PROPOSALS**

Regent Kuderer led the discussion regarding the steam service contract proposals, noting that an Open Forum will be held on March 30, 1992, followed by a vote on the issue at the April Regents' meeting.

The Steering Committee, comprised of Assistant Vice President Markham, Chair, Senior Vice President Erickson, Treasurer Paschke, and Associate University Attorney Brown, was responsible for overview of the process. Senior Vice President Erickson expressed appreciation to the other members of the committee, stating that their efforts resulted in improved contract proposals. Mr. Erickson also thanked the Negotiating Team and the Steam Plant Advisory Group for their efforts.

Assistant Vice President Markham reviewed the chronology of events which led to the signed contracts from vendors. She introduced the members of the Negotiating Team, which was led by Chief Negotiator Peter Grills from O'Neill, Burke, O'Neill, Leonard & O'Brien, Ltd.

Ms. Markham reviewed the objectives of the contract negotiations and the principal areas of evaluation. She discussed the benefits of simultaneous negotiations, and credited the Board for insisting on this process.

Mr. Paschke presented the contracts negotiated with Arkla, Inc., Foster Wheeler, Inc., and Northern States Power Company (NSP). He reviewed the present value analyses summary, and stated that the Arkla and Foster Wheeler contracts result in the same financial cost for the University.

Mr. Paschke compared various aspects of the vendors' contract proposals, including major costs, fuel mix, fuel efficiency guarantees, price protection, fuel alternatives, operations and maintenance costs, contract capacity, decommissioning,

and cogeneration capacity, optional cogeneration capital investments, and cogeneration guarantees.

In response to Regent Keffeler, Mr. Paschke stated that the optional cogeneration components of the contract proposals are not economically viable because of associated capital investments, demand charges and standby charges. He expressed concern that these options would require the University to go beyond its debt capacity, which would have a serious impact on the University's AA credit rating and on the flexibility to borrow for other University projects in the future. Mr. Erickson noted that Foster Wheeler included 15 megawatts of cogeneration in its base contract, and this was not subject to the financial concerns of the optional cogeneration proposals.

Mr. Paschke reviewed the environmental issues associated with the contracts, noting that all of the contract proposals substantially improve existing emissions levels. In response to Regent Roshka, Mr. Paschke stated that mercury and methane emissions were included in the analysis of heavy metals, which did not result in a significant difference in emission levels between the contract proposals.

Mr. Paschke reviewed the human resources component of the contract proposals, and discussed the impact of the contracts on the 77 current steam plant employees.

Mr. Paschke discussed the Clean Coal Technology Program (CCT), which is an option under the Foster Wheeler contract. He stated that if the University/Foster Wheeler contract for a CCT demonstration project is selected by the Department of Energy, it could result in approximately \$55 million in net present value savings, according to Foster Wheeler's formula estimates. He also noted the significant uncertainty associated with obtaining a CCT grant.

Mr. Paschke reviewed other aspects of the 25-year contract proposals, including ash disposal plans and estimated completion dates. He compared the significant improvements between the present value of the previous proposals submitted by each vendor in 1990 and the current contract proposals.

In conclusion, Ms. Markham stated that the contract proposals submitted by Arkla and Foster Wheeler are absolutely equal by all quantifiable measures. She noted that the contract negotiated with Northern States Power Company was non-competitive, and that NSP decided not to make a presentation to the Board. Therefore, she urged the Regents to keep an open mind when listening to the presentations, and then balance the public policy issues and make a value judgment when the contracts are presented for approval at the April meeting.

Ms. Markham acknowledged the participation in the process by the Negotiating Team, the Steam Plant Advisory Committee, the heating plant employee group, and representatives of Local 320 and the building trades. She stated that the process has resulted in excellent contracts and regardless of the Regents' decision, the University of Minnesota is the winner.

Mr. Paschke presented a resolution regarding reimbursement of the University's costs related to the steam service project prior to the issuance of bonding, and indicated that it will be presented for approval at the April meeting. He noted that the resolution does not increase bonding or affect the total amount of debt committed to the project.

Regent Kuderer indicated that representatives of Arkla, Inc. and Foster Wheeler, Inc. would present their contract proposals at this time.

**Arkla, Inc.**

Gary Petersen, President and Chief Operating Officer of Minnegasco, and a member of Arkla, Inc.'s senior executive management team, reviewed the contract proposal. He expressed appreciation for the opportunity to present the proposal, and he introduced the following members of the project team: Tracy Bridge, former Project Manager; Eric Sullivan, new Project Manager; Ken Linlick, President, Minneapolis Energy Center; Lanny Norris, Lead Engineer; and Kris Sundberg, Director of Public Affairs & Communications, Minnegasco.

Mr. Petersen reviewed the environmental aspects of the proposal, noting that it is based on natural gas. He stated that the proposal includes a price guarantee for all fuels, including transportation costs. He noted Minnegasco's commitment to the community, and discussed the opportunity to restore the river front if the Arkla proposal is selected.

In addition, Mr. Petersen noted that the proposal includes an option for 37 megawatts of cogeneration capacity, which would decrease the University's costs. After accepting the base contract, he stated that the University can make a separate decision on the cogeneration option.

**Foster Wheeler, Inc.**

Richard Swift, Chairman and Chief Executive Officer of Foster Wheeler Power Systems and a member of the Executive Management Committee of Foster Wheeler Corporation, reviewed the contract proposal. He expressed appreciation for the opportunity to present the proposal and he introduced the following members of the project team: Marty Karpinski, Executive Vice President and General Counsel; Tom Pinto, Project Manager; Dick Miller, Dain Bosworth; Bill Gabler and Mark Kaplan, Norwest; Jan Smaby, Community Relations Consultant; D. J. Leary, Media Consultant; and Bob Hentges, local counsel.

Mr. Swift reviewed the economic and environmental aspects of the contract, including the provision of 50/50 shared savings for fuel efficiency beyond the guarantees contained in the proposed contract. He discussed possible participation in a CCT demonstration project, reviewed Foster Wheeler's previous participation in the program, and expressed a commitment to developing a joint proposal with the University for submission to the Department of Energy.

Mr. Swift stated that the contract provides management and regulatory flexibility, in addition to the technical flexibility to use different fuels. He noted that at the end of the 25-year contract period, the University will have the flexibility to select a different provider of steam service and select different or alternative fuels without major capital costs.

Mr. Swift reported that the Heating Plant Staff Committee has endorsed the proposal, noting that Foster Wheeler has signed an agreement with the building trades regarding no-strike, no lock-out, and prevailing wage provisions.

Mr. Swift stated that the base contract includes 15 megawatts of cogeneration, with optional cogeneration available for additional capital investment. He noted that Foster Wheeler would be responsible for cogeneration demand charges after two months of outages per year.

Following the presentations, Regent Kuderer expressed appreciation to Northern States Power Company for participating in the contract negotiation process.

In response to issues raised by Regent Anderson, Mr. Pinto noted that coal ash is non-hazardous; there have been discussions with coal suppliers regarding taking the ash back as an incentive to be awarded the long-term coal contract; and the proposal contains an incentive for Foster Wheeler to improve fuel efficiency, with savings to be shared with the University.

In response to Regent Sahlstrom, Mr. Paschke stated that he is not aware of any other educational institutions which have comparable long-term contracts for steam service.

Regent Reagan asked if there is anything that would preclude the University from accepting a CCT award if granted. Mr. Paschke stated that there is nothing in the signed steam service contracts that is inconsistent with a CCT application.

In response to Regent Roe, Mr. Paschke indicated that the University intends to continue providing steam service to other institutions in the area.

Mr. Paschke responded to Regent Wynia's questions regarding cogeneration options, stating that although the administration would like to take advantage of those options, there are concerns regarding the interpretation of stand-by and demand charges and the impact on the University's debt capacity and bond rating.

In response to Regent Rosha, it was noted that public funding similar to CCT funding is not available for cogeneration options and there are incentives built into the proposals for conservation within the University.

In response to Regent Kuderer, Mr. Paschke stated that the Foster Wheeler proposal includes a provision for 50/50 shared savings on fuel efficiency. He also noted that the cost to the University for the first year would be \$27 million under the Foster Wheeler proposal and \$29 million under the Arkla proposal, with an escalation of the annual costs over the life of the contract.

Regent Kuderer indicated that the following issues were raised, and written responses will be provided prior to the April meeting:

REGENT NEEL

Requested a corporate profile of each of the companies and their track record in five categories:

- Management and corporate leadership, and the stability of the leadership and continuity over the years
- Financial strength and stability
- Previous customers and their satisfaction and service records
- Pending or active lawsuits
- Contributions to development and transfer of new technology

REGENT ROE

Requested a comparison of operating and other costs of the two external options with internal operation of the plants.

REGENT WYNIA

Requested more information and an administrative analysis regarding the economic feasibility of the cogeneration option.

Requested information on the cost to the University of reclaiming the river front.

Requested information regarding the vendors' labor relations record in Minnesota and elsewhere.

REGENT KEFFELER

Requested clarifying information regarding the debt ceiling issue and whether or not the University has to limit itself to the \$100 million level. (Why is it too expensive to exercise the cogeneration options? Is it only the level of bonding necessary? If so, what are the trade-offs in savings in cogeneration versus bond rating risk?)

Requested the administration to broadly publicize the schedule for considering the proposals, and invite the advice and assistance from other public bodies so they are aware of the University's contractual negotiating provisions and time frame.

REGENT REAGAN

Requested the administration to seek the advice of bond counsel regarding the \$100 million debt ceiling.

REGENT M. PAGE

Requested information regarding potential use of river front if the property is reclaimed.

REGENT CRAIG


Requested information on the cost to the University of reclaiming the river front, including the feasibility of converting the main plant to an office building.

REGENT KUDERER

Requested the administration to widely publicize the timetable for consideration and approval of the steam service contract proposals.

Following the discussion, Regent Kuderer expressed appreciation to all of the participants for their excellent presentations. He stated that this item will be presented for approval at the April meeting.

The meeting adjourned at 12:10 p.m.

  
**BARBARA MUESING**  
Executive Director and  
Corporate Secretary

Year 1991-92

**UNIVERSITY OF MINNESOTA**

**BOARD OF REGENTS**

**Committee of the Whole**

**March 13, 1992**

A meeting of the Committee of the Whole of the Board of Regents was held on Friday, March 13, 1992, at 8:30 a.m. in the Regents' Room, 238 Morrill Hall.

Regents present: Regent Kuderer, presiding; Regents Anderson, Craig, Keffeler, A. Page, M. Page, Reagan, Roe, Rosha, and Wynia. Regents Neel and Sahlstrom participated in the meeting via telephone.

Staff present: President Hasselmo; Chancellors Ianni, Johnson, Sargeant, and Wilhelmson; Senior Vice Presidents Erickson and Infante; Vice Presidents Allen, Anderson, and Petersen; Vice Provost Hopkins; Executive Director Muesing; Associate Executive Director Janzen; Associate Vice Presidents Hewitt and Kvavik; Assistant Vice Presidents Markham and Tschida.

Student Representative present: Tim Wolf.

**PERSONNEL**

President Hasselmo introduced Dr. Robert Anderson, Vice President for Health Sciences; Dr. Anne Petersen, Vice President for Research and Dean of the Graduate School; and Mark Rotenberg, General Counsel. Dr. Anderson, Dr. Petersen, and Mr. Rotenberg addressed the committee.

**TRANSFER OF WASECA CAMPUS PROPERTY**

Vice President Allen presented a proposed resolution about the disposition of the Waseca campus facilities after educational activities cease in September of 1992. Several potential uses of the facilities have been considered. He indicated that a private technical agricultural college with two campuses in Iowa recently expressed interest in the facilities. This development does not have an effect on the administrative recommendation.

In response to an issue raised by Regent Craig, Dr. Allen stated that the proposed resolution will allow the University to work in the most effective manner with the State of Minnesota and the City of Waseca.

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

**RESOLVED**, that on the recommendation of the President and Senior Vice President for Finance and Operations, the Regents authorize the appropriate administrative officers to negotiate the conveyance of the Waseca campus facilities to the State of Minnesota after consultation with the Executive Council and the Chairs of the Senate Finance



Committee and House of Representatives Appropriations Committee. If, after consultation with the Executive Council and the Chairs of the Senate Finance Committee and House of Representatives Appropriations Committee, a transfer of the property to the City of Waseca is desired, the appropriate administrative officers are authorized to transfer the property directly to the City of Waseca to expedite the reuse of the property.

Regent Kuderer expressed appreciation to Vice President Allen and Associate Vice President Hewitt for their efforts regarding this issue.

#### **REPORT ON THE INSTITUTE OF TECHNOLOGY/ BUDGET PLAN IMPLICATIONS**

Vice Provost Hopkins led the discussion regarding the implications of the Budget Plan on the Institute of Technology (IT). She stated that IT is a large, high-quality unit, which is central to the University's outreach and research mission and participates in undergraduate and graduate education.

Gordon Beavers, Acting Dean of IT, stated that IT's mission is to provide high-quality education to undergraduates, to conduct research and educate graduate students, to provide outreach to the state and nation, and to foster and promote technology transfer. He presented an overview of IT's economic situation, with emphasis on the following major challenges that IT will have to address in the future:

- As a result of anticipated retirements within several years, IT will have to hire 10 to 20 new faculty members per year and provide them with salaries and suitable research facilities.
- IT must address the issue of providing adequate infrastructure support, particularly with regard to matching funds for research grants, to allow faculty members to sustain the current level and quality of their research activities. This would affect graduate student education and technology transfer activities.
- IT must address the issue of providing undergraduate students with access to modern lab and computer equipment.

Dean Beavers stated that although the funding increases IT has received through reallocation have had an enormous impact on its ability to carry out its mission, there are no easy solutions to the current challenges.

Dean Beavers reported that IT Week will be held May 5-8, and the theme is "IT - Inventing Tomorrow". Activities will highlight the contributions of IT alumni, and he invited the Regents to participate in the week's events.

In summary, Dean Beavers stated he intends to implement the advice of Roman Arnoldy, a 1933 graduate of IT -- "The Institute of Technology is a national resource, and we must make sure that the state and the nation are fully aware of this."

Dean Beavers responded to Regent Keffeler's concern regarding IT's cooperative efforts with the State University System to expand the number of engineering opportunities for Minnesota students. He noted that Minnesota has always been a net importer of engineers, and he does not believe the State University programs will make a major contribution to the number of engineering graduates produced in the state even after they are fully operational.

President Hasselmo stated that although there is a need for additional investment in IT, the legislative special for IT is an example of what is at stake if the \$25 million reduction being considered by the Legislature is implemented. In response to issues raised by committee members, President Hasselmo discussed the University's efforts to provide current and potential students with full information regarding educational opportunities, requirements for success, and job potential. Dean Beavers commented on IT's efforts to improve the environment for undergraduates.

In response to comments regarding limited job opportunities for Law School graduates, Dean Robert Stein noted that there was 96 percent placement for the Class of 1991.

In response to issues raised by Regent Kuderer, Dean Beavers stated that the engineering programs offered by the State University System do not have a detrimental effect on IT and the credits from those programs transfer to the University.

Following the discussion, Regent Kuderer expressed appreciation to Dean Beavers for his report.

### **REPORT ON THE MINNESOTA EXTENSION SERVICE**

Vice President Allen led the discussion regarding the implications of the Budget Plan on the Minnesota Extension Service (MES). He noted that the MES has implemented numerous structural and programming changes during the past decade, resulting in an excellent program which is used as a model by many states. He stated that a number of awards have been presented to MES staff and programs, including presentation of the prestigious Ruby Award to Director Patrick Borich. Dr. Allen noted that a report on all of the University's outreach activities will be presented at a future meeting.

Dr. Patrick Borich, Director of the MES, discussed the development and impact of MES programs. He reported on statewide, county, and cluster initiatives which focus on complex problems, including water quality, rural revitalization, youth and families at risk, and the dairy industry.

Dr. Borich discussed the history of the MES financial situation, and the difficult retrenchment decisions which have been made. He acknowledged the support and assistance he has received from Senior Vice Presidents Erickson and Infante and Vice President Allen in addressing the fiscal problems, including an early retirement program for tenured faculty and provision of reserve funds to help the MES through this difficult period.

Dr. Borich noted that the MES currently faces a \$2.3 million shortfall that must be resolved by July 1, 1992, resulting from a \$960,000 shortfall in federal fringe benefits; a \$339,000 reduction in the MES state appropriation; and a 6 percent (\$980,000) compensation package for MES staff in 1992-93. He stated that the process is continuing to determine the positions and areas to be reduced. Dr. Borich noted that he has responded to legislators' concerns regarding how to solve this problem by suggesting that \$960,000 be added to the MES state appropriation on a continuing basis to cover the current federal fringe benefit shortfall, and then change the procedures so future shortfalls due to lack of federal funding would be covered by state dollars as is done in some states.

In conclusion, Dr. Borich stated that the MES has excellent programs that are well received, and the organization receives support from Board of Regents, the University administration, and its county partners. He indicated that the MES is in a position to provide the people of Minnesota with research-based education, and stated

that this outreach is more important now than it was in 1909 when the MES was established.

Regent Kuderer thanked Dr. Borich for his report, and expressed a feeling of frustration and helplessness regarding the current MES budget situation.

In response to Regent Sahlstrom, Dr. Borich discussed cooperative efforts with other states to resolve the issue of reduced federal support, and noted that part of the national problem has been unequal quality among extension programs across the country. He stated that progress has been made, and expressed the hope that there will be a better response from the federal government in the future.

Regent M. Page commended Dr. Borich for his national leadership role. She stated that the University has always received strong support from people in outstate Minnesota, even in troubled times, because of the impact of the MES. However, she noted that people are very angry about the current situation and they do not believe the positive messages about the University being conveyed by Dr. Allen and Dr. Borich.

Regent A. Page stated that although he does not have a solution to the problem, he believes it should be possible to find the money somewhere within the University for the MES. Regent Kuderer stated that the University recognizes the importance of outreach and the MES network, and noted that he has urged legislators to give the cluster concept a chance to work and not compromise the effectiveness of the organization.

Regent Rosha stated that although the MES has been effective in the past, he is concerned about its future effectiveness, which depends on keeping up with societal changes and developing a stronger linkage with the University and all of its departments. This would require the MES to recognize itself as an important player in the University system, a University cultural change to accept the MES as the primary source of outreach directly to the people of the state, and evaluation and prioritizing of programs based on their ability to perform the three-part mission of the University.

Regent Keffeler indicated that the University is in danger if its commitment to greater Minnesota is measured exclusively through the status of the MES. She concurred with the concerns raised by other Regents, and stated that the reallocation funds that have been directed to the MES have been used well. She stated that the outreach role should be expanded and every part of the University should understand that the future of greater Minnesota and agriculture is a part of its mission.

In response to Regent Kuderer, Dr. Borich stated that despite decreased staff, the MES is more effective in the metropolitan area because of issue programming. In response to Regent Rosha's comments, Dr. Borich stated that he feels the MES organization is ready to accept a future role as the front door to the University of Minnesota in every county and to utilize the total resources of the University to resolve problems.

President Hasselmo expressed appreciation to Dr. Borich for his outstanding leadership; and stated that the organization is a model for adapting to changes. He stated that the MES is a high priority within the University, noting that funds have been reallocated to the MES. He expressed concern regarding the perception that additional money can be found within the University to resolve the current problems facing the MES, and emphasized that the University is currently facing an additional \$25 million in its annual budget. He stated that reallocation of additional funds would require curtailing programs, raising tuition more than 9 percent, or ending reallocation to other high quality programs within the University.

Although the MES needs additional funds, Dr. Borich stated that he would not be comfortable taking resources from other University units because his future vision is

that the MES will be a total University resource. He expressed the hope that the entire University system will be given a higher priority for funding by the state.

Regent Wynia thanked Dr. Borich for his leadership and his sensitivity to the organizational dynamics within the MES and the University. In response to Regent Wynia, Dr. Borich discussed the proposal to hire all new MES faculty under the University fringe benefits package, effective July 1, 1992.

In response to Regent Reagan, President Hasselmo discussed the reasons why the University's reserve fund is not an option for resolving the MES financial problems. Regent Kuderer noted that the Regents' policy prohibits the use of the reserve fund for hard funding.

Regent Rosha stated that stop-gap funding will not resolve the MES problems, and he feels resources should be devoted to re-evaluating the future role of the organization.

Vice President Allen reported that a University Outreach Council will be appointed to review programs and make recommendations regarding future outreach activities. He indicated that a broad report on outreach activities will be presented at a future meeting, and noted that at this point he does not believe that all of the University's outreach programs can be delivered through the MES.

In response to issues raised by Regent Craig, Dr. Borich stated that programs in metropolitan and rural areas are developed in response to local needs and noted that the educational backgrounds of rural and urban county agents differ slightly.

Regent Sahlstrom thanked Dr. Borich and Dr. Allen for their efforts, and expressed support for restructuring and coordination of the University's outreach activities.

Following the discussion, Regent Kuderer thanked Dr. Allen and Dr. Borich for their report and asked them to convey to the faculty and staff the Board's concern about the MES. Dr. Borich stated that the Board of Regents' interest and support of the MES is very important to MES faculty and staff.

#### **STATUS REPORT ON INSURANCE BENEFITS**

Regent Kuderer noted for the record that Regent Alan Page would not participate in any discussion or vote regarding the insurance benefits issue, due to a potential conflict of interest.

Senior Vice President Erickson discussed the development of a fringe benefit insurance program for University faculty and staff separate from the state program by the Health Care Task Force, as authorized by the Board of Regents on June 14, 1991. He noted the generous contributions of Robert Dickler, General Director of the University Hospital and Clinic, who chaired the Task Force following the death of Gus Donhowe, and the other members of the Task Force.

Mr. Erickson reviewed the process, the current options, the mission of the Task Force, the objectives of the alternative insurance benefits program, the health care options included in the proposal developed by the Task Force, and a comparison of costs.

In summary, Mr. Erickson stated that the Health Care Task Force voted 10 to 9 to move forward with separation from the state. However, he stated that broad consultation within the University community has resulted in virtually no support for

the proposed separation, and the administrative recommendation at this time is to maintain the University's current relationship with the state.

Regent Kuderer noted that the Regents' resolution authorized the administration to develop a health care plan separate from the state plan under certain criteria and guidelines. In view of administrative recommendation, he stated that this item is being presented only as a status report.

Regent Craig congratulated the administration on its recommendation, stating that significant factors for remaining with the state plan include a larger employee pool and the fact that University employees use insurance benefits 3 percent more than state employees.

In light of the administrative recommendation, Mr. Erickson stated that the possibility of separating from the state should not be explored for a number of years because of the expense involved and the issue of credibility with respect to dealing with health care providers. President Hasselmo noted that the information gained through this process will be retained in the event insurance alternatives are considered in the future.

In order to insure that no administrative action is taken that would result in a change in employee benefits without the approval of the Board, Regent Wynia moved that the Board of Regents' Faculty and Staff Insurance Benefits Policy, which was approved on June 14, 1991, be rescinded. The motion was seconded by Regent Keffeler.

Following an extensive discussion regarding the appropriate way to proceed with respect to the policy, President Hasselmo suggested that the simplest way to proceed would be to rescind the policy and ask the administration to develop proposed principles to follow in future evaluations of health care options.

The committee voted unanimously to recommend approval of rescission of the June 14, 1991 Regents' Faculty and Staff Insurance Benefits Policy. Regent A. Page abstained from the vote.

The meeting adjourned at 11:30 a.m.

  
**BARBARA MUESING**  
**Executive Director and**  
**Corporate Secretary**

**UNIVERSITY OF MINNESOTA**

**BOARD OF REGENTS**

**March 13, 1992**

A meeting of the Board of Regents of the University of Minnesota was held on Friday, March 13, 1992, at 11:35 a.m. in the Regents' Room, 238 Morrill Hall.

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

Staff present: Chancellors Ianni, Sargeant, and Wilhelmson; Senior Vice Presidents Erickson and Infante; Vice President Allen; 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:

Physical Planning & Operations Committee - February 13, 1992  
Finance & Legislative Committee - February 13, 1992  
Faculty, Staff & Student Affairs Committee - February 13, 1992  
Educational Planning & Policy Committee - February 13, 1992  
Committee of the Whole - February 13, 1992  
Committee of the Whole - February 14, 1992  
Board of Regents - February 14, 1992

**REPORT OF THE PRESIDENT**

President Hasselmo presented his monthly report which pertained to proposed budget cuts; review of the Boynton Health Center; employee health care plan; a white student union; and awards and recognitions.

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

**REPORT OF THE CHAIR**

Chair Kuderer reported that the Board will hold an open forum on March 30, 1992 to hear comments from individuals relating to steam service contract proposals for the University of Minnesota.

Regent Kuderer called on Regent Mary Page to present a brief update on progress of the Student Representative Policy Committee. Regent Page reported that the committee has met and developed a first draft of revisions to the policy. The revisions will be discussed during the next month with a proposed policy to be presented for information in April and action in May.

Chair Kuderer reported that Executive Director Muesing and he recently attended a meeting of the Association of Governing Boards of Colleges and Universities (AGB) held in San Francisco. Minnesota was recognized at the conference with the Nason Award for its Regents' selection process. In addition,

University of Minnesota was mentioned for its Board review process. Chair Kuderer and Director Muesing presented information at the conference on that review process.

### **GIFTS**

Associate Vice President 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 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 March 12, 1992**

Regent Kuderer, Chair of the committee, reported that the committee reviewed recommendations from the administration relating to steam service contract proposals for the University. Contract proposals were also presented by representatives from Arkla, Inc. and Foster Wheeler, Inc. Action on the proposals will be requested at the April meeting.

### **REPORT OF THE COMMITTEE OF THE WHOLE March 13, 1992**

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

- a) Approval of the following resolution re Transfer of Waseca Campus Property, as follows:

**RESOLVED**, that on the recommendation of the President and Senior Vice President for Finance and Operations, the Regents authorize the appropriate administrative officers to negotiate the conveyance of the Waseca campus facilities to the State of Minnesota after consultation with the Executive Council and Chairs of the Senate Finance Committee and House of Representatives Appropriations Committee. If, after consultation with the Executive Council and the Chairs of the Senate Finance Committee and House of Representatives Appropriations Committee, a transfer of the property to the City of Waseca is desired, the appropriate administrative officers are authorized to transfer the property directly to the City of Waseca to expedite the reuse of the property.

- b) Approval to rescind Regents' Policy entitled Faculty & Staff Insurance Benefits Policy dated June 14, 1991.

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

Chair Kuderer reported that the committee also reviewed reports indicating budget implications on the Institute of Technology and the Minnesota Extension Service.

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

Regent Reagan, Acting 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 Faculty, Staff and Student Affairs Report as listed in the docket material and on file in the Regents' Office.
- b) Approval of revised Regents' Policy on Faculty Sabbatical Furlough, as follows:

Faculty Sabbatical Furlough

The purpose of the sabbatical furlough is to encourage special studies, investigations, and research on the part of members of the faculty and thereby to increase their scholarship and capacity for service to students and the University.

1. Application for sabbatical furlough may be made by any member of the tenured faculty who has served the University for six consecutive years, of which at least two years must have been with a rank not lower than that of assistant professor, except in those cases where instructors have achieved permanent tenure as instructors. The application may be for furlough for a year or for a shorter period at the option of the applicant.
2. The application shall be made upon a blank to be provided, containing:
  - a. Name, age, rank, department, and college.
  - b. Date of leaving and of returning.
  - c. Statement of successive changes in rank and salary.
  - d. Reason for wishing furlough, place where furlough would be spent and an outline of the program of studies or other activities which the applicant purposes to follow.
  - e. Statement of any previous furlough or leave granted.
  - f. A definite statement of intention to devote the sabbatical furlough to the program outlined, and to continue service to the University, after the furlough, for at least one year on the same pay.



though with no prejudice to receiving any advance which would have been paid had the faculty member not been absent on leave.

- g. The date (within three months following return) on or before which the applicant agrees to file a summary report on the results of the work done while on sabbatical furlough with the department head/chair and college dean.
3. Such application will be granted by the Board of Regents subject to the following conditions:
  - a. The board shall be satisfied that the applicant's ability and aptitudes are such that the students and the University are likely to benefit from the increased efficiency acquired during this leave.
  - b. The board shall be satisfied that, by securing assistants with the other half of the applicant's pay, distributing the individual's work among other members of the department or by other adjustments, arrangements can be made so that the work of the department can be carried on satisfactorily during the individual's absence.
  - c. The application must have the approval of the dean of the applicant's college, and unless the individual be the head of a department, the head of the department.
4. Service in another institution in which sabbatical furloughs are granted, prior to a staff member's joining the faculty of the University of Minnesota, may be taken into account in granting a first sabbatical furlough.
5. For the period of the furlough, the University will pay the absentee one half regular salary.
6. It is understood that the half salary paid to the absentee is not to be regarded as additional compensation for services rendered during the preceding six years, but as contemporaneous compensation for services rendered to the University during the furlough, in acquiring greater efficiency for subsequent service to be rendered to students and the University.
7. Faculty members on sabbatical furlough may be permitted to augment their sabbatical stipend approximately to the level of their regular University salary, provided that the activities yielding the additional compensation are consistent with the purposes of the sabbatical furlough. Such permission is contingent on the recommendation of the faculty member's department head and dean, and is subject to approval by the provost and vice president for academic affairs.

In establishing the level of permissible sabbatical income, it is understood that the faculty member may continue to engage in University-approved consulting activities that are not in conflict with the purposes of the sabbatical furlough. The authorized sabbatical income may also take into account the circumstances in which the faculty member will encounter unusually heavy travel expenses related to the purposes of the furlough.

8. Faculty Single Quarter Leaves and Faculty Sabbatical Furloughs may not be taken in consecutive years.

Interpretations: Paragraph 1. Each year's eligibility is based on a minimum of two-thirds service. Time spent on Faculty Single Quarter Leave applies toward sabbatical eligibility.

A sabbatical furlough must be continuous, but may bridge two academic years if circumstances warrant, and if departmental chairs recommend that the circumstances of the department permit such bridging.

Paragraph 3.b. Provision for the applicant's work must be made within the funds of the department.

- c) Approval of the 1991-92 Police Bargaining Unit Agreement effective January 1, 1991 through December 31, 1992. Documentation is filed supplement to the minutes, No. 22,308A.
- d) Approval of Single Quarter Leaves for 1992-93 as recommended in the docket materials.

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

#### **REPORT OF THE PHYSICAL PLANNING & OPERATIONS COMMITTEE**

Regent Roe, 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 Physical Planning and Operations Report which included reports pertaining to purchasing, project status, property accounting and miscellaneous items as presented in the docket material and filed in the Regents' Office.
- b) Approval of resolution re MacPhail Center for the Arts Independence, as follows:

WHEREAS, in 1966, the William G. MacPhail family presented the University with a gift of the MacPhail School of Music; and

WHEREAS, in 1988, as part of the University's academic priorities, a decision was made by the Board of Regents to return

MacPhail to independent status by July 1, 1994 through a phased reduction in support; and

WHEREAS, the Board of Regents recognizes that the MacPhail Center for the Arts represents a valuable community resource that should be preserved;

NOW, THEREFORE, BE IT RESOLVED, that the Board of Regents hereby authorizes the transfer of the MacPhail property to a nonprofit corporation consistent with the terms and conditions specified in the Memorandum of Understanding dated January 8, 1992, and directs staff to prepare the necessary legal documents to effect such transfer for execution by appropriate University officers.

- c) Approval of resolution regarding projects previously submitted for information, as follows:

**RESOLVED**, that on the recommendation of the President and the Senior Vice President for Finance and Operations, the appropriate administrative officers are authorized to proceed with the design and construction of the following projects:

- a. Memorial Stadium Demolition, Twin Cities Campus  
Estimated cost of the project: \$1,500,000  
Funding: Internal loan from Utilities Budget  
Estimated completion date: September 1992
  - b. Eddy and Peik Hall Improved Access Project, Scope/Cost Increase, Twin Cities Campus  
Estimated increase in project: \$234,500  
Total estimated cost of project: \$935,500  
Funding: 1988-89 Central Reserves Capital Spending Plan; 1988-89  
Capital Spending Plan funded from a variable rate bond internal loan; 1990 Legislative Appropriation; and Counseling Services Department Funds  
Estimated completion date: December 1992
  - c) Life Science Building Plaza, Roof Replacement, Duluth Campus  
Estimated cost of the project: \$169,000  
Funding: UMD Plant Funds  
Estimated completion date: July 1992
  - d) Replace Roof - Cina Hall  
Estimated cost of the project: \$108,000  
Funding: UMD Plant Funds  
Estimated completion date: July 1992
- d) Approval of resolution re Real Estate Transaction Previously Submitted for Information - Sale of Land to Theatre in the Round Players, as follows:

**RESOLVED**, that on the recommendation of the President and the Senior Vice President for Finance and Operations, the appropriate administrative officers are authorized to execute the

necessary documents to convey .061 acre of land described as the West 16 feet of the East 26 feet of Lot 7, Block 168, Town of Minneapolis Addition, Hennepin County, Minnesota, to Theatre in the Round Players, Inc. for \$34,500.

The Board of Regents voted unanimously to approve the recommendations of the Physical Planning & Operations Committee.

Regent Roe reported that the committee reviewed one project for information relating to razing the Warehouse at 1809 5th Street S.E. on the Twin Cities campus and reviewed four real estate transactions presented for information: 1) ten-year land lease to Midwest Warehouse, Inc. and option to purchase Midwest Warehouse property on the Twin Cities campus; 2) ten-year land lease to Empire Organic Greenhouse/CERES in Rosemount, Minnesota; 3) sale of 3,320.31 acres of Salt Spring Lands in St. Louis and Cook counties and Owre Property in Lake County; and 4) sale of Salt Spring Lands to Minnesota Department of Natural Resources for public access to Coons Lake.

In addition, the committee reviewed proposed changes to the Regents' Purchasing Policy and held an open hearing to review proposed amendments pertaining to the Regents' Traffic Ordinances.

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

Regent Anderson, Chair of the committee, reported that the committee voted unanimously to recommend approval of the following action:

- a) Approval of the Senior Vice President's Monthly Finance and Legislative Report including accounts receivable, central reserves, debt management and miscellaneous items as presented in the docket material and filed in the Regents' Office.

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

Regent Anderson reported that the committee also reviewed proposed changes to the University's list of approved depositories; reviewed the Quarterly Investment Report as of December 31, 1991, and received an update on legislative strategy.

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

Regent Craig, Chair of the committee, reported that the committee voted unanimously to recommend approval of the following action:

- a) Approval of the Senior Vice President's Monthly Educational Planning and Policy Report as presented to the committee in the docket material.


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

Chair Craig reported that the committee also reviewed the Report on Tuition Funding Formula (Senate File 1240/House File 1597).

**REPORT OF THE AUDIT COMMITTEE**

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

The meeting adjourned at 12:09 p.m.

  
**BARBARA MUESING**  
Executive Director &  
Corporate Secretary

