

UNIVERSITY OF MINNESOTA

BOARD OF REGENTS

MINUTES

BOARD OF REGENTS MEETINGS

AND

COMMITTEE MEETINGS

**August 2, 1999
September 9-10, 1999**

Office of the Board of Regents

220 Morrill Hall

UNIVERSITY OF MINNESOTA

BOARD OF REGENTS

Minutes of the Board of Regents Meetings
and Committee Meetings

September 9-10, 1999

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UNIVERSITY OF MINNESOTA

BOARD OF REGENTS

Facilities Committee

August 2, 1999

A meeting of the Facilities Committee of the Board of Regents was held on Monday, August 2, 1999, at 10:00 a.m. in Room 238, Morrill Hall.

Regents present: Jessica Phillips, presiding; Anthony Baraga, David Metzen, William Peterson, and Maureen Reed.

Staff present: President Mark Yudof; Vice President Eric Kruse; Associate Vice President Georgina Stephens; and Executive Director Andrea Turner.

Student Representative present: Kristen Berning

CAPITAL BUDGET AMENDMENT

Review/Action Item

Burton Hall Computer Lab Renovation

A motion was made and seconded to recommend approval of increasing the fiscal year 2000 Capital Budget by \$415,000 to add the Burton Hall Computer Lab Renovation on the Twin Cities campus.

Vice President Kruse reviewed the proposed amendment and discussed the scope of the project, cost estimate, and funding as noted in the docket materials. The anticipated completion date for this project is December 1999.

In response to a question from Regent Baraga, Kruse explained that this project will be built with funds set aside in the Department of Educational Psychology's general operating budget.

The committee voted unanimously to recommend approval of the amendment to the fiscal year 2000 Capital Budget.

REAL ESTATE TRANSACTIONS

Review/Action Items

Three-Year Lease for Space at 720 Washington Avenue Southeast

A motion was made and seconded to recommend approval of a three-year lease with two one-year options with Juno Investments for office space at 720 Washington Avenue Southeast, Minneapolis, Minnesota, at a cost of \$183,828 for each of the first three years.

Associate Vice President Stephens presented the proposed lease for the relocation of units currently housed at Coffman Memorial Union. The lease is for the use of 15,319

square feet of office space on the lower level plus a kiosk area on the first floor. Additional details on this transaction can be found in the docket materials.

In response to questions from Regent Peterson, Kruse stated that the total cost of this relocation is unknown and Assistant Vice President James Turman explained that the relocation costs will be funded by the relocation committee and from Coffman Union reserves. Turman added that it is unknown at this time if the relocation will be conducted in-house or contracted with an outside vendor. At Regent Phillips' request, Kruse agreed to share these costs with the committee as they are known.

In response to a question from Regent Reed, Kruse explained that the rental cost of \$16 per square foot was comparable to the cost for renting other similar space in this area.

In response to a question from Regent Phillips, Turman assured the committee that in consultation with student organizations throughout the year the message was that they wanted to be together and close to campus. This location is responsive to those needs and overall, the students are happy with the proposed location.

The committee voted unanimously to recommend approval of the real estate transaction.

Three-Year Extension of Lease for *Minnesota Daily* at 2301 University Avenue Southeast

A motion was made and seconded to recommend approval of a three-year extension for the lease of property located at 2301 University Avenue Southeast for the sum of \$150,000 for three years.

Associate Vice President Stephens presented the proposed lease of space for continued use by the *Minnesota Daily*. Additional details on this transaction can be found in the docket materials.

The committee voted unanimously to recommend approval of the real estate transaction.

SCHEMATIC PLANS

University Avenue (Gateway) Parking Facility and Pedestrian Connections

A motion was made and seconded to approve the schematic plans for the University Avenue (Gateway) Parking Facility and Pedestrian Connections on the Twin Cities campus and authorize the appropriate administrative officers to proceed with the award of contracts, the development of construction documents, and construction.

Vice President Kruse presented the schematic plans for the proposed University Avenue (Gateway) Parking Facility and Pedestrian Connections on the Twin Cities campus as noted in the docket materials.

President Yudof advised the committee that he and Vice Presidents Gardebring and Kruse met with representatives of the City of Minneapolis Park Board regarding this project. They are pleased with the proposed free parking on evenings and Sundays at campus ramps and lots when there are no events. This parking ramp is an opportunity for the University to open itself to the larger community by enabling people to come on to our campus, park and take full advantage of our facilities.

In response to a number of questions regarding usage of the parking facility, Kruse explained that the ramp and the nearby surface lot will have over 600 parking spaces. Additional parking was recently built in the Huron Boulevard area as well. He added that 35-40% of the spaces will be contract, with the remaining spaces being daily and event parking. He added that it is possible that the facility could be used for priority parking for events at Williams and Mariucci Arenas.

In response to a question from Regent Baraga, Kruse stated that the entrance to the ramp is as far as possible off the street and under normal conditions the overflow of traffic onto University Avenue should be minimal.

In response to questions from Regent Phillips, Kruse explained that the ramp has one entrance from University Avenue and one exit onto Walnut Street. He also stated that the cost of \$12,000 per space is average for this type of parking facility.

The committee voted unanimously to approve the schematic plans and authorize construction on behalf of the Board of Regents.

The meeting adjourned at 10:25 a.m.



ANN D. CIESLAK
Interim Executive Director and
Corporate Secretary

UNIVERSITY OF MINNESOTA

BOARD OF REGENTS

Litigation Review Committee

September 9, 1999

A meeting of the Litigation Review Committee of the Board of Regents was held on Thursday, September 9, 1999, at 8:30 a.m. in Room 325, Morrill Hall.

Regents present: William Peterson, presiding; David Metzen, and Patricia Spence.

Staff present: President Mark Yudof; Senior Vice President Frank Cerra; Vice Presidents Eric Kruse and Christine Maziar; General Counsel Mark Rotenberg; Executive Director Andrea Turner; and Associate Vice President Richard Pfutzenreuter.

Others present: Tonya Brown, William Donohue, and Sandra Martell.

**RESOLUTION TO CONDUCT NON-PUBLIC MEETING
OF THE LITIGATION REVIEW COMMITTEE**

A motion was made and seconded that the following resolution be approved:

RESOLVED, that on the recommendation of the President and as provided by Minnesota State Statute 471.705, Subd. 1d, a non-public meeting of the Board of Regents' Litigation Review Committee be held on Thursday, September 9, 1999 in 325 Morrill Hall, for the purpose of discussing attorney-client privileged matters.

The committee voted unanimously to approve the resolution.

The public portion of the meeting adjourned at 8:31 a.m.



ANN D. CIESLAK
Interim Executive Director and
Corporate Secretary

UNIVERSITY OF MINNESOTA

BOARD OF REGENTS

Audit Committee

September 9, 1999

A meeting of the Audit Committee of the Board of Regents was held on Thursday, September 9, 1999, at 8:00 a.m. in Room 238, Morrill Hall.

Regents present: Warren Larson, presiding; Robert Bergland, H. Bryan Neel, and Maureen Reed.

Staff present: Executive Vice President and Provost Robert Bruininks; Senior Vice President Frank Cerra; Vice President Eric Kruse; General Counsel Mark Rotenberg; Executive Director Andrea Turner; Associate Vice Presidents Gail Klatt, Terrence O'Connor, Donna Peterson, Richard Pfitzenreuter, and Georgina Stephens; and Interim Associate Vice President Steven Cawley.

Student Representative present: Heidi Frederickson and Scott Roethle.

YEAR 2000 PREPAREDNESS

Vice President Kruse, General Counsel Rotenberg, Associate Vice President Stephens, and Interim Associate Vice President Cawley presented a status report on Year 2000 (Y2K) preparedness, with an emphasis on facilities, risk management and insurance, and legal issues. Presentation details can be found in the docket materials.

In response to questions from Regent Reed, Kruse stated that the Y2K issues are virtually the same on each campus. Kruse added that he will be traveling to each of the coordinate campuses in September and October to determine the status of their Y2K readiness.

In response to a question from Regent Bergland, Kruse stated that several years ago the University had to substantially reduce its electricity load due to problems at Northern States Power. In response, electricity was shut-off to many non-essential buildings to ensure that electricity would be available for the most essential buildings on campus. If there were problems on January 1, 2000, Kruse anticipated that there would be a similar response.

In response to a number of questions regarding Y2K concerns with equipment, Cawley explained that, based on an examination of equipment at the Academic Health Center (AHC), there is not a significant financial issue. He estimated that the total cost to replace non-Y2K compliant equipment within the AHC is approximately \$350,000. He added that the life support equipment, and associated Y2K concerns, were among the items sold with the University of Minnesota Hospital to Fairview Hospital.

In response to a question from Student Representative Roethle, Cawley explained that, while they did hire some extra employees for specific project, many of whom were University students, they have done most of the work through reallocating and reassigning existing staff to focus on Y2K issues.

In response to a question from Regent Larson, Cawley stated that he does not anticipate any increased risk from computer hackers on January 1, 2000. He added that he has requested Ken Hanna, Office of Information Technology, to assemble an on-going assurance program that incorporates the lessons from Y2K into improved security measures. He noted the existence of an instant response team that addresses hacking issues on a daily basis.

Regent Larson stressed how complicated and difficult the Y2K problem has been to solve and that a tremendous amount of resources have been used to address the problem. He stated that a year ago he was not confident that the University was going to be ready for Y2K. He acknowledged the tremendous amount of work that has been expended to get the University to this point and expressed his gratitude to the outstanding staff that made it happen.

INTERNAL AUDIT UPDATE

Associate Vice President Klatt presented the Internal Audit Update as found in the docket materials. She emphasized that the Audit Department continues to monitor progress on the Enterprise Project and Year 2000 readiness. She added that the project team has dealt with some significant risks in a very commendable manner.

Klatt highlighted continued audit findings across the institution related to accounts receivable. Generally, it is a decentralized process and controls are weak. Past audits have found significant problems in billing and collecting accounts receivable, which represents money owed to the institution. Klatt added that the institution would have much more control over accounts receivable if it were a centralized system. The committee discussed this issue at length and expressed significant concerns regarding this problem. The committee strongly encouraged the administration to pursue improvements to ensure that the University is effectively billing and collecting these revenues. Bruininks added that the Compact Process needs to continually monitor audit findings and respond appropriately. He suggested that the Financial Management Group could address this issue.

Larson requested that a presentation on the investigative audit process be given to the Audit Committee.

ANNUAL COMPLIANCE AUDIT OF FEDERAL AWARD PROGRAMS

Associate Vice President O'Connor and Cliff Hoffman, the external auditor from Deloitte & Touche LLP, presented the Annual Compliance Audit of Federal Programs (A-133) as found in the docket materials. Hoffman stated that this is the University's best single audit report and a cause for celebration. Hoffman gave significant credit to Associate Vice President Klatt's internal audit group for the improvements in controls.

Klatt, noting that the University meets the low-risk auditee criteria listed on page 13, questioned what the University still needs to do before it will be identified as a low-risk auditee. Hoffman indicated that he would like one more year to establish sustained performance before making such a determination and recommended that the University continue on its current course. Hoffman added that the audit does indicate one finding in the University of Minnesota Extension Services and stated that it is important to fix that finding. O'Connor assured the external auditor and the committee

that his department will follow-up with extension services to ensure that the problem is addressed.

In response to a question from Regent Bergland regarding the University's status with the National Institutes of Health (NIH), Executive Vice President and Provost Bruininks stated that the NIH will be making a site visit in October. He observed that Minnesota has set a new standard for the management of sponsored programs.

In response to a question from Regent Reed, Hoffman clarified that if the University continued its current direction, the remaining problems will be addressed.

Larson commended University staff for their achievements and the outstanding audit findings.

The meeting adjourned at 9:30 a.m.



ANN D. CIESLAK
Interim Executive Director and
Corporate Secretary

UNIVERSITY OF MINNESOTA

BOARD OF REGENTS

Facilities Committee

September 9, 1999

A meeting of the Facilities Committee of the Board of Regents was held on Thursday, September 9, 1999, at 9:45 a.m. in Room 300, Morrill Hall.

Regents present: Jessica Phillips, presiding; Anthony Baraga, Robert Bergland, David Metzen, William Peterson, and Maureen Reed.

Staff present: President Mark Yudof; Interim Chancellor Samuel Schuman; Vice President Eric Kruse; Executive Director Andrea Turner; Associate Vice President Georgina Stephens; and Assistant Vice President Theresa Robinson.

Student Representatives present: Kristen Berning and Sean Dillon.

FACULTY INTRODUCTION

Professor Jim Perry, Chair of the Senate Committee on Twin Cities Facilities and Support Services, was introduced to the committee. It was noted that he will be attending the committee's meetings and providing the faculty perspective as needed.

CAPITAL BUDGET AMENDMENTS

Centennial Showboat Rehabilitation, Twin Cities

A motion was made and seconded to recommend approval of the following action:

The FY 1999 Capital Budget is increased by \$358,000 to increase the budget for the Centennial Showboat rehabilitation project to \$2,558,000.

Vice President Kruse discussed the proposed \$358,000 increase to the budget for the Centennial Showboat rehabilitation project, which will provide the funding needed to award the construction bids received for the project. He noted that the renovation includes the historical restoration of the "Hearing Room". The additional funds for the project will come from the College of Liberal Arts (CLA) and private donations.

Dean Steven Rosenstone, College of Liberal Arts, discussed the history of the boat, its teaching and outreach mission, and the partnership with the city of St. Paul on this project. He noted Thomas Swain's involvement in the original donation of the showboat to the University and in the fundraising efforts for the renovation. Rosenstone stated that this renovation will continue a long and important tradition of the University and its new location will provide an embassy for the University in downtown St. Paul.

The committee voted unanimously to recommend approval of the amendment to the fiscal year 1999 Capital Budget.

**Crossroads Building Leasehold Improvements on the
Minnesota State Fair Grounds**

A motion was made and seconded to recommend approval of the following action:

The FY 1999 Capital Budget is increased by \$285,000 to add the Crossroads Building leasehold improvements project.

Vice President Kruse discussed the proposed addition of \$285,000 to the budget for the Crossroads Building leasehold improvements project, which provides the University with the opportunity to consolidate all of its exhibits at the Minnesota State Fair in a very desirable location.

In response to a question from Regent Phillips, Kruse stated the funds for this project came from central reserves. Student Representative Berning stated that she worked in the University's State Fair exhibit this year and it was wonderful to have everything in one location.

The committee voted unanimously to recommend approval of the amendment to the fiscal year 1999 Capital Budget.

SCHEMATIC PLANS

**Riverbend Commons (South Mall) Development —
Phase I, Public Improvements, Twin Cities Campus**

A motion was made and seconded to recommend approval of the following action:

The schematic plans for the public improvements component of the Riverbend Commons development — phase I are approved and the appropriate administrative officers are authorized to proceed with the award of contracts, the development of construction documents, and construction.

Vice President Kruse led the discussion regarding the project scope, justification, and budget implications of the proposed public improvements component of the Riverbend Commons (South Mall) development project — phase I on the Twin Cities campus as noted in the docket materials.

Bryan Carlson, Ellerbe Becket, Inc. reviewed public improvements to Riverbend Commons. Those include Riverbend Mall, the entry court plan in the housing area, the club level plan with landscaped terrace access to River Road, the west court plan, and the east court plan with public access to the parking garage beneath the South Mall.

In response to questions from Regents Phillips and Metzen, Carlson discussed how the design addresses pedestrian and traffic safety issues and ongoing efforts with the Minneapolis Park Board related to River Road improvements. President Yudof stated that, although there is not yet an agreement about sharing expenses for this project, the park board and city of Minneapolis are enthusiastic about the project in part because the University has offered use of the parking garage for free if weekend programs are scheduled along the river. Tony Armlin, Armlin North and Associates, discussed progress on work with the park board and the city. He stated an advisory committee is being formed to work with Ellerbe Becket to determine how much the project will cost.

In response to a question from Regent Baraga regarding security, Carlson stated the area will be well lit much like Northrop Mall with open space and a lot of visibility. Regent Reed suggested that the creative challenge will be to make the project look

complete even if the park board and city are not on the University's schedule. Armlin stated the phasing approach to public spaces presents a concern about doing the landscape justice. The complete plan costs approximately \$1 million more than what is included in phase I, and Armlin stated all questions will be evaluated in the next several weeks to try to achieve a budget.

In summary, President Yudof stated the team has worked hard to develop a solution to handling the grade problem through a clever use of landscape design. The path design has resulted in full accessibility.

The committee voted unanimously to recommend approval of the schematic plans.

Coffman Memorial Union Renovation, Twin Cities Campus

A motion was made and seconded to recommend approval of the following action:

The schematic plans for the renovation of Coffman Memorial Union are approved and the appropriate administrative officers are authorized to proceed with the award of contracts, the development of construction documents, and construction.

Vice President Kruse discussed the project scope and justification, environmental issues, and budget implications of the proposed renovation of Coffman Memorial Union (CMU) on the Twin Cities campus, as noted in the docket materials. He stated this project ties in with the public improvements component of the Riverbend Commons development.

President Yudof expressed pride in the University's students for the responsibility they have assumed for the Coffman Memorial Union renovation. He stated the project would not be possible without student support, and noted that he wanted students to have input in the process. He stated everyone owes them a great debt of gratitude.

Assistant Vice President James Turman, Chair of the 22-member Building Advisory Team, discussed the role of the team and introduced the following members: Maggie Towle, Linda Alvarez, Michael Holland, Michael Hand, Denny Olson, Matt Clark, Sue Lassof, Jason Reed, Doug Hubbard, Tony Armlin, Dianna Gardner, Kristen Berning, Lew Moran, and Rich Strommand. He stated that this is an important project because the building supports a wide variety of student programs and activities and enhances the life of the campus.

Holland reported that 75 percent of the project will be funded by student fees and the team worked hard to ensure student involvement and input. He distributed a list of student activities that were part of this process.

Berning discussed communication efforts, including a student survey, *Minnesota Daily* articles, the establishment of web sites, and open forums to hear student opinion on the renovation. She reported that the Food Service Advisory Committee did site visits.

Alvarez stated that efforts will continue to keep students informed on the renovation and new locations for programs and services, as they are moved out of the building. The efforts will include additional open forums, publication of the *Coffman Insider*, and road shows to update students on what happened during the summer.

In response to a question from Regent Peterson, Holland discussed the interest of students as shown by participation in the open forums. Turman noted that over 5,000 students provided input over the last four to five years.

Tony Armlin, Armlin North and Associates, stated the information about the renewal of the building and tenant buildout space will be presented in the future. He reviewed the timeline for the project, stating construction is scheduled to begin on March 1, 2000 with a grand opening on September 1, 2001.

Lew Moran, Korsunsky Krank Erickson (KKE) Architects, Inc., discussed the project rationale and description. The renovated space will include approximately 328,000 gross square feet with an estimated project cost of \$50 million. Through the use of visual aids, he reviewed the CMU site section and perspective, the north elevation, the Washington Avenue entrance elevation, the south elevation, and the basement, ground floor, and first floor plans.

In response to a question from Regent Phillips, Moran stated that if Washington Avenue is not lowered it will be extremely difficult to integrate a CMU entrance and bring daylight and pedestrian access into that area of the building. Armlin stated this issue impacts the CMU renovation, but it does not depend on it. He noted that creating a lower level concourse is a fundamental concept of the design of the building, and that there will be a presentation on this issue at the November meeting.

In response to a question from Regent Reed, Armlin stated there will significant pedestrian flow changes as part of this project to encourage pedestrian flow through CMU to other areas. Student Representative Berning expressed appreciation to everyone who took the time to hear student voices on this project, and stated she is excited about this project and the future of Coffman Memorial Union.

The committee voted unanimously to recommend approval of the schematic plans.

REAL ESTATE TRANSACTIONS **Action**

A motion was made and seconded to recommend approval of the following action:

The appropriate administrative officers are authorized to execute the appropriate documents providing for the following real estate transactions:

- A. Sale of an undivided 50 percent interest in approximately 10 acres of Kemp Trust Property in Cottage Grove, Minnesota to Timothy Thone for the sum of \$126,000.
- B. Agreement with the Radisson Metrodome Hotel for pedestrian connections to Gateway Building and Washington Avenue Parking Ramp.

Associate Vice President Stephens presented the proposed real estate transactions, as included in the docket materials.

Regent Baraga expressed a concern regarding the appearance of the Radisson Metrodome Hotel, and suggested it be mentioned to the management of the hotel.

The committee voted unanimously to recommend approval of the real estate transactions.

REAL ESTATE TRANSACTIONS **Review**

Associate Vice President Stephens proposed the following real estate transactions for review:

- A. The acquisition of the LaFave home at 305 College Avenue in Morris from the University of Minnesota Foundation.
- B. The sale of 812-836 Berry Street in St. Paul
- C. The sale of Rishmiller Trust Property in Crow Wing County.

Interim Chancellor Schuman discussed plans to offer the LaFave home as part of the compensation package when a new Chancellor is selected. If a new Chancellor does not wish to live there, then it will be used for other purposes. In response to a question from Regent Baraga, Schuman stated the home is in excellent condition and requires limited work.

In response to a question from Regent Peterson, Director Susan Carlson Weinberg, University Real Estate Office, discussed the process of listing properties for sale. Regent Reed suggested increasing the threshold for reporting real estate transactions to the Board. Regent Phillips noted that this issue was raised at the work plan meeting, and Vice President Kruse stated a recommendation on changing the thresholds will be presented at the November meeting.

In response to questions from Regents Baraga and Bergland, Carlson Weinberg discussed how decisions are made on which University real estate holdings should be sold and whether or not to remove resources from property prior to sale.

QUARTERLY CAPITAL IMPROVEMENT PLAN REPORT (4TH QUARTER FY 99)

Vice President Kruse reviewed the Quarterly Capital Improvement Report for the fourth quarter of FY 99 and the Major Project Schedule, as included in the docket materials.

Regent Peterson suggested that the University should increase the number of prequalified general contractors, and Kruse stated the prequalifying process is being reopened. In response to Regent Phillips, Kruse noted that projects on the coordinate campuses are included on the chart and that maps will be included in the future. Phillips asked if there is an incentive for finishing projects early, and Kruse responded that contractors see the University's design/build process as incentive.

INFORMATION ITEM

Parking Plan Fiscal Year 2000

Assistant Vice President Theresa Robinson, University Services; and Director Bob Baker, Parking and Transportation Services, presented the Parking Plan for fiscal year 2000 as found in the docket materials.

FACILITIES COMMITTEE WORK PLAN

Due to time constraints, the discussion regarding the Facilities Committee Work Plan was delayed until the October meeting. Regent Phillips asked committee members to provide comments about the plan to her or Vice President Kruse prior to the meeting.

The meeting adjourned at 11:55 a.m.



ANN D. CIESLAK
Interim Executive Director and
Corporate Secretary

UNIVERSITY OF MINNESOTA

BOARD OF REGENTS

Faculty, Staff & Student Affairs Committee

September 9, 1999

A meeting of the Faculty, Staff and Student Affairs Committee of the Board of Regents was held on Thursday, September 9, 1999, at 9:45 a.m. in Room 238, Morrill Hall.

Regents present: William Hogan, chair; Dallas Bohnsack, Warren Larson, Bryan Neel, and Patricia Spence.

Staff present: Executive Vice President and Provost Robert Bruininks; Chancellor Donald Sargeant; Interim Chancellor Samuel Schuman; Vice Presidents McKinley Boston and Carol Carrier; Chief of Staff Tonya Brown; Executive Director Andrea Turner; Associate Vice President Jane Canney.

Student Representatives present: Scott Roethle and Ma'Lou Sabino.

Chair Hogan introduced Regents Professor Dick Goldstein, Chair of the Senate Committee on Faculty Affairs. Dr. Goldstein will be attending the committee's meetings and will be available for consultation, as needed.

INFORMATION ITEMS

Executive Vice President and Provost Bruininks reported the University of Minnesota has made an excellent transition from quarters to semester. Also, the University held a very successful freshman convocation. He recognized those who were responsible for that effort.

CONSENT REPORT

Executive Vice President and Provost Bruininks announced the following appointment, subject to Board approval:

- Charles Muscoplat as the Dean of College of Agricultural, Food & Environmental Science, Vice President for Agricultural Policy, and Director of the Agricultural Experiment Station, effective September 20, 1999.

In response to a question from Regent Spence, Bruininks explained that the title of Director of the Agricultural Experimental Station is used to be in compliance with federal rules, but confirmed that the University has changed the names of experiment stations to research and outreach centers.

A motion was made and seconded and the committee voted unanimously to recommend approval of the Consent Report.

STUDENT ATHLETES: ACADEMIC PROGRESS

Vice President for Student Development and Athletics Boston presented, as part one of an annual report to the Board on intercollegiate athletics, an overview of the academic performance and achievements of athletes on the Twin Cities campus.

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Boston provided information on student-athlete graduation rates, retention, academic performance, and academic awards and honors. A copy of the graphs and statistics are on file in the Board office. Boston announced that the University had hired John Blanchard as Director of Academic Counseling and Student Services - Intercollegiate Athletics, replacing Elayne Donohue, who retired. Boston noted that Blanchard serves as the head of the merged men's and women's counseling services.

Boston observed that in the late 1980's the University recognized the need to increase the graduation rate of athletes and a number of initiatives were started. In 1994 the University adopted Critical Measures which also addressed the issue. Boston referred to the charts he distributed and noted that the graduation rates are based only on those students who receive athletically related financial aid of any kind. He also noted the following:

- The graduation rate of student athletes exceeds those of all students on the Twin Cities campus.
- The rates include only those students who graduate from the University and not those who may transfer and graduate from another institution.
- The graduation rate of female athletes routinely exceeds those of male athletes.

Boston reviewed the Enhancement Program, which provides learning support to academically at-risk student athletes and requires a time commitment of an additional 11 hours per week from the student. A review of the program shows that 93% of the students who completed it were in good academic standing after one year. He reviewed the remaining charts showing the grade point averages of students, the average number of credits passed, and the academic awards of student athletes.

Boston observed that the information he provided disputes the view of athletes as academic failures. He noted that, while continuing improvement in academic performance is needed, the leadership in both men's and women's athletics accept the challenge and are committed to ensuring progress.

Regent Neel suggested the need to explore the graduation data more fully and look at factors, such as working hours, which might help explain the rates. He noted the Board's commitment to access, but also suggested that analysis of the data might provide the Board with a better understanding of the reasons for the graduation rates. Regent Hogan suggested that comparisons with other urban institutions might prove helpful. Boston suggested Ohio State as a comparable institution. Boston also noted that the graduation rates provided in these materials do not reflect the recent changes to improve the undergraduate life at the University.

Executive Vice President and Provost Bruininks noted that there has been no decision on what the University's graduation rate should be and there are policy trade-offs in choosing a particular goal. He noted that the institution would be tracking the data more specifically over the coming year. Regent Bohnsack suggested that the committee regularly receive reports on the data.

STUDENT SURVEY RESULTS

Vice President Boston presented the results of a survey of last year's freshmen. The survey was developed to serve as a benchmark for measuring the effectiveness of the First Year Experience Program whose goal is to enhance the student experience for freshmen and improve retention. The survey of 800 freshmen on the Twin Cities campus was designed to measure:

- student satisfaction;
- sense of belonging and commitment;
- campus involvement;
- communication among faculty, staff, and students; and
- retention and graduation expectations.

Boston reviewed the graphs, which are provided in the docket materials. He noted the following from the survey results:

- Overall satisfaction is 94.2%.
- Experiencing a sense of community is very important to students and more than 60% of students felt a sense of community.
- More than 80% of students felt that an instructor had genuine interest in their learning.
- The most satisfying experiences for students were a sense of community, the opportunity for social events, diversity, the methods of instruction, and involvement on campus.

Associate Vice President Canney explained that Boynton Health Service performs public health assessment activities on the campus to help the institution learn about the trends on the campus and to compare student norms both locally and nationally. The information is used to help decide what programs are needed, as well as to provide policy makers with a context for decisions.

Canney discussed three areas, mental health, credit card debt, and tobacco use, which were gathered through this general health survey. She noted that mental health issues have not changed significantly over the past few years. Efforts are underway to ensure that student insurance providers continue to provide mental health coverage.

Regarding credit card debt, Canney stated that 12 percent of the student population has \$3,000 or more in credit card debt. Credit card debt is associated with higher tobacco and alcohol use, more hours working, lower grade point average, academic probation, and medication for depression. Canney reported on steps taken by Boynton Health Service to hire a social worker to work with students individually. In addition, campus policies on allowing credit card solicitation are being examined.

Canney observed that increased tobacco use by University students is a rapidly emerging issue. Campus rates are higher than the rate for Hennepin County. Dr. Ellinger, Director of Boynton Health Services, is developing a plan to address this, working with the Minnesota Department of Health, insurance companies, and others.

Regent Larson recommended partnering with organizations at the local level for tobacco prevention programs to monitor cigarette machines locally. He also requested more information on student's sense of safety and on violence prevention.

COLLECTIVE BARGAINING AGREEMENT WITH AFSCME LOCALS 3800 and 3801

Vice President Carrier and Director of Employee Relations and Compensation John Erickson presented a resolution for a collective bargaining agreement between the University and AFSCME locals 3800 and 3801. The agreement covers 2,150 employees and is effective through June 30, 2001.

A motion was made and seconded and the committee voted unanimously to recommend approval of the collective bargaining agreement, as detailed in the docket materials.

COLLECTIVE BARGAINING AGREEMENT WITH AFSCME LOCAL 3260

Vice President Carrier and Director of Employee Relations and Compensation John Erickson presented a resolution for a collective bargaining agreement between the University and AFSCME locals 3260. The agreement covers approximately 160 employees and is effective through June 30, 2001.

A motion was made and seconded and the committee voted unanimously to recommend approval of the collective bargaining agreement, as detailed in the docket materials.

COLLECTIVE BARGAINING AGREEMENT WITH AFSCME LOCALS 3937 and 3801

Vice President Carrier and Director of Employee Relations and Compensation John Erickson presented a resolution for a collective bargaining agreement between the University and AFSCME locals 3937 and 3801. The agreement covers approximately 1,150 employees and is effective through June 30, 2001.

A motion was made and seconded and the committee voted unanimously to recommend approval of the collective bargaining agreement, as detailed in the docket materials.

Regent Hogan and Executive Vice President and Provost Bruininks congratulated Carrier and Erickson on the successful bargaining and recognized the exceptional team effort it took to build a sense of trust. Regent Bohnsack noted that success in collective bargaining is indicative of year-round communication and encouraged the continuation of the dialogue.

In response to a question from Regent Larson, Erickson noted the following issues for the future:

- An interest in trying to change the mix of benefits, to improve disability and retirement benefits, and to spend fewer dollars for time-off,
- Job security issues, coupled with career development; and
- The ability to move employees from area to area without laying them off.

Carrier noted the radical change brought about by the Enterprise System and that there is a massive training program going on now. In response to Regent Larson, Erickson stated that the unions have a keen interest in training and development of employees because they know that employees' knowledge and skills brings job security.

FACULTY/STAFF INSURANCE COSTS

Vice President Carol Carrier, Robert Fahnhorst, Acting Director of Employee Benefits, and Richard McGehee, Professor and Chair, University Task Force on Health Insurance provided an update on projected health care plan costs for year 2000. They discussed options and specific policy issues surrounding health care coverage for University faculty and staff. Details are provided in the docket materials.

Carrier noted that the University and most employees face substantial premium increases for health insurance next year. She outlined the steps the University has taken to inform employees of the increases. She explained that as part of the state plan since 1967, the University is included in a state task force investigating other models. The task force concluded that, at least for the next two years, the insurance plans offered by the state would remain similar to previous years.

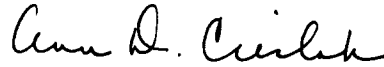
Fahnhorst provided an overview and background of the insurance plans, observing that the University has about \$55 million in employer contributions and an additional \$6 million contributed by employees. The current plan provides a lot of choice and a range of coverage and cost to employees. Fahnhorst explained that premium increases are caused by medical inflation, higher utilization, an increase in prescription drug costs, and advances in medical technology

McGehee reported on the work of the University Health Plan Task Force since it was formed by faculty governance two years ago. While the task force had an immediate effect in increasing access to University medical providers, there remain serious concerns, including

access to health providers for faculty on sabbatical, mental health coverage, and costs. The task force meets monthly and will report to the committee later this fall.

In response to comments from Regents Hogan and Larson, McGehee agreed that the task force would review employee medical savings accounts, separating from the state plan, and combining with the undergraduate and graduate student populations to increase the size of the pool. Carrier emphasized that any changes would be negotiated with the University's unionized employees.

The meeting was adjourned at 11:45 a.m.



ANN D. CIESLAK
Interim Executive Director and
Corporate Secretary

UNIVERSITY OF MINNESOTA

BOARD OF REGENTS

Educational Planning & Policy Committee

September 9, 1999

A meeting of the Educational Planning & Policy Committee of the Board of Regents was held on Thursday, September 9, 1999, at 2:00 p.m. in Room 300, Morrill Hall.

Regents present: Michael O'Keefe, presiding; Anthony Baraga, Dallas Bohnsack, Warren Larson, Jessica Phillips, and Patricia Spence.

Staff present: President Mark Yudof; Executive Vice President and Provost Robert Bruininks; Chancellors Kathryn Martin and Donald Sargeant; Interim Chancellor Samuel Schuman; Vice Provost Craig Swan; Vice President Christine Maziar; Executive Director Andrea Turner; Associate Vice Presidents Rusty Barcelo, Jane Canney, and Mary Heltsley.

Student Representatives present: Kristen Berning and Sean Dillon.

Regent O'Keefe introduced Professor Leonard Kuhi, Chair of the Senate Research Committee, and noted that he and Professor Judith Martin, Chair of the Senate Committee on Educational Policy, will be regular participants in the meetings of the committee.

BOARD OF REGENTS' POLICY: INTELLECTUAL PROPERTY

Vice President Christine Maziar led the discussion regarding the proposed Board of Regents Policy: *Intellectual Property*. She recognized Professors Leonard Kuhi and Carol Chomsky for their efforts in the development of the policy.

Maziar stated the proposed policy is the result of extensive consultation. She reviewed key components of the proposed policy, including:

- application of the policy;
- ownership of intellectual property rights (the University is the sole owner of intellectual property created using University resources, except regular academic work products, sponsored research agreements, course requirements, and consulting activities) and the definition of regular academic work product and rights issues;
- mutual responsibilities of the University and its employees with respect to intellectual property; and
- equitable distribution of monetary and other benefits derived from intellectual property.

Maziar stated that the policy will be presented for approval in October and a positive signal from the committee at this time will initiate the development of procedures for implementation.

Regent Spence indicated she is comfortable with the proposed policy, noting that it is responsive to the issues raised by the committee.

Regent Baraga asked if faculty and staff have objections regarding the proposed policy. Dr. Kuhl responded that the policy is the result of extensive consultation throughout the University, however, it is not possible to anticipate every situation that will cause concern in the future. Maziar noted a working group was established with the members being charged with keeping their various constituencies informed throughout the process. As a result, there were very few surprises at the end of the process. She also noted that the Board of Regents was engaged early in the process, at Regent O'Keefe's request.

In response to questions from Regent Larson, Maziar discussed how intellectual property is addressed in collaborative efforts between two institutions, noting it would be covered by the research contract negotiated between the parties.

O'Keefe stated the committee is comfortable with the proposed policy and Maziar indicated work will begin on the procedures for implementing the policy.

METROPOLITAN HIGHER EDUCATION STRATEGY

Executive Vice President and Provost Robert Bruininks led a discussion regarding the Metropolitan Higher Education Strategy and introduced Vice Chancellor Linda Baer from the Minnesota State Colleges and Universities (MnSCU). He noted that the discussion of policy issues related to metropolitan higher education was initiated approximately two years ago at the request of the Board of Regents, the MnSCU Board of Trustees, and the State Legislature. Since that time, representatives of the two systems have been working on efforts to plan and improve the articulation and coordination of academic programs between MnSCU and the University of Minnesota, in addition to programs that engage representatives of the PreK-12 community.

Baer distributed a draft of the Metro Alliance of MnSCU Institutions 1999 Master Academic Plan. She reviewed the vision, mission and goals for the Alliance, stating the vision and mission will be accomplished through the following goals and related outcomes:

- Program and Service Alignment;
- Increased Enrollment;
- Innovative Teaching and Learning;
- Facilities Planning; and
- Ongoing Regional Linkages.

In response to a question from Regent Phillips, Baer and Bruininks discussed plans to confer on facilities planning, investment in technology, and ways to leverage resources. Baer stated legislators are concerned about the high cost of technology and are interested in how technology can assist the systems in being more efficient and effective. Bruininks stated these are substantial issues with important implications for both systems, and difficult questions will be raised by the Legislature in the future. He noted a plan to propose development of a metropolitan consortium that will deal with policy-related issues.

Regent Larson asked about the timelines for accomplishing the aggressive goals included in the plan. Baer responded that the full document includes a resources and timeline grid with one-, three-, and five-year action statements, which she will send to the committee.

Regent O'Keefe thanked Baer for her time and cooperation in working on these issues. He stated this strategy is a wonderful step forward and it is responsive to the Legislature.

Bruininks discussed the University's ongoing efforts and commitment to metropolitan education needs. He noted new and expanded initiatives, including the appointment of an internal task force chaired by Dean David Taylor and Associate Vice President Rusty Barcelo.

Bruininks discussed the significant economic and demographic challenges that the metropolitan area faces. He reviewed new and expanded initiatives as included in the docket materials. He stated that the initiatives have to be built into the University's core strategies and long-term goals.

Regent Spence asked if Bruininks feels the plans satisfy the Legislature's request that MnSCU move into partnership with the University. Bruininks stated he doesn't think there is enough articulation and coordination yet because both systems have been dealing with extraordinary challenges and cost pressures. He indicated that significant progress has been made in the last three months and he is proud of the work that has been done.

In response to issues raised by the committee, Bruininks discussed the University's investment in pre-college programs to address significant high school dropout rates, increased collaboration with preK-12 colleagues, and technology-based learning opportunities.

In summary, O'Keefe stated that the progress over the past few months is encouraging.

ROCHESTER

Executive Vice President and Provost Robert Bruininks discussed the expanded University of Minnesota presence in Rochester. He reviewed the following key issues as noted in the docket materials:

- Leadership and governance,
- Academic vision and priorities,
- Resolution of academic responsibilities,
- Capital planning and responsibilities,
- Improvement of student services, and
- Academic and campus model.

Bruininks discussed recent activities in Rochester, including the appointment of Associate Vice President Mary Heltsley as the Interim Chief Academic Officer for the University, development of an all-funds budget, planning for substantial expansion of academic programs, and development of infrastructure and support services.

Bruininks stated the University's primary emphasis will be at the post-baccalaureate level. He proposed appointing the Chief Academic Officer as Provost to provide leadership to University programs and to oversee and coordinate its activities. Assuming support from the committee, he announced the appointment of Heltsley as Interim Provost, subject to approval by the Board of Regents in October.

Bruininks proposed the following governance structure for the University Center Rochester:

- Executive Council, composed of leading academic officers from each institution in Rochester;
- Academic Council, a cross-functional team representing each organization, with responsibility for working on infrastructure issues, curriculum, and operations; and
- Community Advisory Council, re-establishing a community advisory process to provide strong links to community leaders.

Bruininks reported that resources for Rochester academic programs and outreach activities total \$6.9 million for the biennium. He discussed an increase in student registrations, which, while they are improving, are not as high as they should be. He stated efforts have to be made to improve the sense of identity of the University in Rochester.

Bruininks reviewed the programmatic and fiscal benchmarks and goals that will help define the University's academic presence and future status in Rochester, and a timeline for future planning, consultation and reports.

In summary, Bruininks stated the partnerships in Rochester are working and conversations are much better now than a year ago. The University sees higher education in Rochester as involving academic partnerships, leveraging existing resources, both public and private, and using Rochester as a center to experiment with new forms of education, with the possibility of exporting those programs nationally and perhaps internationally.

Committee members spoke in support of University's planning and academic partnership efforts in Rochester. Regent O'Keefe stated this shows an enthusiastic, long-term commitment by the University to provide programs in the Rochester community.

In response to Bruininks, O'Keefe expressed the committee's support for the appointment of Associate Vice President Heltsley as Interim Provost, subject to Board approval in October.

MAJOR ACADEMIC INITIATIVES PROGRESS REPORT

Executive Vice President and Provost Robert Bruininks presented information and updates on activities and progress in meeting the goals of the following academic initiatives on all University campuses, as noted in the docket materials:

- Undergraduate Education,
- Teaching and Learning,
- Molecular and Cellular Biology,
- Digital Technology,
- New Media,
- Design,
- Agriculture,
- Libraries, and
- Crookston, Duluth, and Morris Initiatives

Bruininks stated he fully expects that institutional measures will correspondingly improve. Regent O'Keefe stated that the academic initiatives will reappear as individual items on future committee agendas.

CONSENT REPORT

A motion was made and seconded and the committee voted unanimously to approve the Consent Report, including:

- 1) B.S. degree in Architecture, College of Architecture and Landscape Architecture, effective Spring 2000.
- 2) Name change of the Department of Geology, College of Science and Engineering at the University of Minnesota-Duluth, to the Department of Geological Sciences.
- 3) Appointments to the Board of Trustees of the Minnesota Landscape Arboretum Foundation, as follows:

First three-year term: Carmen D. Campbell, Katherine (Kitty) P. Crosby, James A. Earnshaw, and Stephen D. Keating.

Re-appointment to second three-year term: Leonard Hoeft.

Re-appointment to third three-year term: Mary Agnes McQuinn.

- 4) Appointments to the Board of the Hormel Institute, as follows:

Francis Busta, Professor, Food Science & Nutrition

David N. Fass, Mayo Foundation Representative

Christine M. Maziar, Vice President for Research and Dean of the
Graduate School

Gary L. Nelsestuen, Professor, Biochemistry

Gary J. Ray, Hormel Foundation Representative

INFORMATION ITEMS

The committee considered the information items distributed at the meeting, including:

- Update report on the Supplemental Academic Initiatives, and
- Update report on partnerships and collaborative programs between the University of Minnesota and the Minnesota State Colleges and Universities

The meeting adjourned at 4:15 p.m.



ANN D. CIESLAK
Interim Executive Director and
Corporate Secretary

UNIVERSITY OF MINNESOTA

BOARD OF REGENTS

Finance and Operations Committee

September 9, 1999

A meeting of the Finance and Operations Committee of the Board of Regents was held on Thursday, September 9, 1999, at 2:00 p.m. in Room 238 Morrill Hall.

Regents present: Robert Bergland, presiding; William Hogan, David Metzen, William Peterson, and Maureen Reed.

Staff present: Vice President Eric Kruse; Associate Vice Presidents Terrence O'Connor, Richard Pfutzenreuter, and Georgina Stephens; and Executive Director Andrea Turner.

Student Representatives present: Elijah Bang and Shane Naslund.

CONSENT REPORT

Associate Vice President Pfutzenreuter presented the Consent Report for September 1999 as found in the docket materials. Pfutzenreuter reported the following expenditures of greater than \$250,000:

- \$531,000 for the purchase of Hewlett Packard toner cartridges to be stocked at University Stores for use in University departments for the period of October 1, 1999 through September 30, 2000;
- \$650,000 for the purchase of copy paper to be stocked at University Stores for use in University departments for the period of October 1, 1999 through September 30, 2000;
- \$680,000 for the purchase of Polaroid film to be stocked at University Stores for use in University departments October 1, 1999 through September 30, 2000;
- \$3.5 million to provide indemnification of the risk portion of the Student Health Insurance Plan for Boynton Health Service August 25, 1999 through August 23, 2000;
- \$502,514 for operating expenses to include preventative maintenance and janitorial services for the West Bank Office Building for the period from September 1, 1999 through August 31, 2000; and
- \$300,000 for the purchase of Xerox copier, facsimile, and typewriter supplies to be stocked at University Stores for use in University departments for the period of October 1, 1999 through September 30, 2000.

Regent Reed suggested that during the next year the committee review the threshold for purchases requiring board approval. The goal would be to establish thresholds that give the Board adequate oversight, but don't bog down the administration. Associate Vice President O'Connor agreed with Regent Reed and suggested that this issue could be addressed in conjunction with General Counsel's review of the delegation of authorities. Pfutzenreuter added that the threshold for general contingencies is relatively new and may not need to be amended, but the threshold for purchases is about ten years old.

A motion was made and seconded and the committee voted unanimously to recommend approval of the Consent Report.

INVESTMENT MANAGER REPORT

Pacific Investment Management Company

Elizabeth Philipp and Stephen Goldman, account managers from Pacific Investment Management Company (PIMCo), presented a report on their management of a global fixed income portfolio in the long-term reserve fund, i.e. the group income pool. They discussed PIMCo's investment strategies and outlook, global markets, and the impact of the European monetary union. Additional details are available in the docket materials.

In response to a question from Regent Bergland, Philipp explained that, as long-term investors, the University should not be concerned about the recent negative returns. The ten- and five-year returns are much more important numbers and indicate good returns for the long-term. She added that both interest rates and inflation influence the bond markets.

In response to a question from Regent Hogan, Goldman explained that, per an agreement with the University, PIMCo has a limit on how much risk they can take with the portfolio. As such, the portfolio will closely track the underlying index and never perform significantly over the index. He added that there are two risks with an unhedged portfolio: the currency risk and the interest rate risk. Overall, the portfolio should expect a return of about 5.5 - 6% over the next six months.

In response to a question from Regent Reed regarding PIMCo's investment strategy, Goldman explained that several years ago, due to the market at that time, there were some investment opportunities that yielded high returns. It is a tougher environment today, but there are opportunities. For example, New Zealand is attractive with yields about one percent above U.S. treasuries. Another opportunity is Danish mortgages, which are priced cheaply due to their newness. Philipp added that when making investment decisions, they look not only at anticipated return, but also the level of risk.

QUARTERLY PURCHASING REPORT

Associate Vice President O'Connor presented the Quarterly Purchasing Report for the period ending June 30, 1999, a copy of which is included in the docket materials.

1999-2000 WORKPLAN

Associate Vice President Pfutzenreuter presented the Finance and Operations Committee workplan for 1999-2000, as found in the docket materials. Associate Vice President Stephens requested a correction to the docket materials by striking Cambridge and Associates because they are the University's consultant and not an investment manager.

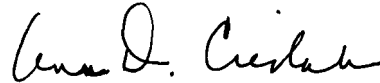
Regent Hogan stated that his understanding was that the investment managers would be reporting to the Investment Advisory Committee and not the Finance and Operations Committee. He also wanted to know how the nominating committee for the Investment and Debt Management Advisory Committees fits into the committee's workplan. Pfutzenreuter explained that Regent Neel thought that, until the Investment Advisory Committee becomes more established, the Investment Managers would continue to present at the Finance and Operations Committee. Regent Bergland added that he also would like to continue receiving the Investment Manager presentations.

UPDATE: INVESTMENT AND DEBT MANAGEMENT ADVISORY COMMITTEES

Associate Vice President Stephens provided an update on the status of the Investment and Debt Management Advisory Committees.

In response to Regent Hogan's earlier question, Stephens noted that there are several points of view regarding the best committee — the Finance and Operations Committee or the Investment Advisory Committee — for investment manager presentations. It was her understanding, however, that even if the investment managers continued to present at the Finance and Operations Committee, they would also present at the advisory committee. She added that the issue needs further discussion. Regent Hogan added that the discussion should include the role of the nominating committee.

The meeting adjourned at 3:03 p.m.



ANN D. CIESLAK
Interim Executive Director and
Corporate Secretary

UNIVERSITY OF MINNESOTA

BOARD OF REGENTS

September 10, 1999

A meeting of the Board of Regents was held on Friday, September 10, 1999, at 7:30 a.m. in the Regents' Room at the Radisson Metrodome Hotel.

Regents present: Patricia Spence, presiding; Anthony Baraga, Robert Bergland, Dallas Bohnsack, William Hogan, Warren Larson, David Metzen, Michael O'Keefe, William Peterson, Maureen Reed, and Patricia Spence.

Staff present: President Mark Yudof; Executive Vice President & Provost Robert Bruininks; Senior Vice President Cerra; Vice Presidents McKinley Boston and Christine Maziar; General Counsel Mark Rotenberg; Associate Vice Presidents Gail Klatt, Eric Kruse, and Robert Kvakik; and Executive Director Andrea Turner.


Others present: Tonya Brown, William Donohue, and Sandra Martell.

A motion was made and seconded that the following resolution be approved:

RESOLVED, that on the recommendation of the President and as provided by Minnesota State Statute 471.705, Subd. 1d, a non-public meeting of the Board of Regents be held on Friday, September 10, 1999 Radisson Metrodome, Regents' Room, for the purpose of discussing attorney-client privileged matters.

The Board of Regents voted unanimously to approve the resolution.

The meeting adjourned at 7:32 a.m.



ANN D. CIESLAK
Interim Executive Director and
Corporate Secretary

UNIVERSITY OF MINNESOTA

BOARD OF REGENTS

September 10, 1999

A meeting of the Board of Regents of the University of Minnesota was held on Friday, September 10, 1999 at 10:20 a.m. in Room 238, Morrill Hall.

Regents present: Patricia Spence, presiding; Anthony Baraga, Dallas Bohnsack, William Hogan, Warren Larson, David Metzen, Michael O'Keefe, William Peterson, Maureen Reed, and Patricia Spence.

Staff present: President Mark Yudof; Chancellor Kathryn Martin; Interim Chancellor Samuel Schuman; Executive Vice President and Provost Robert Bruininks; Senior Vice President Frank Cerra; Vice Presidents McKinley Boston, Eric Kruse, and Christine Maziar; General Counsel Mark Rotenberg; Executive Director Andrea Turner; Associate Vice Presidents Rusty Barcelo, Robert Kvavik, Terry O'Connor, Donna Peterson, and Richard Pfitzenreuter; and Interim Associate Vice President Steve Cawley.

APPROVAL OF MINUTES

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

Board of Regents - June 25, 1999
Facilities Committee - June 28, 1999
Board of Regents - June 28, 1999

REPORT OF THE PRESIDENT

President Yudof presented his monthly report to the Board. He referred to a tragic accident that occurred during the Minnesota State Fair that resulted in the death of three 4-H participants, noting that 4H and its affiliate organization, the Minnesota Extension Service, are integral parts of the University. He asked for a moment of silence in memory of the three students.

He reported on efforts to improve undergraduate education, indicating that since fall 1997, freshman applications from within Minnesota have increased by 33 percent. It is believed that this fall's freshman class will be the best-prepared class academically in the history of the University. It is also believed that three out of four incoming freshmen will be living in University housing. He further reported that from 1996-97 to 1997-98, the freshman-to-sophomore retention rate climbed from 81.6% to 84.6% -- the largest single year increase since 1990.

Yudof attributed the success to a concerted, four-year effort to enhance educational and support services for undergraduates that include:

- stronger, better orientation and student-development programs,
- new housing programs,
- four-year graduation guarantee,
- some reduction in the size of undergraduate classes,
- renovated classrooms,
- better student services,
- campus beautification, and
- freshman seminars, convocation, etc.

Yudof introduced three freshmen who were asked to attend the meeting as representatives of the incoming class of 2003. He noted they were all high academic achievers; they live in the dorms; and they participate in extracurricular activities. They were Katie Rammer, Mendota Heights, MN; Derek Barraza II, Long Beach, CA; and Darien Johnson, Minneapolis, MN.

REPORT OF THE CHAIR

Chair Spence presented the Report of the Presidential Performance Review Committee dated September 1, 1999 that contained the evaluation of University President Mark Yudof's performance for 1998-99. Spence reported that the committee evaluated the President's performance by assessing his work in nine major categories of University president responsibility: academic leadership, administrative management, fiscal management, planning, fundraising, relationship with the Board of Regents, relationships with internal constituencies, relationships with external constituencies, and special challenges. Spence called on the other members of the Board to present highlights from each of the categories. In summary, Spence reported that the President has had another exceptional year. The President is viewed as being an outstanding leader and manager. His vision continues to strengthen the relationship between the state and the University. It is important for the President to maintain a balance of mission, activities, and relationships as he focuses his administration on improving service. The Board of Regents commends the President for his outstanding leadership and an excellent working relationship with the Board, his staff, and the people of Minnesota. A copy of the full report is on file in the Board office.

Spence reported that a proposed amendment to the employment agreement between the Board of Regents and President Mark Yudof is before the Board for approval. She reported highlights of the changes in the contract include:

- Adding an additional year to his contract, which would maintain the three-year cycle and extend the contract to year 2002.
- A base salary increase beginning with the start of FY99 of \$50,000 to bring his base salary to \$325,000.
- The inclusion of an enhanced compensation package that will provide the President an additional \$33,000 in each of the existing three years of his contract.
- Deferred compensation of \$75,000 if he stays until the year 2002.

In addition, Spence reported that a long-term care policy for the President is being researched and she would request that the Board authorize the Chair to act on the issue upon completion of the research.

The following resolution was moved and seconded:

BE IT RESOLVED, that the Board of Regents approves amendments to the President's contract as set forth in the proposed amendment to the President's contract which is attached and authorizes the Chair of the Board of Regents and the Executive Director to execute such amendment on behalf of the University.

BE IT FURTHER RESOLVED, that the Board of Regents authorizes the Chair of the Board of Regents to negotiate and execute a further amendment of the contract to provide for a long-term care policy for the President.

The Board of Regents voted unanimously to approve the resolution. A complete copy of the President's contract and amendments are on file in the Board office.

Spence continued her report, indicating that the Board participated in a retreat in August and identified a number of major issues that the Board would like to address over the next two years:

- An update to the Board of Regents Policy: *Delegation of Authority*.
- Academic Health Center Policy Issues.
Spence reported that a sub-committee of Board members has been established to review the complex policy issues relating to the vitality of the Academic Health Center. Regents Anthony Baraga, Warren Larson, H. Bryan Neel, and Maureen Reed will serve on the committee and reports will be made to the full Board quarterly.
- Comprehensive review of issues that constitute a total quality experience for all segments of the University.
- Further enhancement of the University's role as the economic engine of the state.
- A Board self assessment.

Spence reported that the Board also engaged in a discussion at the retreat regarding student representation to the Board since the elimination of the Committee of the Whole. She indicated that since the elimination of the Committee of the Whole, the chair of the student representatives has been seated at the table during Board meetings. After reviewing the issue at the retreat, it was decided that due to the legal responsibilities held only by the Board of Regents, the Board only should sit with the President during its formal Board meetings. Spence reported that she had met with the current Chair of the Student Representatives to explain the Board's position and to assure the students that the Board does not want to decrease the student voice by this decision. She stated that the Chair of the Student Representatives has been asked to be present at all Board meetings and that the chair will be requested to address the Board on any issue that the Board would like to receive student input, as well as any issue that the students feel their input should be considered by the Board. Additionally, individual Board members will attend the monthly meeting of Student Representatives to listen to their concerns.

Spence asked that Board members reserve the traditional meeting dates of January 13-14, 2000 and August 10-11, 2000 as possible times for future retreats. She also referred to committee work and encouraged committee chairs not to feel constricted to the schedule of their committees during the year. If additional meetings are needed to complete the committee's workplan, they should be scheduled.

Spence reported that the University of Minnesota Board of Regents issued a proclamation naming September 27, 1999 as Curtis L. Carlson Day.

It was noted that the final phase of the Gateway Project is nearing. Spence noted that she and Vice Chair Reed will be touring the new facility and will receive an update on the technology proposed for the Boardroom and the costs to complete the project. It is hoped that the new meeting spaces will be utilized fully by the University community.

Spence also congratulated the Department of Institutional Relations on the outstanding job that was done on the University's exhibit at the Minnesota State Fair. The University received the 1999 Outstanding Exhibit Award.

Concluding, Spence reported that the Board will conduct its October meetings in Rochester, adding that the Board members are very excited about the growing relationship in that community.

REPORT OF THE ALL-UNIVERSITY HONORS COMMITTEE

President Yudof presented the following resolution relating to the All-University Honors Committee Report:

RESOLVED, that on the recommendation of the President, the report of the All-University Honors Committee is hereby approved.

A motion was made and seconded and the Board of Regents voted unanimously to approve the resolution.

INTRODUCTION OF CHARLES C. MUSCOPLAT DEAN OF THE COLLEGE OF AGRICULTURAL FOOD AND ENVIRONMENTAL SCIENCES, DIRECTOR OF THE MINNESOTA AGRICULTURAL EXPERIMENT STATION, AND VICE PRESIDENT FOR AGRICULTURAL POLICY

President Yudof introduced Charles C. Muscoplat, the newly-appointed Dean of the College of Agricultural Food and Environmental Sciences, Director of the Minnesota Agricultural Experiment Station, and Vice President for Agricultural Policy. Muscoplat briefly addressed the Board.

REPORT OF THE FACULTY CONSULTATIVE COMMITTEE

Professor Fred Morrison, Chair of the Faculty Consultative Committee, presented the committee's quarterly report. Morrison addressed:

- Faculty/board relationship
- Issues of concern
 - support for professional development
 - incidental research support
 - graduate teaching and research assistants
 - library acquisitions and technology support
 - competitive salaries
- Joint administrative-faculty task forces
 - budget system
 - non-faculty academic personnel system
 - health care plans
 - grants management system

- Joint student-faculty committee to improve policies and procedures relating to student academic misconduct.

QUARTERLY ENTERPRISE PROJECT REPORT

Associate Vice President Kvavik and Interim Associate Vice President Steve Cawley provided a quarterly update and progress report on the expenditures, accomplishments, and status of the Enterprise Systems Project, as presented in the docket materials. The report provided an accounting of the specific project milestones and schedule. It detailed the accomplishments, system modifications, process redesign, outstanding issues, and budget projects involved. Issues and administrative responses for various components of the project, including the student systems, human resource systems, web-based applications, infrastructure requirements, and project management support were also provided.

In response to a question from Regent Hogan, Kvavik reported that the budget approved in June was \$49.8 million with a contingency up to \$53 million. He stated that due to the delay in upgrading the PeopleSoft software, it is anticipated that the contingency will be needed, but that the project still remains within the total projected budget.

President Yudof addressed the issue of financial aid service for fall 1999, indicating that problems have arisen relating to delivery of financial aid. The issues are being addressed and he assured the Board that the problems would be resolved before fall 2000.

RECEIVE AND FILE REPORTS

Chair Spence noted the receipt and filing of the Annual Campus Master Plan Conformance Report for the University of Minnesota Duluth, the University of Minnesota Crookston, the University of Minnesota Morris, and the University of Minnesota Twin Cities; the Office of General Counsel Report; and the Quarterly Report of Grant and Contract Activity.

2000 STATE CAPITAL REQUEST

President Yudof presented the proposed 2000 State Capital Request as provided in the docket materials. He reported that the University is now two years into the University's four-year "Capital Plan for the Support of Academic Programs in the Twenty-First Century". The state capital request for the 2000 legislative session completes the four-year plan. This capital plan and other projects initiated previous to the plan has engaged the University in the most ambitious facilities effort in its history, unprecedented in terms of the number of buildings affected on all campuses, and cost. The University's 2000 state capital plan includes major capital projects, plus funds for infrastructure and code improvements, that continue the themes of the current four-year capital plan. Yudof reviewed each project included in the plan and provided information relating to the funds required and the benefits that the University will derive from the project.

A resolution authorizing the University's capital request to the state in the amount of \$134.3 million with a University match of \$59.1 million in a combination of University debt and fundraising will be before the Board for approval at the November meeting. It was noted that of the University share, \$25.5 million will be fundraised,

\$2.1 million will be contributed by unit resources and \$31.5 million will utilize University debt, which has been reserved within the current debt management plan.

Heidi Frederickson, Chair of the Student Representatives, addressed the Board expressing support on behalf of the students for the President's recommended 2000 Capital Request. She stated that students are amazed at the progress that has been made on projects and are particularly excited for a number of the projects to be completed.

Regent Reed complimented the President on how well the structure of the request complements the academic priorities that he has established.

LONG-TERM CAPITAL PLAN: CONCEPTUAL FRAMEWORK

Associate Vice Presidents Kruse, Kvavik, and Pfutzenreuter presented the preliminary framework for the development of a six-year capital improvement plan, as included in the docket materials. The purpose of the plan is to provide a listing of planned capital improvement projects, including expected costs and financing plans for each project.

Pfutzenreuter explained that the plan is presented in two parts. Part one is the annual capital improvement budget, which identifies projects in the six-year capital improvement plan that are ready for immediate construction. Information regarding the source of funding for each capital project is also included. Part two of the plan identifies projects that will be included in the 2000 capital budget request to the legislature or are candidates for the 2002 and 2004 capital budget requests where state dollars are required or, if self-funded, are candidates for the FY2001 to FY2004 annual capital improvement budgets. He noted that part two is driven primarily by the nature and timing of the capital budget request process of the State of Minnesota.

Pfutzenreuter reviewed details of the plan. At the conclusion of his presentation he stated that the plan will be before the Board again in October for review and will come to the Board in November for approval.

Chair Spence stated that due to time constraints, she would request that Board members contact administrators personally if there were questions or concerns about the plan.

GIFTS

Assistant Vice President Judy Kirk presented the 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 Board Office.

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

REPORT OF THE EDUCATIONAL PLANNING & POLICY COMMITTEE

Regent O'Keefe, chair of the committee, reported that the committee voted unanimously to recommend:

- 1) Approval of the Consent Report for the Educational Planning & Policy Committee as presented to the committee in the docket materials, with highlights listed below:

- The approval of a proposal by the College of Architecture and Landscape Design to offer a B.S. degree in architecture effective spring 2000.
- The approval of a name change of the Department of Geology, College of Science and Engineering at the University of Minnesota Duluth to the Department of Geological Sciences.
- The approval of the following appointments to the University of Minnesota Landscape Arboretum Foundation:

Appointed for a three-year term: Carmen D. Campbell, Katherine (Kitty) P. Crosby, James A. Earnshaw, and Stephen D. Keating;
 Reappointed to a second three-year term: Leonard Hoeft;
 Reappointed to a third three-year term: Mary Agnes McQuinn

- The approval of the following appointment to the Board of the Hormel Institute:

Francis Busta, Professor, Food Science & Nutrition
 David N. Fass, Mayo Foundation Representative
 Christine M. Maziar, Vice President for Research and Dean of the Graduate School
 Gary L. Nelsestuen, Professor, Biochemistry
 Gary J. Ray, Hormel Foundation Representative

A motion was made, seconded, and the Board of Regents voted unanimously to approve the recommendation of the Educational Planning & Policy Committee.

O'Keefe reported that the committee also reviewed the proposed Board of Regents Policy: *Intellectual Property*; received a presentation on metropolitan higher education strategy; received a progress report on major academic initiatives; and engaged in a discussion on issues relating to the higher education needs in Rochester. The committee also reviewed a number of information items.

REPORT OF THE FINANCE & OPERATIONS COMMITTEE

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

1. Approval of the Consent Report for the Finance & Operations committee as presented to the committee in the docket materials, with highlights listed below:
 - Purchase of goods/services over \$250,000 as described in the docket material.

A motion was made, seconded, and the Board of Regents voted unanimously to approve the recommendation of the Finance & Operations Committee.

Bergland reported that the committee also received an investment manager report from Pacific Investment Management Company; reviewed the Quarterly Purchasing Report; reviewed the committee's workplan for 1999-2000; and received an update on the status of the Investment and Debt Management Advisory Committees.

Bergland also reported that in June the board authorized the Chair of the Board and the Chair of the Finance & Operations Committee to approve purchases over

\$250,000 during the two months the Board did not meet. He noted for the record, the following six purchases that were approved on August 11, 1999:

- Charles River Laboratory (CRL), Harlan Sprague Dawley (HSD), and Jackson Laboratory (JL) to be paid an estimated \$300,000, \$450,000, and \$360,000 respectively for genetically unique research laboratory animals.
- Collisys, Communicor Services, and Metro Communications to be paid an additional \$350,000 for each contract for the department of Networking and Telecommunications services (NTS) for contract labor for cable placement and termination as needed through December 1999. This addition increases each contract to a total of \$500,000 each.
- Gerber Life Insurance (represented by Managed Care Concepts of Delaware, Inc.) to be paid \$3,658,356 for the purchase of medical insurance coverage for the Graduate Assistant Plan for the period September 1, 1999 through August 31, 2000.
- Hollstadt Associates to be paid an additional \$132,000 for consultation on the Grants Management Project. This increases the total of the contract to \$328,000.
- Idexx corporation to be paid an estimated \$356,880 for patented diagnostic test kits for the Veterinary Diagnostic Laboratory for the period July 1, 1999 through June 30, 2000.
- Western Telecommunications Consulting (WTC) to be paid an additional \$60,000 for professional services for the department of Networking and Telecommunications Services. This increases the total of the contract to \$309,000.

A copy of the documentation is on file in the Board office in the September 1999 docket file.

REPORT OF THE FACILITIES COMMITTEE
August 2, 1999

Regent Metzen, Vice Chair of the committee, reported that the committee met on August 2, 1999 for the purpose of taking action on the schematic plans for the Gateway Parking Facility as authorized by the Board on June 28, 1999. In addition, the committee also made the following recommendations to be forwarded to the Board for approval:

- a) Approval of an amendment to the FY99 capital budget to include \$415,000 for a computer laboratory in Burton Hall.
- b) Approval of two real estate transactions:
 - A three-year lease for the relocation of Coffman Memorial Union units to 720 Washington Avenue SE in Minneapolis; and
 - A three-year extension of the lease for the *Minnesota Daily* at 2301 University Avenue SE in Minneapolis.

A motion was made, seconded, and the Board of Regents voted unanimously to approve the recommendations of the Facilities Committee.

REPORT OF THE FACILITIES COMMITTEE
September 9, 1999

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

- a) Approval of amendments to the FY99 capital budget as follows:
- The FY99 Capital Budget is increased by \$358,000 to increase the budget for the Centennial Showboat rehabilitation project to \$2,558,000.
 - The FY99 Capital Budget is increased by \$285,000 to add the Crossroads Building leasehold improvements project.
- b) Approval that the schematic plans for the public improvements component of the Riverbend Commons development – phase I are approved and the appropriate administrative officers are authorized to proceed with the award of contracts, the development of construction documents, and construction.
- c) Approval that the schematic plans for the Coffman Memorial Union Renovation Project are approved and the appropriate administrative officers are authorized to proceed with the award of contracts and the development of construction documents and construction.
- d) Approval that the appropriate administrative officers are authorized to execute the appropriate documents providing for the following real estate transactions:
1. Sale of an undivided 50 percent interest in approximately 10 acres of Kemp Trust Property in Cottage Grove, Minnesota to Timothy Thone for the sum of \$126,000.
 2. Agreement with the Radisson Metrodome Hotel for pedestrian connections to Gateway Building and Washington Avenue Parking Ramp.

A motion was made, seconded, and the Board of Regents voted unanimously to approve the recommendations of the Facilities Committee.

Metzen reported that the committee reviewed three real estate transactions: 1) proposed acquisition of the LaFave home at 305 College Avenue in Morris, Minnesota; 2) proposed sale of 812-836 Berry Street in St. Paul, Minnesota; and 3) proposed sale of Rishmiller Trust property in Crow Wing County, Minnesota. The committee also reviewed the quarterly capital improvement plan report and an information item. Due to time constraints, the discussion regarding the Facilities Workplan was delayed.

REPORT OF THE FACULTY, STAFF & STUDENT AFFAIRS COMMITTEE

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

- a) Approval of the Consent Report for the Faculty, Staff and Student Affairs Committee as presented to the committee in the docket materials, with highlight listed below:
- Appointment of Charles C. Muscoplat as Vice President for Agricultural Policy and Dean of the College of Agricultural, Food, and Environmental Sciences. Dr. Muscoplat will also hold the position of Director of the

Minnesota Agricultural Experiment Station. All appointments are effective September 20, 1999.

- b) Approval of a resolution relating to the collective bargaining agreements with AFSCME Locals 3800 and 3801, as follows:

WHEREAS, the parties have met and negotiated over the course of the past few months and have reached agreement regarding terms and conditions of employment regarding the employees of this bargaining unit (a complete copy of which is available in the Board of Regents Office); and

WHEREAS, the AFSCME Local Unions 3800 and 3801 have ratified acceptance of the agreement; and

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

NOW, THEREFORE, BE IT RESOLVED, that on the recommendation of the President and the Executive Vice President and Provost, the Board of Regents approves this labor agreement as outlined in the docket material.

- c) Approval of a resolution relating to the collective bargaining agreement with AFSCME Local 3260, as follows:

WHEREAS, the parties have met and negotiated over the course of the past few months and have reached agreement regarding terms and conditions of employment regarding the employees of this bargaining unit (a complete copy of which is available in the Board of Regents Office); and

WHEREAS, the AFSCME Local Union 3260 has ratified acceptance of the agreement; and

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

NOW, THEREFORE, BE IT RESOLVED, that on the recommendation of the President and the Executive Vice President and Provost, the Board of Regents approves this labor agreement as outlined in the docket material.

- d) Approval of a resolution relating to the collective bargaining agreement with AFSCME Locals 3937 and 3801, as follows:

WHEREAS, the parties have met and negotiated over the course of the past few months and have reached agreement regarding terms and conditions of employment regarding the employees of this bargaining unit (a complete copy of which is available in the Board of Regents Office); and

WHEREAS, the AFSCME Local Unions 3937 and 3801 have ratified acceptance of the agreement; and

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

NOW, THEREFORE, BE IT RESOLVED, that on the recommendation of the President and the Executive Vice President and Provost, the Board of Regents approves this labor agreement as outlined in the docket material.

A motion was made, seconded, and the Board of Regents voted unanimously to approve the recommendations of the Faculty, Staff & Student Affairs Committee.

Hogan reported that the committee also reviewed information relating to the academic progress of student athletes; reviewed the results of two student surveys on the experience of first-year students and the health of all students; and received information pertaining to faculty/staff insurance costs.

REPORT OF THE AUDIT COMMITTEE

Regent Larson, Chair of the committee reported that the committee received a presentation on Y2K preparedness; an internal audit update; and a presentation on the annual compliance audit of federal award programs.

REPORT OF THE LITIGATION REVIEW COMMITTEE

Regent Peterson, Chair of the committee, reported that the committee met on September 9, 1999 to discuss attorney-client privileged matters and there were no actions taken at the meeting.

The meeting adjourned at 12:27 p.m.



ANN D. CIESLAK
Interim Executive Director and
Corporate Secretary

**UNIVERSITY OF MINNESOTA
BOARD OF REGENTS**

MINUTES

**BOARD OF REGENTS MEETINGS
AND
COMMITTEE MEETINGS**

October 6-8, 1999

Office of the Board of Regents

220 Morrill Hall

UNIVERSITY OF MINNESOTA

BOARD OF REGENTS

Minutes of the Board of Regents Meetings
and Committee Meetings

October 6-8, 1999

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UNIVERSITY OF MINNESOTA

BOARD OF REGENTS

October 6, 1999

A meeting of the Board of Regents was held on Wednesday, October 6, 1999, at 8:15 p.m. at the Marriott Hotel in Rochester, Minnesota.

Regents present: Patricia Spence, presiding; Anthony Baraga, Robert Bergland, Dallas Bohnsack, William Hogan, Warren Larson, David Metzen, H. Bryan Neel, William Peterson, Jessica Phillips, Maureen Reed, and Patricia Spence.

Staff present: President Mark Yudof; Vice President Sandra Gardebring; General Counsel Mark Rotenberg; and Interim Executive Director Ann Cieslak.

Others present: Tonya Brown, William Donohue, Michael Glazier, and Donald Lewis.

A motion was made and seconded that the following resolution be approved:

RESOLVED, that on the recommendation of the President and as provided by Minnesota State Statute 471.705, Subd. 1d, a non-public meeting of the Board of Regents be held on Wednesday, October 6, 1999, at the Marriott Hotel in Rochester, Minnesota, for the purpose of discussing attorney-client privileged matters.

The Board of Regents voted unanimously to approve the resolution.

The meeting adjourned at 8:16 p.m.



ANN D. CIESLAK
Executive Director and
Corporate Secretary

UNIVERSITY OF MINNESOTA

BOARD OF REGENTS

Facilities Committee

October 7, 1999

A meeting of the Facilities Committee of the Board of Regents was held on Thursday, October 7, 1999, at 9:15 a.m. in Room CF206, Coffman Center, University Center, Rochester, Minnesota.

Regents present: Jessica Phillips, presiding; David Metzen, Anthony Baraga, Robert Bergland, William Peterson, and Maureen Reed.

Staff present: President Mark Yudof; Interim Chancellor Samuel Schuman; Vice Presidents McKinley Boston and Eric Kruse; Interim Executive Director Ann Cieslak; and Associate Vice President Georgina Stephens.

Student Representatives present: Kristen Berning and Sean Dillon.

CAPITAL BUDGET AMENDMENTS

A motion was made and seconded to recommend approval of the following action:

The FY 1999 Capital Budget is increased by \$300,000 to increase the budget for the Swine Research Facilities Project located at the Southern Research and Outreach Center, Waseca and the West Central Research and Outreach Center, Morris from \$2,600,000 to \$2,900,000.

Vice President Kruse and David Walgenbach, Head of the Southern Research and Outreach Center at Waseca, presented the proposed \$300,000 increase to the budget for the Swine Research Facilities project, as found in the docket materials.

Regent Bergland expressed his strong support for this amendment because industrial-scale concentrations of waste material are becoming a public nuisance.

In response to a question from Student Representative Berning, Walgenbach stated that graduate and undergraduate students of the University and all contiguous states would be able to participate in this project.

The committee voted unanimously to recommend approval of the amendment to the fiscal year 1999 Capital Budget.

REAL ESTATE TRANSACTION

Action

A motion was made and seconded to recommend approval of the following action:

The appropriate administrative officers are authorized to execute the appropriate documents to acquire the property known as the LaFave home in Morris from the University of Minnesota Foundation for one dollar.

Associate Vice President Stephens presented a proposal to purchase the LaFave home in Morris from the University of Minnesota Foundation for one dollar. Regents Peterson and Phillips commented that this was a very generous gift from the LaFave family.

The committee voted unanimously to recommend approval of this real estate transaction.

REAL ESTATE TRANSACTION Review/Action

Associate Vice President Stephens and Vice Chancellor Gregory Fox presented a proposal for a five-year lease at the Duluth Entertainment Conference Center (DECC) for the University of Minnesota, Duluth (UMD) men's and women's hockey, as found in the docket materials. Fox added that UMD has typically had three-year leases with the DECC since men's hockey commenced in the 1964-65 season.

The committee discussed the potential consequences of signing a five-year lease with the DECC at this time. Regent Phillips summarized the committee's discussion as follows:

- the committee is unsure about the fate of the legislative session;
- the committee is concerned that the University might be held responsible for the cost of the entire lease if the men's hockey team were to leave the DECC before the end of the contract in five years; and
- the committee requested that Fox investigate the possibility of a three-year lease.

Metzen stated his concern about the lack of a long-term vision for UMD hockey programs and for possible improvements to the DECC. Fox stated he will work with University officials to address the committee's concerns.

A motion was made and seconded and the committee voted unanimously to table consideration of the lease with the DECC for UMD men's and women's hockey.

SCHEMATIC PLANS

Gibson Nagurski Complex Remodeling Phase III, Twin Cities Campus

A motion was made and seconded to recommend approval of the following action:

The schematic plans for the Gibson Nagurski Complex remodeling project, phase III are approved and the appropriate administrative officers are authorized to proceed with the award of contracts, the development of construction documents, and construction.

Vice President Kruse presented the schematic plans for phase III of the Gibson Nagurski Complex remodeling project to the committee, as found in the docket materials.

In answer to questions from Regent Reed, Vice President Boston reported that the full cost analysis of the gender equity impact will be brought back to the Board in February 2000. In response to a question from Regent Phillips, Boston also stated that all equipment will be shared.

The committee voted unanimously to recommend approval of the schematic plans.

Plant Growth Facilities Renovation, Replacement, and Addition, Twin Cities Campus

A motion was made and seconded to recommend approval of the following action:

The schematic plans for the Plant Growth Facilities renovation, replacement, and addition project are approved and the appropriate administrative officers are authorized to proceed with the award of contracts, the development of construction documents, and construction.

The committee voted unanimously to recommend approval of the schematic plans.

DESIGN GUIDELINES

Law School Addition

Vice President Kruse and Harvey Turner, Director of Planning and Improvement, presented for discussion the Law School addition design guidelines, as found in the docket materials. Kruse added that this project is part of the FY 2000 capital request and would help fulfill the state's requirement for one-third funding of the total capital package. It is anticipated that the Law School addition will be paid entirely by gifts and Kruse believes that they have already collected about 80% of that funding. Thomas Sullivan, Dean of the Law School, spoke to the related programmatic issues.

Regent Phillips congratulated Sullivan on obtaining donations for the project and for excellent alumni relationship.

In answer to a question from Student Representative Dillon, Sullivan explained that this addition will help recruit first-class faculty and students by adding needed offices and student activity space. It will help house the 35 student groups of the law school that now have to share one room for meetings. Harvey noted that, for a very modest amount of money, this new addition will give the school state of the art physical facilities.

SIX-YEAR CAPITAL PLAN: LIST OF FUTURE CAPITAL PROJECTS

Vice President Kruse presented the six-year capital plan and list of future capital projects for review. Kruse reported that he anticipates the request to the legislature in 2002 and 2004 will be approximately \$180 million. Additional details are available in the docket materials.

In response to a question from Regent Phillips, Kruse noted that the Mineral Resources Research Center, listed as a future project, goes along with the intent to bring

together the College of Education in one facility. Currently, the program is located in 15 different buildings all over the Twin Cities campus.

1999-2000 COMMITTEE WORKPLAN

Regent Phillips and Vice President Kruse presented the 1999-2000 Committee Workplan as found in the docket materials. Phillips added that the workplan allows for broader discussions on some issues, including construction project delivery methods and processes, parking and transportation policies, the impact of light rail transit, and tunnel and skyway issues. Phillips stated that the committee might wish to revisit the campus master plans, either at the end of this year or in the beginning of next year.

Kruse mentioned that several precinct plans were not included in the workplan. Clint Hewitt is working on the athletic/recreational sports area precinct plan and Harvey Turner is leading a group on the West Bank arts district precinct plan. Both Phillips and Kruse determined that they would like to be about half way through the precinct plans in November and will update the committee on the status of the plans in December.

Kruse noted that the first six months of the workplan are more accurate than the last six months.

INFORMATION ITEMS

Kruse reported on plans for the University's third "Beautiful U Day" celebration this year as noted in the docket materials. Kruse pointed out that Dayton Hudson Corporation has volunteered to come to the University on October 27 and help clean the windows of Williamson Hall. Kruse also spoke of a plaque dedication and tree plantings that will take place to honor former University employee, Vern Mattson, who passed away this year.

The meeting adjourned at 11:45 p.m.



ANN D. CIESLAK
Executive Director and
Corporate Secretary

UNIVERSITY OF MINNESOTA

BOARD OF REGENTS

Faculty, Staff & Student Affairs Committee

October 7, 1999

A meeting of the Faculty, Staff and Student Affairs Committee of the Board of Regents was held on Thursday, October 7, 1999, at 9:45 a.m. in Room CF208, Coffman Center, University Center Rochester.

Regents present: William Hogan, presiding; Dallas Bohnsack, Warren Larson, H. Bryan Neel, and Patricia Spence.

Staff present: President Mark Yudof; Chancellor Kathryn Martin; Interim Chancellor Samuel Schuman; Executive Vice President and Provost Robert Bruininks; Senior Vice President Frank Cerra; Vice Presidents McKinley Boston, Carol Carrier, and Christine Maziar; Interim Executive Director Ann Cieslak; Associate Vice President Jane Canney.

Student Representatives present: Ma'Lou Sabino and Piyali Nath Dalal.

INFORMATION ITEMS

Executive Vice President and Provost Robert Bruininks reported that over 3,000 students of the Class of 2003 started the fall semester by attending the New Student Convocation on Tuesday, September 7, 1999.

Bruininks stated that the Office for Student Development and Athletics has launched two new initiatives:

- SOS: Supporting our Students -- A cross-functional program that focuses on providing faculty and staff descriptive information on students, tips on identifying their needs, and resources to address those needs.
- Greek Community Issues 2000 -- A program through the Campus Involvement Center to foster a safe and healthy environment for all members of the Greek community who attend the University of Minnesota, Twin Cities campus.

Bruininks reported that 1999 Homecoming festivities will take place October 21-30, with the game against Purdue on Saturday, October 30. He noted additional information as detailed in the docket materials.

Bruininks reported that Women's Athletic Director Chris Voelz has been recognized by CityBusiness as one of the 25 most influential women in business in the Twin Cities. He also noted that the Gopher men's hockey team, under new head coach Don Lucia, opens the 1999-2000 season October 16-17 against defending NCAA champion Maine.

CONSENT REPORT

Executive Vice President and Provost Robert Bruininks discussed the proposed appointment of Dr. Mary Heltsley as Interim Provost of the University of Minnesota, Rochester, effective September 13, 1999. This title will be added to her current title of Associate Vice President. He noted that she has had broad administrative experience.

The committee voted unanimously to recommend approval of the appointment of Dr. Heltsley.

COLLECTIVE BARGAINING AGREEMENT WITH TEAMSTERS LOCAL 320

Vice President Carol Carrier presented for approval a resolution regarding the collective bargaining agreement between the University and Teamsters Local 320, which covers the University's 1,200 service, maintenance, and labor employees. The contract is for a two-year period. She stated that John Erickson negotiated the contract on behalf of the University.

In response to a question from Regent Hogan, Erickson stated that this is the last major contract for this year.

The committee voted unanimously to recommend approval of the resolution relating to the collective bargaining agreement between the University and Teamsters Local 320, as outlined in the docket materials.

ENROLLMENT AND TUITION ISSUES: FIRST SEMESTER DISCUSSION

Executive Vice President and Provost Robert Bruininks reported that 1999-2000 is a year of considerable change due to the conversion to a semester calendar which affected over 100 policies and resulted in a revitalized curriculum.

Peter Zetterberg, Director of the Office of Institutional Research & Reporting, led the discussion on enrollment and tuition issues related to the change to semesters. He reviewed preliminary statistics on enrollment levels and projected tuition revenue for each campus, as noted in the docket materials, and stated that official enrollment statistics will not be final until November.

Zetterberg noted an enrollment decline of approximately 3.3 percent at the University of Minnesota, Morris (UMM) due to a slightly smaller freshman class. He also noted a 13 percent increase in enrollment at the University of Minnesota, Duluth (UMD).

Zetterberg reported that credit loads are down, as had been predicted. He noted that the planning parameters are coming true and the projected tuition revenue of \$234 million is consistent with what was budgeted. Under the quarter system enrollment declined approximately 5 percent between fall and winter quarters and approximately 10 percent between winter and spring quarters. He indicated the hope is that the expected enrollment decline between semesters parallels that which was previously experienced between fall and winter quarters.

In response to questions from committee members, Interim Chancellor Schuman and Chancellor Martin discussed reasons for enrollment changes at UMM and UMD and the impact of those changes.

In response to a question from Regent Larson, Zetterberg stated that prior to the change to a semester calendar most University policies underwent review, change, and approval by the appropriate governing body. He noted that the effort went smoothly because of cooperation by the faculty.

In response to a question from Regent Neel, Chancellor Martin stated that about 90 percent of the students enrolled at UMD are from Minnesota. Neel suggested it might be a good idea to explore the possibility of attracting more out-of-state students. Regent Hogan suggested scheduling a discussion regarding the composition of students, diversity, and other issues.

In response to a question from Regent Hogan, Bruininks stated that discussions regarding semester conversation began four years ago and the University of Minnesota performed well, when compared with other institutions undertaking a similar change.

BOARD OF REGENTS POLICY: PRINCIPAL INVESTIGATORS

Vice President Maziar presented the proposed Board of Regents Policy: *Principal Investigators* for review. Maziar and Dr. David Hamilton discussed the following key aspects of the proposed policy:

- Defines terms related to sponsored support for research and/or training;
- Outlines the eligibility for principal investigator status of faculty and other employee groups;
- Designates the responsibility for determining status of principal investigator;
- Outlines the process for approval of proposals; and,
- Defines the relationship between principal investigators, the University and sponsored projects.

Maziar indicated that the General Counsel has reviewed the proposed policy. She stated the policy acknowledges that a principal responsibility of faculty members is to pursue a vigorous scholarship agenda, which requires attracting research funds. She noted that grants are awarded to the University, not to the researcher individually. In most cases, if a researcher leaves the University, the grant stays with the institution.

Following a brief discussion, Maziar stated that the proposed policy would be presented for approval at the November meeting.

COMMITTEE WORKPLAN: 1999-2000

Executive Vice President and Provost Bruininks led the discussion regarding the proposed 1999-2000 Workplan for the committee, as presented in the docket materials. Regent Hogan stated that the proposed plan addresses issues related to a quality environment for the University's faculty, staff, and undergraduate, graduate and professional students.

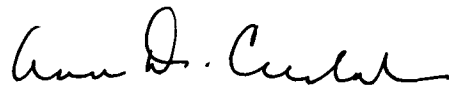
With regard to the academic appointment policy, Bruininks stated that a joint task force will be appointed to conceptualize the University's academic appointment decisions. Human Resource development programs currently in place will be reviewed and compensation and benefit issues will be addressed.

In response to Regent Hogan, Chancellor Martin, Interim Chancellor Schuman, and Vice Chancellor Knowlton expressed appreciation for being included in the discussions in the workplan and noted issues of particular interest to the coordinate

campuses. Bruininks stated there are a number of areas where coordinate campuses could lead the discussions, such as technology-based instruction and faculty recruitment with spousal need for professional employment. Martin noted that there are some discussions in which she cannot participate because of the union at UMD. Vice President Boston noted that Associate Vice President Canney meets regularly with the Vice Chancellors and student leaders from the coordinate campuses regarding issues of concern to them.

In response to an invitation from Regent Hogan, administrators, faculty and student representatives present at the meeting provided input about the workplan. Regent Spence spoke in support of the proposed workplan. She noted that the President has initiated Fireside Chats for communities of color, which will be staffed by Associate Vice President Barcelo. A white paper will be presented to this committee and the full Board for discussion.

The meeting adjourned at 11:20 a.m.



ANN D. CIESLAK
Executive Director and
Corporate Secretary

UNIVERSITY OF MINNESOTA
BOARD OF REGENTS
Educational Planning & Policy Committee

October 7, 1999

A meeting of the Educational Planning & Policy Committee of the Board of Regents was held on Thursday, October 7, 1999, at 3:00 p.m. in Room CF208, Coffman Center, University Center Rochester.

Regents present: Michael O'Keefe, presiding; Anthony Baraga, Dallas Bohnsack, Warren Larson, Jessica Phillips, and Patricia Spence.

Staff present: President Mark Yudof; Chancellors Kathryn Martin and Donald Sargeant; Interim Chancellor Samuel Schuman; Executive Vice President and Provost Robert Bruininks; Vice President Christine Maziar; Interim Executive Director Ann Cieslak; Associate Vice Presidents Jane Canney and Mary Heltsley.

Student Representatives present: Kristen Berning and Sean Dillon.

BOARD OF REGENTS POLICY: INTELLECTUAL PROPERTY

Vice President Christine Maziar presented the Board of Regents Policy: *Intellectual Property* to the committee for approval.

Maziar noted that the policy will not go into effect until her office develops appropriate procedures for implementation of this policy and the procedures are reviewed and adopted by President Yudof. At that time, the procedures will be brought back to the Board for approval.

In response to a question from Regent O'Keefe, Maziar stated she is comfortable with the deadline of June 30, 2000 to bring the procedures back to the Board for approval. O'Keefe told Maziar to notify the Board if she needs additional time beyond that date.

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

It is moved that the Board of Regents adopt the attached *Intellectual Property* policy, which shall be effective upon adoption by the President of the procedures required to implement this policy. The procedures shall be adopted by June 30, 2000.

It is further moved that the *Intellectual Property* policy shall supersede Board of Regents Policies: *Educational Materials* and *Patents and Technology Transfer*, and which policies shall be repealed on the effective date of the *Intellectual Property* policy.

1999-2000 COMMITTEE WORKPLAN

Executive Vice President and Provost Robert Bruininks presented the proposed 1999-2000 committee workplan, as included in the docket materials. He stated a fully developed workplan and timeline will be presented following the discussion with the committee.

The committee entered into an extensive discussion regarding the preliminary list of topics. In addition to the topic areas noted, the following issues were identified for inclusion in the committee's workplan:

- Committee input on developing the agenda for the joint meeting with the MnSCU Board of Trustees in March, 2000;
- Increased emphasis on the University's outreach agenda;
- Discussion of President Yudof's exploration of interdisciplinary programs, such as neuroscience and child development;
- Additional discussions regarding the Academic Health Center and Health Professional Education; and,
- K-12 statewide partnership issues.

Regent O'Keefe stated that as the committee addresses the topics that have been identified, it must focus on the policy-level issues related to the topics.

Bruininks noted that the University is required under state law to submit an academic plan for the University of Minnesota, Rochester to the Legislature by the end of January, 2000. He stated it may be necessary to modify the proposed workplan in order to fulfill this obligation.

Student Representative Kristen Berning thanked the committee for including student input in the workplan. O'Keefe requested that Berning bring any ideas from the Student Representatives back to the committee.

Following the discussion, Bruininks stated a revised workplan will be presented at the November meeting.

RESPONDING TO COMMUNITY NEEDS: UNIVERSITY PROGRAMS AND OUTREACH PARTNERSHIPS

Executive Vice President and Provost Robert Bruininks introduced Regent Emeriti and Interim Dean Charles Casey, University of Minnesota Extension Service, Associate Dean Steven Daley Laursen, College of Natural Resources, and Paul Brutlag, Chair of the Regional Sustainable Development Partnership Program.

Bruininks stated that the presentation, which is the first in a three-part series of discussions related to the University's outreach mission and goals, will focus on the activities and plans of two key examples of outreach partnerships and programs -- the University of Minnesota Extension Service (UMES) and Regional Sustainable Development Partnerships.

Casey reviewed the reorganization of the UMES delivery system from five to eight districts. This optimizes collaboration with other University of Minnesota facilities and activities around the state. He stated that through more coordinated teaching, research, and outreach, UMES is making a more focused attempt to improve

linkages between identified community needs and the resources that are available within the University.

Casey, Laursen, and Brutlag discussed the Regional Sustainable Development Partnership Program. Five partnerships have been established around the state, which provide an opportunity for the University to expand its outreach mission by focusing on the specific needs of the various regions.

The partnerships are founded on the following three core principles:

- Building richer and more vibrant partnerships between citizens of the region and their land grant University;
- Addressing agricultural and natural resources issues in a manner consistent with sustainable development principles; and
- Working in an active citizen participation mode.

The key goals of the Partnerships include:

- Building long-term collaborative relationships;
- Leveraging existing resources and public investments with additional local, private resources;
- Supporting programs that reflect regional identities in the state;
- Modeling new modes of partnership between communities and the University; and,
- Developing connections and projects that result in tangible improvements in regional sustainability.

Committee members entered into an extensive discussion regarding the University's outreach efforts and the partnerships.

Regent Bohnsack emphasized the importance of building communities, stating that the University's role is to link communities.

In summary, Bruininks stated it is necessary to rethink how the University does business so that the institution organizes its resources around issues that have been identified as priorities, and develops measures to track progress. O'Keefe noted there are numerous resources available across the state and he urged the administration to ensure that the efforts of the UMES do not duplicate, or get in the way of, other economic development efforts. He also emphasized the importance of determining how to measure the impact of the University's efforts.

CONSENT REPORT

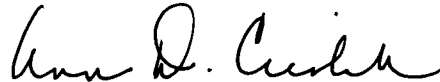
A motion was made and seconded and the committee voted unanimously to recommend approval of the Consent Report, including:

- 1) Approval of new degree programs:
 - Bachelor of Biomedical Engineering (BBME) in the Institute of Technology
 - Bachelor of Arts in Classical and Near Eastern Archaeology
- 2) Senate and Twin Cities Campus Assembly actions:
 - Changes to eligibility requirements for Student Senators

- Language changes to conform to conversion to semesters: University Senate
- Language changes to conform to conversion to semesters: Twin Cities Campus Assembly
- Bylaw changes related to enacting or amending Bylaws: University Senate
- Bylaw changes related to enacting or amending Bylaws: Twin Cities Campus Assembly
- Changes to Duluth Campus Assembly Bylaws: Creation of a Campus Athletic Committee, changes in language to conform to semester conversion, and enacting or amending of Bylaws

The changes are on file in the Board office.

The meeting adjourned at 4:20 p.m.



ANN D. CIESLAK
Executive Director and
Corporate Secretary

UNIVERSITY OF MINNESOTA

BOARD OF REGENTS

Finance and Operations Committee

October 7, 1999

A meeting of the Finance and Operations Committee of the Board of Regents was held on Thursday, October 7, 1999, at 3:00 p.m. in Room CF206 Coffman Center, University Center, Rochester, Minnesota.

Regents present: H. Bryan Neel, presiding; Robert Bergland, William Hogan, David Metzen, William Peterson, and Maureen Reed.

Staff present: President Mark Yudof; Interim Chancellor Sam Schuman; Vice President Eric Kruse; General Counsel Mark Rotenberg; Associate Vice Presidents Donna Peterson, Richard Pfutzenreuter, and Georgina Stephens; and Interim Executive Director Ann Cieslak.

Student Representatives present: Elijah Bang and Shane Naslund.

CONSENT REPORT

Associate Vice President Pfutzenreuter presented the Consent Report for October 1999 as found in the docket materials. Director Karen Triplet reported the following expenditures of greater than \$250,000:

- \$279,040 to ADEC, Inc. for the purchase of dental patient chairs, operatory units, and lights for the School of Dentistry;
- \$318,900 to Bruker Daltonics for the purchase of a mass spectrometer for the Materials Research in Science & Engineering Center and the Department of Chemistry;
- \$96,000 to increase the contract with Critical Path Consulting to a total of \$651,000 for project management and post-implementation services for Facilities Management Computerized Maintenance Management System;
- \$4.2 million to Onvoy and Qwest Communications (\$2.1 million each) for an OC3c to provide capacity needed for internet access for a 3-year period beginning November 1, 1999 for the Networking and Telecommunications Services department; and
- an additional \$2.1 million to PeopleSoft, Inc., Brady & Company, Softlink, Inc., Denning, Quantum, GE Capital, and others for continuing consultant and technical help on the Enterprise Project.

In response to a question from Regent Hogan, Triplet explained that half of the funding for the mass spectrometer will be collected from billing customers and that the other half will be funded jointly by the Materials Research in Science & Engineering Center and the Department of Chemistry.

The committee discussed the budget and anticipated on-going costs for the Enterprise Project. Triplet clarified that the \$2.1 million for the Enterprise Project is funded out of the contingency fund for the Enterprise Project. Pfutzenreuter added that staff is currently reviewing what the on-going support costs, including periodic upgrading costs, will be for the Enterprise Project. He added that this cost will need to be known by next March when the President presents the annual operating budget for FY 2001 to the Board.

In response to a question from Regent Metzen, Associate Vice President Stephens confirmed that the current delays in posting scholarship funding for students is related to the Enterprise Project and assured the committee that the staff have been working diligently to minimize the impacts to the students.

A motion was made and seconded and the committee voted unanimously to recommend approval of the Consent Report.

**FINANCIAL UPDATE:
IMPLICATIONS OF FEDERAL BUDGET ON HIGHER EDUCATION**

John Engelen, Director of Federal Relations, presented a financial update on the implications of the federal budget on higher education, as found in the docket materials.

Regent Bergland raised concerns with the current cutbacks in federal funding for medical education, training, and research. Several major universities across the country are suffering huge losses and Senior Vice President Frank Cerra anticipates similar heavy losses at the University. In response to a question from Bergland, Engelen explained that the increases in funding for the National Institutes of Health (NIH) are not to compensate for the cutbacks, but are to fund more research. The real impact to the University's Academic Health Center, the Mayo Clinic, and other medical teaching institutions will be through changes to Medicare funding formulas for graduate and indirect medical education. He added that there are concerted efforts in Washington to urge the Senate Finance Committee to take action immediately to fund medical education on an emergency basis.

In response to questions from Regent Reed, Engelen explained that the short-term strategy in Congress is to characterize the cutbacks in federal funding for medical education as a funding emergency. There has been much discussion on how best to fund medical education long-term. He added that there are some members in Congress who are also addressing the policy issues of medical education, but that this discussion is on a separate track from the funding issues.

In response to a question from Regent Neel, Engelen stated that most of the NIH funding is considered new money for general research, however, there are categories within the NIH budget that are targeted for specific diseases.

The committee also discussed policy issues related to medical education including the quantity, the specialties, and the distribution of doctors, and the impacts of federal policy on medical research and education.

CAPITAL BUDGET AND SIX-YEAR CAPITAL PLAN AND FINANCE STRATEGY

Associate Vice President Pfutzenreuter presented the Capital Budget and Six-Year Capital Plan and Associate Vice President Stephens proposed a strategy for financing the capital budget, as found in the docket materials.

Regent Metzen expressed his support for the proposed policy to require funding contributions from the local units benefiting from a capital project, but had concerns over the ability of some units to raise the necessary funds and the impact that would have on the University. Pfutzenreuter stated that staff had considered this problem and it is one of the reasons the effective date of the policy is 2004. He added that staff shares the committee's concerns and will be sensitive to the ability of certain units to fundraise.

In response to questions from Regents Hogan and Neel, Stephens explained that, while the University is approaching its debt capacity, she is in constant contact with

the rating agencies and is confident that the University still has some capacity that can be used without impacting the University's debt rating. She added that the staff closely monitors a number of factors that could negatively impact the debt rating, such as the University's revenue streams.

In response to a question from Regent Reed, Pfitzenreuter concurred that one of the intents of requiring units to contribute to the funding of their capital projects is to have units demonstrate their true support and need for the project.

The meeting adjourned at 4:30 p.m.



ANN D. CIESLAK
Executive Director and
Corporate Secretary

UNIVERSITY OF MINNESOTA

BOARD OF REGENTS

October 8, 1999

A meeting of the Board of Regents of the University of Minnesota was held on Friday, October 8, 1999, at 10:45 a.m. in Room CF206/208, Coffman Center, University Center Rochester.

Regents present: Patricia Spence, presiding; Anthony Baraga, Robert Bergland, Dallas Bohnsack, William Hogan, Warren Larson, David Metzen, H. Bryan Neel, Michael O'Keefe, William Peterson, Jessica Phillips, and Maureen Reed.

Staff present: President Mark Yudof; Chancellor Kathryn Martin; Interim Chancellor Samuel Schuman; Executive Vice President and Provost Robert Bruininks; Senior Vice President Frank Cerra; Vice Presidents McKinley Boston, Sandra Gardebring, Eric Kruse, and Christine Maziar; Interim Executive Director Ann Cieslak; Associate Vice Presidents Gerald Fischer, Mary Heltsley, Donna Peterson, Richard Pfutzenreuter, and Georgina Stephens.

APPROVAL OF MINUTES

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

Facilities Committee - August 2, 1999
Litigation Review Committee - September 9, 1999
Audit Committee - September 9, 1999
Facilities Committee - September 9, 1999
Faculty, Staff & Student Affairs Committee - September 9, 1999
Educational Planning & Policy Committee - September 9, 1999
Finance & Operations Committee - September 9, 1999
Board of Regents Non-Public Meeting - September 10, 1999
Board of Regents - September 10, 1999

REPORT OF THE PRESIDENT

President Yudof presented his monthly report to the Board. He expressed appreciation to Regent Neel and the Rochester community for hosting the Board meetings.

Yudof stated he was extremely pleased about the legal settlement with Glaxo Wellcome, the pharmaceutical manufacturer, for royalties for the anti-HIV drug Ziagen that was invented in the 1980's by University researcher Dr. Robert Vince. In addition to the health benefits, this is a significant return on investment in the University, with the potential of \$300 million in royalties over the next decade. He emphasized this is seed money under federal law to enhance the University's infrastructure for research and education, which will enable the University to continue with other future discoveries. He noted the University attracts \$350 million in research funds every year, and stated that the University is run with integrity and 99.9 percent of its researchers

comply with applicable standards. He urged legislators to invest additional funds in the University so researchers can continue making discoveries that help people, generate funds, and create jobs.

Yudof discussed the new responsibilities the University has assumed in Rochester. He spoke in support of the appointment of Interim Provost Mary Heltsley and stated \$2.5 million in new resources has been allocated to expand academic programs and services over the biennium. He emphasized Rochester's high intellectual capital and quality of life and stated he believes the community realizes there is more to be done. He stated the University has to address complex financial and institutional issues, which will take longer if additional resources are not allocated by the Legislature.

Yudof stated that at the 1999 Minnesota Literacy Summit he pledged to renew the University's commitment to primary and secondary education, particularly in literacy. He believes no skill is more critical to education than reading. He asked the Governor and state education leaders to consider a plan to take Minnesota's literacy problems seriously, with the goal that every child in the state is reading at or above grade level by grade 3. He pledged that the University of Minnesota will work with others throughout the state to achieve this goal in order to improve education in Minnesota and open its doors to an even wider array of students who historically may have been underrepresented.

REPORT OF THE CHAIR

Chair Spence stated the Regents have had a wonderful time in Rochester, and thanked the advisory groups, the University Center Rochester, Winona State University, Rochester Community and Technical College, and the Rochester community. She expressed appreciation to Regent Neel for his efforts over the years to expand the University's presence in Rochester.

Spence announced the appointment of Regent David Metzen and Linda Perlman to the Friends of Eastcliff Committee, and thanked them for agreeing to serve. She noted she intends to review the process for appointment to this committee and bring clarification so the appointments are a board action at the recommendation of the chair, rather than by the chair.

Spence reported that she and Regent Reed recently met with Governor Ventura about the mission and needs of the University and ways to partner with the state on the Governor's new initiatives. She noted that Representative Phil Carruthers sent a thank you note for the tour of capital projects on the Minneapolis campus.

Spence reported on a meeting with the Chair and Vice Chair of the Faculty Consultative Committee (FCC), the Board and the President. They agreed to appoint a new committee on style for drafting Board policy, discussed the faculty review process on academic misconduct, and scheduled a dinner meeting for the FCC and the Board in November. She also reported on a meeting with the leadership of the Minnesota Alumni Association

Spence discussed her visit to the Morris campus on September 29. She stated that she plans to visit the Crookston campus on October 13 and hopes to schedule a visit to the Duluth campus in early November.

Spence reported that Jeff Tate, Tom LaSalle and Lew Moran gave her and Regent Reed a tour of the Board space in the Gateway building. They discussed use of the space, the technology in the rooms, and associated costs. She stated they were assured that the project will be within the budget approved by the Board in May, 1999.

Spence noted the resignation of Executive Director and Corporate Secretary Andrea Turner. She stated that Ann Cieslak is serving as Interim Executive Director and Corporate Secretary, noting that she has done an incredible job on behalf of the Board. She stated the Board of Regents' Office staff did an outstanding job planning the meeting in Rochester.

Spence reported that the Presidential Review Committee met October 4, 1999 to discuss the President's workplan for the coming year. A meeting will be scheduled with the President, and the committee expects to have a final workplan to discuss at the November meeting.

ELECTION OF OFFICER

Regent Spence presented the following resolution to the committee:

RESOLVED, that Ann D. Cieslak is hereby elected as Secretary and appointed as Executive Director of the Regents of the University of Minnesota, effective October 8, 1999.

A motion was made and seconded to recommend approval of the proposed resolution.

Spence noted that because the Board conducted a national search for the Executive Director position within the last six months and because Ann Cieslak was the second finalist from that search, the decision has been made to recommend her permanent appointment to the position so that she can have the authority to do the work of the Board and provide leadership on the difficult issues that need to be completed. She stated the Board has total confidence in her ability to do the job and she is willing to serve.

The Board of Regents voted unanimously to approve the appointment of Ann D. Cieslak as Executive Director and Corporate Secretary, effective October 8, 1999.

RESOLUTION: CAPITAL CAMPAIGN PRIORITIES

Associate Vice President Fischer discussed the capital campaign priorities. He stated that planning began in 1995, and the public announcement of the campaign will take place on October 21, 1999.

Fischer stated the three themes around which the University would like to seek new endowment gifts are retaining, recruiting and developing top faculty; attracting students with promise and helping them succeed; and investing in Minnesota's future through strategic opportunities.

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

WHEREAS, planning has been underway for several years to launch a major fundraising campaign to benefit the University of Minnesota and, thereby, the future economy and quality of life of the State of Minnesota; and

WHEREAS, the campaign will be announced to the public on October 21, 1999, with a goal to raise gifts and gift commitments that will supplement public support, provide a margin of excellence and

contribute to the achievement of pre-eminence for the University of Minnesota; and

WHEREAS, the University of Minnesota Foundation, the Minnesota Medical Foundation, and the University's colleges, campuses, and programs have highly capable volunteer and staff leadership in place and have committed increased resources to execute the campaign; and

WHEREAS, campaign priority themes for seeking new endowment gifts are:

- Retaining, recruiting and developing top faculty;
- Attracting students with promise and helping them succeed;
- Investing in Minnesota's future through strategic opportunities; and

WHEREAS, President Mark G. Yudof has endorsed the campaign as a defining moment for the University;

NOW, THEREFORE, BE IT RESOLVED, that the Regents of the University of Minnesota 1) endorse this major fundraising campaign and the campaign priorities and 2) express profound appreciation to the campaign leadership and donors for their contributions that will ensure the success of this campaign.

President Yudof stated he is very enthusiastic about the capital campaign, and thinks the University will exceed its goal through the efforts of excellent staff and volunteer leadership. He noted that the state will not pull back its funding in light of gifts received through the campaign. He discussed the importance of unrestricted gifts and gave an example of a faculty member the University was able to retain because of the availability of discretionary funding.

Regent Neel commended Associate Vice President Fischer for his superb work, noting his sensitivity to donors and capacity to recognize them for their contributions. Fischer stated he is simply a representative of a talented and passionately committed group of staff and volunteers.

Regent Spence noted that the campaign themes are issues important to the Board and the campaign has the support of the Board.

The Board of Regents voted unanimously to approve the resolution.

APPOINTMENTS: UNIVERSITY OF MINNESOTA FOUNDATION BOARD OF TRUSTEES

On behalf of the Board, Regent Spence thanked Regents Emeriti David M. Lebedoff and Thomas R. Reagan for their service on the Board of Trustees of the University of Minnesota Foundation (UMF).

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

The President recommends that Josie R. Johnson and the Honorable H. Bryan Neel, III, M.D., Ph.D. be reappointed to serve on the UMF Board of Trustees for three-year terms, November 1999-2002.

That Thomas R. Reagan and David M. Lebedoff be thanked for their service to the Regents as their representatives and congratulated on their retirement to Trustees Emeriti of the UMF Board of Trustees effective November 1999.

That the Honorable Patricia Spence and Marvin Borman be appointed to serve on the UMF Board of Trustees for three-year terms, November 1999-2002.

ROCHESTER ACADEMIC PRIORITIES AND PROGRAMS

Executive Vice President and Provost Bruininks led the discussion regarding the academic priorities and programs related to the University's expanded presence in Rochester. He noted the proposed appointment of Dr. Mary Heltsley, Associate Vice President for Outreach, as Interim Provost of the University of Minnesota Rochester. He stated that significant progress has been made in implementing many of the principles adopted by the Board of Regents and the Minnesota State Colleges & Universities (MnSCU) Board of Trustees. Progress has also been made on staff appointments and the management structure. In next two months the parties will develop an agreement related to roles and responsibilities.

Darrell Krueger, President of Winona State University (WSU), stated that he appreciates working with Provost Bruininks and noted that a synergy is developing with the University of Minnesota in Rochester and also on the WSU campus. He indicated that an Associate Vice President from WSU will come to Rochester to work with Provost Heltsley. He stated he hopes the University will lead the discussion to help all Minnesotans understand the role of higher education institutions in the state. Bruininks indicated that everyone has worked together to make considerable progress.

Bruininks discussed the following policy issues related to the expanded presence of the University in Rochester:

- Articulating an academic vision and priorities;
- Ensuring that vision matches institutional mission and community needs;
- Ensuring leadership and infrastructure are in place to support academic programs; and
- Developing progress measures for future growth of higher education.

Principles for program expansion:

- Respect current leadership and accomplishments;
- Match institutional missions and programs to market needs;
- Expand academic resources, services and use of technology; and
- Plan for current and future academic programs.

Bruininks discussed the University's academic priorities for Rochester, including professional, baccalaureate and graduate programs along with a strong research presence. He discussed current programs and new programs planned for 2000-01.

Senior Vice President Cerra reported that the University has been working with the Mayo Foundation, and noted that a joint task force will define and develop areas of academic programs. He discussed programs for future consideration, stating that a portion of the funding will come from the tobacco endowment. In summary, he stated that both parties find this to be an exciting opportunity to define programs for the betterment of the health of the state.

Bruininks stated he believes the goal of expanding higher education in Rochester is realistic. He reviewed the timeline through Fall of 2000, at which time an annual progress report will be presented to the Board, including a detailed plan for aligning work with the planning and budgeting process.

Heidi Fredrickson, Chair of the Student Representatives, thanked everyone involved with planning the meeting. She stated it was a fun and educational experience and it gave the Student Representatives an opportunity to meet with student leaders from the Rochester Community Technical College (RCTC) to discuss the needs and desires of students. She stated the current activities are moving in the right direction to serve students, and she hopes the joint efforts will continue for many years to serve students in the Rochester area.

In response to a question from Regent Hogan, Bruininks discussed how the policy issues he identified will be addressed. He expects to schedule discussions regarding these policy issues on future Board agendas.

Regent O'Keefe offered congratulations on this partnership effort, and he urged everyone involved to keep the focus on serving the educational needs of students in the Rochester community and determining which institution has the ability to meet those needs. Bruininks noted the need to establish real goals and benchmarks to measure the satisfaction of students.

Regent Bergland stated people from outstate are always concerned about access and this partnership is a new chapter in the history of education in Minnesota. In response to a question from Bergland, Bruininks stated the report to the Legislature will include articulation of the academic framework, definition of mission-related roles and responsibilities of the partner institutions, clarification of goals, and a plan for future action.

In response to Regent Reed, President Krueger gave examples about how he views the University of Minnesota's role in leading the people of the state towards a more complete understanding of the scope and role of higher education.

Regent Neel stated everyone recognizes that the Rochester community is seriously underserved in the area of higher education. He thinks this effort is going in the right direction and congratulated everyone involved for the significant progress that has been made. He suggested that a marketing strategy to attract out-of-state students will be important to positioning the University as one of the top 30 universities in the country, and stated that it will benefit institutions throughout the state because they will all have more students.

In summary, Spence stated that the University of Minnesota and MnSCU can clarify and show commitment to their respective missions by continuing to work together to achieve the vision for the Rochester community.

2000 CAPITAL REQUEST

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

WHEREAS, the "Capital Plan for the Support of Academic Programs in the 21st Century", approved by the Board of Regents in November 1997, represents a strategic plan to enhance the national and international reputation of the University; to provide major scientific breakthroughs in the next decade; to further the University's leadership in interdisciplinary research and education; to stimulate the state's

economy and job creation; and to strengthen university/industry partnerships; and

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

NOW, THEREFORE, BE IT RESOLVED, that the Board of Regents approve the University's capital request to the State of \$134,300,000 and the University match to the request of \$59,500,000 in University debt and fundraising as part of the University's continuing "Capital Plan for the Support of Academic Programs in the 21st Century"; and

BE IT FURTHER RESOLVED, that the President forward this request to the State of Minnesota for consideration in the 2000 legislative session.

President Yudof discussed the University's priorities as reflected in the 2000 Capital Request. He noted significant investment in the biological sciences and stated that as a result of the recent settlement, the University will start the planning process for a facility to house the New Drug Discovery Institute, which is Dr. Vince's group, and some other activities. He indicated that if the University continues investing in the biological sciences, it will be competitive in this area in 20 years.

The Board of Regents voted unanimously to approve the 2000 Capital Request.

ANNUAL REPORT OF ASSET AND DEBT MANAGEMENT

Associate Vice President Stephens presented the Annual Report of Asset and Debt Management, as included in the docket materials. She reported that University-managed funds total approximately \$1.4 billion. She reviewed portfolio returns, noting that investment performance continues to exceed benchmarks.

Stephens reviewed asset allocation as noted in the docket materials, and discussed diversifying. She discussed a risk/return analysis for the period July 1, 1994 through June 30, 1999. She noted that the University reached a return of approximately 20 percent by trying to balance maximizing its return within prudent risk parameters.

Stephens stated that the University's outstanding debt was \$533.3 million as of June 30, 1999. She noted that locking in to a lower interest rate this year will save the University approximately \$6 million per year in interest costs. She reported the fixed rate debt is approximately 92 percent because the University still has \$132 million to issue in support of the four-year capital plan, noting the expectation is that interest rates will go up and the University will be able to issue variable debt.

In response to a question from President Yudof, Stephens stated the revenue bond index is shown in the charts because that is the typical industry standard for measuring tax exempt debt.

RECEIVE AND FILE REPORTS: CIVIL SERVICE COMMITTEE REPORT

Chair Spence noted the receipt and filing of the Report of the Civil Service Committee.

GIFTS

Associate Vice President Fischer presented the list of gifts received in August, 1999 to benefit the University of Minnesota, as noted in the docket material and on file in the Board Office. He noted gifts in excess of \$1 million from IBM Corporation and the National Foundation for Functional Brain Imaging and two major gifts from W. Duncan MacMillan II and John M. Morrison and Susan M. Johnson.

Regent Neal noted that John Morrison and Susan Johnson have been generous to the University with their time, as well as their finances.

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

REPORT OF THE EDUCATIONAL PLANNING & POLICY COMMITTEE

Regent O'Keefe, Chair of the committee, reported that the committee voted unanimously to recommend:

- a) Approval of the following resolution related to adoption of the Board of Regents Policy: *Intellectual Property*:

It is moved that the Board of Regents adopt the attached *Intellectual Property* policy, which shall be effective upon adoption by the President of the procedures required to implement this policy. The procedures shall be adopted by June 30, 2000.

It is further moved that the *Intellectual Property* policy shall supersede Board of Regents Policies: *Educational Materials* and *Patents and Technology Transfer*, and which policies shall be repealed on the effective date of the *Intellectual Property* policy.

INTELLECTUAL PROPERTY

SECTION I. PURPOSE.

This policy exists to encourage research and innovation, clarify ownership of intellectual property rights, create opportunities for public use of University innovations, and provide for the equitable distribution of monetary and other benefits derived from intellectual property.

SECTION II. APPLICATION.

Subd. 1. Application. This policy applies to all faculty, staff, students, and any other persons employed by the University; to all persons receiving funding administered by the University or receiving other compensation from the University; and to all University-enrolled graduate students and post-doctoral fellows regardless of funding or employment status.

Subd. 2. Effective Date. This policy applies to intellectual property disclosed to the University after the effective date of this policy.

SECTION III. DEFINITIONS.

Subd. 1. Creator. "Creator" means the individual or group of individuals who invented, authored, or were otherwise responsible for the intellectual creation of the intellectual property, as defined in the applicable intellectual property statutes.

Subd. 2. Intellectual Property. "Intellectual property" means any invention, discovery, improvement, copyrightable work, integrated circuit mask work, trademark, trade secret, and licensable know-how and related rights. Intellectual property includes, but is not limited to, individual or multimedia works of art or music, records of confidential information generated or maintained by the University, data, texts, instructional materials, tests, bibliographies, research findings, organisms, cells, viruses, DNA sequences, other biological materials, probes, crystallographic coordinates, plant lines, chemical compounds, and theses. Intellectual property may exist in a written or electronic form, may be raw or derived, and may be in the form of text, multimedia, computer programs, spreadsheets, formatted fields in records or forms within files, databases, graphics, digital images, video and audio recordings, live video or audio broadcasts, performances, two or three-dimensional works of art, musical compositions, executions of processes, film, film strips, slides, charts, transparencies, other visual/aural aids or CD-ROMS.

Subd. 3. Net Income. "Net income" means the gross monetary payments the University receives as a result of transferring rights in the intellectual property less the University's out-of-pocket expenditures (including legal fees) directly attributable to protecting, developing, and transferring that intellectual property.

Subd. 4. Regular Academic Work Product. "Regular academic work product" means any copyrightable work product which is an artistic creation or which constitutes, or is intended to disseminate the results of, academic research or scholarly study. Regular academic work product includes, but is not limited to, books, class notes, theses and dissertations, course materials designed for the web, distance education and other technology-oriented educational materials, articles, poems, musical works, dramatic works, pantomimes and choreographic works, pictorial, graphic and sculptural works, or other works of artistic imagination. Software specifically needed to support a regular academic work product or which is designed to disseminate the results of academic research and scholarly study is also considered a regular academic work product.

Subd. 5. Employee. "Employee" means a person employed or otherwise compensated by the University, including faculty members, staff members, and students.

Subd. 6. Specially Commissioned Work. "Specially commissioned work" means a work specially ordered or commissioned and which the University and the creator expressly agree in a written instrument signed by them shall be considered as such.

SECTION IV. ADMINISTRATIVE PROCEDURES.

The president, in consultation with the vice president for research and the Faculty Senate, shall adopt procedures to implement this policy.

SECTION V. UNIVERSITY OWNERSHIP.

Subject to the exceptions in section VI, the University shall be the sole owner of all intellectual property created through the use of University resources or facilities, supported directly or indirectly by funds administered by the University, developed within the scope of employment by employees, agreed in writing to be a specially commissioned work, or assigned in writing to the University.

SECTION VI. EXCEPTIONS TO UNIVERSITY OWNERSHIP.

Subd. 1. Regular Academic Work Product. A regular academic work product is owned by the creator and not the University. This subdivision does not apply to a regular academic work product that is assigned in writing to the University or specifically ordered or commissioned and designated in writing by the creator and University as a specially commissioned work.

Subd. 2. Course Requirement. Intellectual property created solely for the purpose of satisfying a course requirement is owned by the creator and not the University. This subdivision does not apply if the creator assigns ownership rights in the intellectual property to the University in writing or assignment of such ownership rights to the University is made a condition for participation in a course.

Subd. 3. Pre-Existing Rights. If the intellectual property referred to in subdivisions 1 and 2 is a derivative of or otherwise uses preexisting University-owned intellectual property, this section shall not prevent the University from asserting its preexisting rights.

Subd. 4. Contractual Agreements. For intellectual property created in the course of or pursuant to sponsored research, external sales, industrial affiliates programs, or other contractual arrangements with external (non-University) parties, ownership will be determined in accordance with the terms of the University's agreement with the external party and applicable law.

Subd. 5. Outside Consulting Activities. For intellectual property created in the course of or pursuant to activities that fall within and comply with the Board of Regents policy, *Outside Consulting, Service Activities, and Other Work*, ownership will be

determined in accordance with the terms of any agreement governing intellectual property developed pursuant to such activities.

SECTION VII. USE OF INTELLECTUAL PROPERTY.

Subd. 1. Rights to Publish. Nothing in this policy shall be construed as affecting the rights of a creator to publish, except that the creator must agree to observe a brief period of delay in publication or external dissemination if the University so requests and such a delay is necessary to permit the University to secure protections for intellectual property disclosed to it by the creator.

Subd. 2. Use of Teaching Materials. In order to facilitate joint work on teaching materials and support collaborative teaching, and notwithstanding the ownership rights otherwise granted by this policy, individuals who contribute teaching materials used in jointly developed and taught University courses thereby grant a nonexclusive, nontransferable license to the University to permit other contributors to the course to continue using those jointly produced teaching materials in University courses.

SECTION VIII. DISTRIBUTION OF INCOME.

Subd. 1. Academic Research or Scholarly Study. Unless otherwise agreed in writing by the University and creator, in the event that the University receives income from intellectual property that is derived from academic research or scholarly study, that is disclosed to and licensed or otherwise transferred by the University's technology transfer unit, and that is not agreed in writing to be a specially commissioned work, any net income will be divided as follows:

- (1) 33-1/3% to the creator;
- (2) 33-1/3% to the Office of the Vice President for Research to support the University's technology transfer unit and to support research and scholarly activity at the University;
- (3) 8% to the creator's colleges or schools that supported the creation of the intellectual property; and
- (4) 25-1/3% to the department, division, or center that supported the creation of the intellectual property to be spent in support of the creator's research or other directly related University work.

Subd. 2. Changes to Distribution. Changes to the distribution of income under subdivision 1, paragraphs (3) and (4) may be appropriate if the income to a department, division, or center becomes disproportionate compared to the unit's budget or if there are administrative organizational changes, including movement of the creator among units. Decisions about redistribution of income under such circumstances shall be made by the vice president for research in consultation with the Senate Committee on Research and the deans of the appropriate colleges or schools.

Subd. 3. Other Intellectual Property. If the University receives income from intellectual property disclosed to and licensed or otherwise transferred by the University's technology transfer unit and not covered by subdivisions 1 and 2, it may be appropriate to share some portion of the net income with the creator in the form of a bonus or other temporary salary supplement. Any such distribution will be made in the discretion of the vice president for research in consultation with the creator's supervisor.

SECTION IX. UNIVERSITY RESPONSIBILITIES.

The University shall have the responsibility to:

- (1) provide oversight of intellectual property management and technology transfer,
- (2) establish effective procedures for licensing and patenting intellectual property,
- (3) promote effective distribution and marketing of intellectual property,
- (4) protect the University's intellectual property, and
- (5) inform individuals covered by this policy about its provisions.

SECTION X. RESPONSIBILITIES OF APPLICABLE INDIVIDUALS.

Employees, all persons receiving funding administered by the University or receiving other compensation from the University, and all graduate students and post-doctoral fellows regardless of funding or employment status, have a responsibility to:

- (1) adhere to the principles embodied in this policy;
- (2) sign, when so requested by the University, the University's Intellectual Property Policy Acknowledgment;
- (3) create, retain, and use intellectual property according to the applicable local, state, federal, and international laws and University policies;
- (4) disclose promptly in writing intellectual property owned by the University pursuant to this policy or created pursuant to sponsored research or other contractual arrangements with external parties that are governed by section VI, subdivision 5, and assign title to such intellectual property to the University or its designee to enable the University to satisfy the terms of any applicable funding or contractual arrangement; and
- (5) cooperate with the University in securing and protecting the University's intellectual property, including cooperation in obtaining patent, copyright, or other suitable protection for such intellectual property and in legal actions taken in response to infringement.

SECTION XI COMPLIANCE.

Failure to comply with the provisions of this policy is a violation and may result in discipline of an employee in accordance with applicable University policies and procedures.

- b) Approval of the Consent Report for the Educational Planning & Policy Committee as presented in the docket materials, with highlights listed below:

Approval of new degree programs:

- Bachelor of Biomedical Engineering (BBME) in the Institute of Technology
- Bachelor of Arts in Classical and Near Eastern Archaeology

Senate and Twin Cities Campus Assembly actions:

- Changes to eligibility requirements for Student Senators
- Language changes to conform to conversion to semesters: University Senate
- Language changes to conform to conversion to semesters: Twin Cities Campus Assembly
- Bylaw changes related to enacting or amending Bylaws: University Senate
- Bylaw changes related to enacting or amending Bylaws: Twin Cities Campus Assembly
- Changes to Duluth Campus Assembly Bylaws: Creation of a Campus Athletic Committee, changes in language to conform to semester conversion, and enacting or amending of Bylaws

A motion was made, seconded, and the Board of Regents voted unanimously to approve the recommendations of the Educational Planning & Policy Committee.

O'Keefe reported that the committee received a presentation on University programs, outreach activities, and Regional Sustainable Development Partnerships. The committee also engaged in a discussion of its 1999-2000 Workplan. He noted that Provost Bruininks will take the committee's suggestions and present a revised Workplan at the November meeting.

REPORT OF THE FINANCE & OPERATIONS COMMITTEE

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

- a) Approval of the Consent Report for the Finance & Operations Committee as presented to the committee in the docket materials, with highlights listed below:
- Purchase of goods/services over \$250,000 as described in the docket material.

A motion was made, seconded, and the Board of Regents voted unanimously to approve the recommendation of the Finance & Operations Committee.

Neel reported that the committee also received a report on the financial implications of the federal budget on higher education and reviewed the Capital Budget, the Six-Year Capital Plan and financing strategy. He noted the University's debt rating will be reviewed in November.

REPORT OF THE FACILITIES COMMITTEE

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

- a) Approval of amendments to the FY99 Capital Budget to include an additional \$300,000 for the Swine Research Facilities Project located at the Southern Research and Outreach Center, Waseca and the West Central Research and Outreach Center, Morris
- b) Approval that the appropriate administrative officers are authorized to execute the appropriate documents providing for the following real estate transaction:
 - Acquisition of the LaFave Home, 305 College Avenue, Morris, from the University of Minnesota Foundation.
- c) Approval of the schematic plans for the Gibson-Nagurski Remodeling and Addition Project, Twin Cities Campus and the Plant Growth Facilities Renovation, Replacement and Additions, Twin Cities Campus and the appropriate administrative officers are authorized to proceed with the award of contracts, the development of construction documents, and construction.

A motion was made, seconded, and the Board of Regents voted unanimously to approve the recommendations of the Facilities Committee.

Phillips reported that the committee tabled consideration of a five-year lease with the Duluth Entertainment & Convention Center for UMD Men's and Women's Hockey and asked the UMD administration to return with a renegotiated lease for a shorter period of time or with an escape clause; reviewed design guidelines for the proposed addition to the Law School, Twin Cities Campus; reviewed the University's updated Six-Year Capital Plan for future projects; discussed the committee's 1999-2000 Workplan; and discussed Beautiful U Day, scheduled for October 27-28, 1999.

REPORT OF THE FACULTY, STAFF & STUDENT AFFAIRS COMMITTEE

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

- a) Approval of the Consent Report for the Faculty, Staff & Student Affairs Committee as presented to the committee in the docket materials, with the highlights listed below:
 - Appointment of Dr. Mary Heltsley as Interim Provost of the University of Minnesota, Rochester, effective September 13, 1999.

- b) Approval of the resolution relating to the Collective Bargaining Agreement between the University and Teamsters Local 320, as follows:

WHEREAS, the parties have met and negotiated over the course of the past few months and have reached agreement regarding terms and conditions of employment regarding the employees of this bargaining unit (a complete copy of which is available in the Board of Regents' Office); and

WHEREAS, the Teamsters Local Union 320 have ratified acceptance of the agreement; and

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

NOW, THEREFORE, BE IT RESOLVED, that on the recommendation of the President and the Executive Vice President and Provost, the Board of Regents approves this labor agreement as outlined in the docket for October 7, 1999.

A motion was made, seconded, and the Board of Regents voted unanimously to approve the recommendations of the Faculty, Staff & Student Affairs Committee.

Hogan reported that the committee received a report on enrollment and tuition issues related to the change to semesters; reviewed the proposed Board of Regents Policy: *Principal Investigators*; and discussed the committee's 1999-2000 Workplan. Regent Spence expressed appreciation for the inclusiveness that Regents Hogan and Bohnsack used in developing the workplan, stating it is comprehensive and fits the goals the Board discussed at the retreat.

REPORT OF THE AUDIT COMMITTEE

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

REPORT OF THE LITIGATION REVIEW COMMITTEE

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

The meeting adjourned at 12:40 p.m.



ANN D. CIESLAK
Executive Director and
Corporate Secretary

**UNIVERSITY OF MINNESOTA
BOARD OF REGENTS**

MINUTES

BOARD OF REGENTS MEETINGS

AND

COMMITTEE MEETINGS

**November 11-12, 1999
November 18, 1999**

Office of the Board of Regents

220 Morrill Hall

UNIVERSITY OF MINNESOTA

BOARD OF REGENTS

Minutes of the Board of Regents Meetings
and Committee Meetings

November 11-12, 1999

November 18, 1999

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UNIVERSITY OF MINNESOTA

BOARD OF REGENTS

November 11, 1999

A meeting of the Board of Regents was held on Thursday, November 11, 1999, at 7:31 a.m. in Room 238 Morrill Hall.

Regents present: Patricia Spence, presiding; Anthony Baraga, Robert Bergland, Dallas Bohnsack, William Hogan, David Metzen, H. Bryan Neel, Jessica Phillips, and Maureen Reed. Regent William Peterson participated via telephone.

Staff present: President Mark Yudof; Executive Vice President & Provost Robert Bruininks; Vice President Sandra Gardebring; General Counsel Mark Rotenberg; and Executive Director Ann Cieslak.

Others present: Tonya Brown, William Donohue, Michael Glazier, and Donald Lewis.

A motion was made and seconded that the following resolution be approved:

RESOLVED, that on the recommendation of the President and as provided by Minnesota State Statute 471.705, Subd. 1d(c) and (e) a non-public meeting of the Board of Regents be held on Thursday, November 11, 1999, in the Board Room, 238 Morrill Hall, for the purpose of preliminary consideration of allegations against individuals subject to its authority, and to discuss attorney-client privileged matters.

The Board of Regents voted unanimously to approve the resolution.

The public portion of the meeting adjourned at 7:32 a.m. and the Board of Regents went into non-public session. The non-public meeting relating to the above resolution recessed at 10:10 a.m. until Friday, November 12, 1999 at 7:30 a.m.

The Board of Regents reconvened in public session at 10:11 a.m. and a motion was made and seconded that the following resolution be approved:

RESOLVED, that on the recommendation of the President and as provided by Minnesota State Statute 471.705, Subd. 1d(c), a non-public meeting of the Board of Regents be held on Thursday, November 11, 1999 in the Board Room, 238 Morrill Hall, for the purpose of preliminary consideration of allegations against an individual.

The Board of Regents voted unanimously to approve the resolution.

The meeting adjourned into non-public session at 10:12 a.m.



ANN D. CIESLAK
Executive Director and
Corporate Secretary

UNIVERSITY OF MINNESOTA

BOARD OF REGENTS

Facilities Committee

November 11, 1999

A meeting of the Facilities Committee of the Board of Regents was held on Thursday, November 11, 1999, at 10:45 a.m. in Room 238 Morrill Hall.

Regents present: Jessica Phillips, presiding; Anthony Baraga, Robert Bergland, David Metzen, and Maureen Reed.

Staff present: President Mark Yudof; Chancellors Kathryn Martin and Donald Sargeant; Interim Chancellor Samuel Schuman; Vice President Eric Kruse; and Executive Director Ann Cieslak.

Student Representatives present: Kristen Berning and Sean Dillon.

SCHEMATIC PLANS

Review/Action

Music Performance Laboratory, Duluth Campus

Chancellor Kathryn Martin introduced Cesar Pelli who presented the design of the New Music Performance Laboratory on the Duluth Campus.

In response to a question from Regent Bergland, Dean Robert Bucker stated that the seating capacity is adequate based on the usual size demands of the music department.

In response to a question from Regent Reed, Martin and Vice Chancellor Gregory Fox stated that the site for the proposed building has always been intended for development, and not for green space, and also stated that the current master plan must be revised, since the campus needs three new buildings that do not currently fit within the campus' master plan.

Upon review of the schematic slides, several committee members expressed reservations about the planned roofing material, which has been changed from its original copper to brown asphalt shingles for cost considerations. The regents asked for a cost comparison of various roofing materials. Pelli said he would provide it.

In response to a question from Regent Phillips, Martin said they would like to begin construction in June or July. Regent Baraga mentioned that it was possible to postpone final design specifics since the University does not yet have funding for construction. Martin requested the design be finalized soon to take into account the short building season in Duluth.

Regent Phillips agreed with Vice President Kruse's recommendation to continue with design development and present information on the cost of aesthetic improvements in February.

CAPITAL BUDGET AMENDMENTS
Review/Action

Northrop Memorial Auditorium Stair/Plaza Renovation, Twin Cities Campus

A motion was made and seconded to recommend approval of the following action:

The FY 2000 Capital Budget is increased by \$4,437,000 to incorporate funding for the Northrop Memorial Auditorium Stair/Plaza Restoration Project located on the University's Twin Cities/Minneapolis/East Bank Campus.

Vice President Kruse presented the proposed \$4,437,000 increase to the budget for the Northrop Memorial Auditorium Stair/Plaza Restoration Project, as found in the docket materials.

In response to a question from Regent Reed, Vice President Kruse stated that the original resurfacing project revealed the deterioration of the substructure. He added that the new waterproofing will last approximately 50 years, and the surface will last 25 to 30 years.

In response to a question from Regent Baraga, Vice President Kruse stated that \$3.4 million of the necessary funds are included in the University's bonded funds, and the balance is funded by Parking Services.

The committee voted unanimously to recommend approval of the amendment to the fiscal year 1999 Capital Budget.

Law School Addition, Twin Cities Campus

A motion was made and seconded to recommend approval of the following action:

The FY 2000 Capital Budget is increased by \$500,000 to incorporate funding for the Law School Addition Project located on the University's Twin Cities/Minneapolis/West Bank Campus.

Vice President Kruse presented the proposed \$500,000 increase to the budget for the Law School Addition, as found in the docket materials.

The committee voted unanimously to recommend approval of the amendment to the fiscal year 1999 Capital Budget.

SCHEMATIC PLANS
Review/Action

Northrop Memorial Auditorium Renovation, Twin Cities Campus

2904 Fairmount Street Warehouse Remodeling, Twin Cities Campus

The schematic plans for these two projects were postponed to a future committee meeting, due to time constraints.

Kiehle Building Renewal/Expansion, Crookston Campus

A motion was made and seconded to recommend approval of the following action:

The schematic plans for Kiehle Building Renewal/Expansion are approved and the appropriate administrative officers are authorized to proceed with the award of contracts, the development of construction documents, and construction.

Dewey Thorbeck and Chancellor Sargeant presented the Kiehle Hall renovation project.

The committee voted unanimously to recommend approval of the schematic plans.

REAL ESTATE TRANSACTIONS Action

Five-Year Lease with the Duluth Entertainment & Convention Center for Men's and Women's Hockey

A motion was made and seconded to recommend approval of the following action:

To execute a lease for five years with the Duluth Entertainment and Convention Center Authority for the use of the Duluth Entertainment and Convention Center at 350 Harbor Drive, Duluth, Minnesota, and 225 parking spaces, for UMD men's and women's ice hockey games and practice.

Associate Vice President Terrence O'Connor presented information regarding the lease.

In response to a question from Regent Phillips, Susan Weinberg, Director of Real Estate said that if the women's facility is not built, the women's teams will be able to continue to play in the DECC arena for all five years.

Regent Baraga stated that, although he is normally opposed to five-year leases, provided that the men's hockey program remains off-campus, this is a great lease.

The committee voted unanimously to recommend approval of the lease.

INFORMATION ITEMS

Vice President Kruse introduced Dan Hambrock, the new Associate Vice President. Vice President Kruse reported on Riverbend Commons Project, stating the committee has reviewed the schematic plans for parking, housing, and public spaces. The project has been on a fast track to have the housing available for Fall semester 2000. Ellerbe Becket is the design and engineer of record on this project, and PCL Construction is the construction manager.

The initial cost estimate for "hard costs" was \$64 million. In October, this cost increased to \$80 million, and the project was stopped immediately in order to assess what was happening and to develop a plan to bring it back under budget. Some of the reasons for the cost escalation:

- The construction market is "supercharged" which means that few contractors are available, and the waiting period for those contractors is longer.
- This market has resulted in a lack of competitive bidding for the project in the scheduled time period requested, as many contractors were unable to guarantee that the project would be finished within the requested time period.
- The project acceleration costs (such as overtime and lost productivity time) accounted for nearly half of the \$16 million cost variance.
- In a few instances, the design had crept beyond the available budget.

Kruse noted that, after consulting President Yudof, a decision was made to stop the aggressive construction plan to ensure that the costs and the value of the project are appropriate. The construction documents are being reworked to ensure competitive bidding by contractors throughout the market.

Housing now will be available in Fall 2001, and parking will be available some time before that. Excavation will finish in the middle of December and the footings and foundation package has been awarded, which will start in January. The project will continue with a more traditional "bid-build" process to insure that the work will be done within the available budget and original scope.

The committee members expressed approval of the new project timeline.

In response to a question from Regent Reed regarding the window replacement project, Vice President Kruse said that the list provided in the materials is specific only to the Twin Cities campus, and that an architectural firm will do a comprehensive assessment of all the roofs and windows on all campuses.

Conceptual Framework for Authorization of Facilities

Regent Phillips stated that this topic will be placed on a future agenda to allow sufficient time for discussion.

Regent Baraga expressed concern with the physical condition of the Cancer Center including paint and maintenance. Vice President Kruse stated that the building is older, and that Facilities Management is working on an upgrade plan. Kruse observed that the building is not in the six year Capital Plan for renovation, but that he will provide the committee with the upgrade plan.

The meeting adjourned at noon.



ANN D. CIESLAK
Executive Director and
Corporate Secretary

UNIVERSITY OF MINNESOTA

BOARD OF REGENTS

Faculty, Staff and Student Affairs Committee

November 11, 1999

A meeting of the Faculty, Staff and Student Affairs Committee of the Board of Regents was held on Thursday, November 11, 1999 at 10:45 a.m. in Room 300, Morrill Hall.

Regents present: William Hogan, presiding; Dallas Bohnsack, Bryan Neel, Michael O'Keefe, and Patricia Spence.

Staff present: Interim Chancellor Samuel Schuman, Executive Vice President and Provost Robert Bruininks, Senior Vice President Frank Cerra, Vice Presidents Carol Carrier and Christine Maziar, Executive Director Ann Cieslak, and Associate Vice Presidents Nancy Barcelo and Jane Canney.

Student Representatives: Piyali Nath Dalal and Ma'Lou Sabino .

INFORMATION ITEMS

Executive Vice President and Provost Bruininks reported on a number of items, as presented in the docket materials.

CONSENT REPORT

Executive Vice President and Provost Bruininks recommended the Consent Report, which included the appointment of Dr. William Jacott as a member of the Community Governing Board of the Community-University Health Care Center/Variety Children's Clinic. He noted that Senior Vice President Cerra was present to answer any questions.

The committee voted unanimously to recommend the approval of the Consent Report and the resolution to appoint Dr. William Jacott.

BOARD OF REGENTS POLICY: PRINCIPAL INVESTIGATORS

Executive Vice President and Provost Robert Bruininks introduced Vice President for Research Maziar and noted that the policy was discussed in detail at the October meeting of the committee. The policy has been approved by the Faculty Senate, reviewed by the Office of the General Counsel, and recommended for action by the administration

Key points of the policy are:

- Defines terms related to sponsored support for research and/or training;
- Outlines the eligibility for principal investigator status of faculty and other employee groups;

- Designates the responsibility for determining status of principal investigator;
- Outlines the process for approval of proposals; and,
- Defines the relationship between principal investigators, the University, and sponsored projects.

The committee voted unanimously to recommend approval of the policy as presented in the docket materials.

RESIDENTIAL COLLEGE: BRIEFING, PART I

Due to time constraints, this item was laid over to a future meeting of the committee.

STAFF ISSUES RELATED TO COMPENSATION AND BENEFITS

Vice President Carrier stated that this discussion of staff compensation and benefits is the first of three presentations related to civil service and represented bargaining unit employees. Presentations on recruiting and hiring, and training and development will be on future agendas.

Carrier introduced John Erickson, Director of Compensation, and Robert Fahnhorst, Acting Director of Employee Benefits. Carrier summarized the guiding principles that the Board of Regents supported over the years. These include:

1. Using state and Twin Cities salaries and benefits for market comparisons, since the University recruits locally for staff. The office does track some data from other research universities, particularly regarding benefits.
2. Targeting average salaries to the average salary of the relevant market comparison.
3. Favoring across-the-board wage adjustments. However, the institution increasingly supports efforts to recognize other strategies, such as bonuses and performance pay.

Carrier provided an overview of staff demographics, turnover, and retirement age. A copy of the material is on file in the Board office. Erickson reported that the number of employee classifications is very large and has occurred in part by the reclassification of employees during times when the University did not have a good salary plan. Currently, both the department and the Civil Service Committee are interested in looking at broad-banding, which reduces the number of classifications and broadens them. This provides more flexibility for departments.

Overall, in salaries, employees average about 9% under the marketplace. Erickson observed that when comparing markets one must also review recruiting and retention rates to decide if salary is the most important factor. For example, staff in the scientist classification is paid below market, but there is no problem recruiting and retaining them, because of the draw of working with University professors and the tuition benefit provided to employees.

Fahnhorst presented an overview of staff benefits, noting that in 1998 the benefits were close to the local private and public market. Specifically, medical and dental benefits were at the market rate; retirement and disability benefits were below the market; and vacation benefits exceeded the market. The department is looking to

reorganize the benefits to make them more comparable with the private and public sectors.

Erickson expressed interest in moving to merit pay, which is provided for academic employees. Carrier stated that more training for supervisors is necessary under this model, as well as the need to keep the appraisal and discipline procedures separate. The key to a successful merit pay system is developing a process that is fair and that employees can trust. Regent O'Keefe stated that the University should be looking at the best practices used by other institutions and universities and working to create an environment for employees to excel.

Regent Hogan summarized the four major policy issues - an evaluation system to encourage good performance; too many employee classifications; moving towards paying for performance; and a market approach to determining salaries and benefits. In response to his question, Carrier observed that not all staff agrees on what the market is for salaries and there are differing opinions on merit pay.

Executive Vice President and Provost Bruininks emphasized that the question is not just about a merit system, but how to create overall incentives to build morale. He recommended the committee be provided information about the educational benefits, including estimating its dollar value and participation rate.

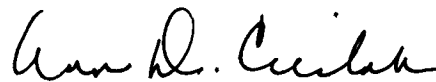
Student Representative Dalal commented that by discussing these issues, the committee lets staff know that they are valued.

Regent Spence stated the need for a better understanding of the "market," if salary decisions are to be based on market comparisons.

COMMITTEE WORKPLAN

The committee briefly reviewed the workplan for the year. Executive Vice President and Provost Bruininks noted that luncheons will be set up with faculty leadership. Regent Spence commented on the fireside chats that President Yudof is having with communities of color and that a report from these meetings will be brought to the Board. Specific issues may be added to the committee's workplan based on this report.

The meeting adjourned at 11:45 a.m.



ANN D. CIESLAK
Executive Director and
Corporate Secretary

UNIVERSITY OF MINNESOTA

BOARD OF REGENTS

Educational Planning & Policy Committee

November 11, 1999

A meeting of the Educational Planning & Policy Committee of the Board of Regents was held on Thursday, November 11, 1999, at 2:00 p.m. in Room 238 Morrill Hall.

Regents present: Michael O'Keefe, presiding; Anthony Baraga, Dallas Bohnsack, Warren Larson, Jessica Phillips, and Patricia Spence.

Staff present: Executive Vice President and Provost Robert Bruininks; Chancellors Kathryn Martin and Donald Sargeant; Interim Chancellor Samuel Schuman; Vice President Christine Maziar; and Executive Director Ann Cieslak.

Student Representatives present: Kristen Berning and Sean Dillon.

CONSENT REPORT

A motion was made and seconded and the committee voted unanimously to recommend approval of the Consent Report, as presented in the docket materials, including:

1) Approval of a collegiate name change from University College to College of Continuing Education.

2) Approval of the following slate of nominees to the Humphrey Institute Advisory Board of Directors, as required by the Board of Regents Policy: *Board Operations and Agenda Guidelines*:

- Duane Benson
- Mary Houghton
- Anthony Lake
- Ted Van Dyk

INFORMATION ITEM

Executive Vice President and Provost Robert Bruininks reminded the committee of the challenges faced by the University in the Fall due to the delay of the upgrade to PeopleSoft 7.6, which was critical for disbursing financial aid and billing tuition. He reported that during the weekend of October 22-24 there was a successful implementation of PeopleSoft financial aid programs, resulting in disbursement of approximately \$25 million in scholarships and grants to 15,000 student accounts across all four campuses.

Bruininks noted that tuition billing and financial aid disbursement should be on a normal schedule for spring 2000. He expressed appreciation to staff members for

their extra efforts to implement the emergency assistance program and the successful upgrade of PeopleSoft.

**THE CENTER OF EXCELLENCE IN BUILDING SCIENCES:
A COOPERATIVE PROGRAM WITH ASPEN RESEARCH
AND PRIVATE PARTNERS**

Regent O'Keefe introduced the discussion regarding The Center of Excellence in Building Sciences (CEBS), stating this is an exciting cooperative and collaborative effort. He noted the proposal raises a number of policy issues that the Board and administration need to address as the University builds working relationships with outside entities.

Executive Vice President and Provost Bruininks introduced Thomas Fisher, Dean of Architecture and Landscape Architecture. He stated the discussion was scheduled to acquaint the committee with the proposed partnership and to get committee input on the following questions:

- What are some of the primary assumptions and standards for establishing collaborative research and development programs with private sector and governmental organizations?
- How can the University administration negotiate partnerships that leverage the University's research and educational enterprise on a timely basis and also protect its broader interests?
- What kind of evaluation criteria, benchmarks, policies, and oversight strategies should be implemented to evaluate prospective partnerships and existing partnerships as they evolve and develop?

Fisher introduced some of the members of the team involved in the development of the proposed partnership, noting that faculty from seven colleges have been involved in the development of this project and the research agenda is the result of their input. He stated this is an unprecedented opportunity for the University and the building industry. He reviewed the CEBS's vision, goals, organizational structure, process flow, funding, and research agenda, noting there is faculty involvement from units across the University. He stated benefits to the University by being the major center for building research in the country include substantial research funding, new facilities, and the intellectual capital generated by CEBS activities. University representatives would hold positions on the CEBS's Board of Directors.

Fisher stated that the University is being asked to endorse the proposed CEBS, to support continued faculty participation in its development, and to lease University land for construction of the CEBS or part of it, with the rest of the facility on non-University land nearby. He noted the University is not being asked to invest in capital or human resources, apart from those faculty and graduate students who are currently, or would be in the future, working there.

Jim Fairman from Aspen Research, which is owned by Andersen Windows, discussed Aspen's applied research and product development activities. He stated the CEBS is envisioned to be a separate non-profit organization, and there will have to be bidding on projects or agreement of all participants.

The committee expressed enthusiasm for the proposed partnership, and engaged in an extensive discussion of potential policy issues. Vice President Maziar stated that research agreements with private industry are negotiated project by project, with emphasis on supporting the University's educational and service missions and

ensuring academic oversight on projects involving graduate students. Maziar used the Natural Resources & Research Institute (NRRRI) at the University of Minnesota, Duluth as an example.

In response to a question from O'Keefe, Maziar stated that the intellectual property policy approved by the Board in October provides that the University owns all intellectual property except when other provisions are made in a research contract. In this case, the University would develop a master agreement to address intellectual property issues for research undertaken in the CEBS by University faculty.

In summary, O'Keefe stated that he will work with the administration to clarify the policy issues related to this type of activity and an agenda item will be scheduled for a future meeting to provide additional opportunity for discussion.

COMMITTEE WORKPLAN

Regent O'Keefe stated the 1999-2000 Committee Workplan is being presented for adoption, and he invited the Student Representatives to comment on the plan.

Student Representatives Berning and Dillon stated that students are interested in enrollment trends and management and Academic Health Center issues to ensure things are going well for students.

A motion was made and seconded and the committee voted unanimously to recommend approval of the 1999-2000 Committee Workplan.

FEDERAL LEGISLATION UPDATE: HIGHER EDUCATION POLICIES

Executive Vice President and Provost Bruininks introduced John Engelen, the University's new Director of Federal Relations, who has had extensive experience in federal relations and joined the University in July.

Engelen provided the committee with an extensive update on the following federal legislation:

- Pending congressional action on research and development funding, and the possible impact of such action on the University's research activities;
- A pending agreement related to funding of graduate medical education, which would be favorable to the University's Academic Health Center (AHC); and
- Federal tax policies.

Engelen stated that the University's federal government relations strategy involves lobbying as part of the higher education community throughout the country on issues of broad interest. There is active participation in development and implementation of strategies.

In response to a question from Regent O'Keefe, Engelen stated that the tobacco settlement funds the University received from the Legislature for the AHC will not affect the amount the University will receive if the pending agreement is enacted.

In response to a question from O'Keefe, Bruininks stated that Engelen plans to work with the administration and faculty to develop a federal relations strategy and

the Board's help is needed to shape the framework and strategic direction and, when appropriate, to take an activist role. He noted the University has not used the talents of the Board in contacts at the federal level in the past.

In summary, O'Keefe concurred with Bruininks' suggestion that the committee should be involved in future discussions. He asked Bruininks to include a report on trends and activities at the federal level in his monthly Information Report.

The meeting adjourned at 3:45 p.m.



ANN D. CIESLAK
Executive Director and
Corporate Secretary

UNIVERSITY OF MINNESOTA
BOARD OF REGENTS
Finance and Operations Committee
November 11, 1999

A meeting of the Finance and Operations Committee of the Board of Regents was held on Thursday, November 11, 1999 at 2:00 p.m. in Room 300, Morrill Hall.

Regents present: Bryan Neel, presiding; Robert Bergland, William Hogan, and Maureen Reed.

Staff present: Chancellor Donald Sargeant, Executive Director Ann Cieslak, Interim Associate Vice President Steven Cawley, and Associate Vice Presidents Terrence O'Connor, and Richard Pfutzenreuter.

Student Representatives present: Elijah Bang and Sean Naslund.

FACULTY INTRODUCTION

Professor Stephen Gudeman, Chair of the Senate Finance and Planning Committee, was introduced to the committee. It was noted that he will attend the committee meetings and provide the faculty perspective as needed.

CONSENT REPORT

Associate Vice President Pfutzenreuter presented the Consent Report for November 1999 as found in the docket materials. Associate Vice President O'Connor reported the following expenditures of greater than \$250,000:

- \$424,875 to Academic Press, Inc. for contract renewal to provide internet access to a collection of 177 journals published by Academic Press, Inc. for University Libraries and 20 other libraries;
- \$474,300 to Online Computer Library Center, Inc. to provide internet access through June 30, 2000 as part of the Minnesota Statewide Database Access Program for Electronic Resources;
- \$320,000 to University Corporation for Advanced Internet Development to connect to the Abilene network, a high performance backbone computer network, a part of the Internet2 project;
- \$440,000 to the University of Chicago Press to extend the contract for one year beginning October, 1999, and add four annual options to renew to continue to provide warehousing, distribution, order processing, accounts receivable, and collection services for the University of Minnesota Press.

In response to a comment from Regent Reed, O'Connor agreed that electronics are expensive and indispensable. He added that electronics might get cheaper over time.

In response to questions from Regents Hogan and Neel, William DeJohn, MINITEX Library Information Network Director, stated that libraries still receive a significant amount of their materials in printed form and that digital materials are only a small part. He added that the University is part of the JSTORE (Journal Storage) Project that is working with publishers to digitize journals that are more than three years old. Other resources, like maps and very old books, which are no longer copyrighted, may be digitized as well.

In response to a question from Regent Bergland, DeJohn stated that he would provide the committee with the cost to digitize a 500-page book.

In response to a question from Student Representative Naslund, the committee was assured that the coordinate campuses would have access to the electronic library data as well.

In response to a question from Hogan, Michelle Prytz, University of Minnesota Press Fiscal Manager, stated that there are no central resources allocated to the department and the press is assessed taxes by central administration. Due to financial constraints, they recently had to cut back on some of the publishing risks they have been willing to take in the past. The department is projected to have a net deficit of \$143,000 this year out of a \$4 million budget.

A motion was made and seconded and the committee voted unanimously to recommend approval of the Consent Report.

FY99 AUDITED FINANCIAL REPORTS

Associate Vice President O'Connor presented the FY99 Audited Financial Reports as found in the docket materials.

In response to a question from Regent Reed, Director J. Peter Zetterberg, Institutional Research and Reporting, stated that the University's balance sheet and financial resources are on par with comparable institutions. Associate Vice President Pfitzenreuter added that staff could provide a more complete comparison when the Annual Financial Report is presented to the Board at the December meeting. Reed stated that the information provided was responsive to her question.

FINANCIAL UPDATE: IMPACT OF SEMESTER CONVERSION ON TUITION REVENUE

Director J. Peter Zetterberg, Institutional Research and Reporting, presented a report on the impact of semester conversion on tuition revenue as found in the docket materials.

Neel expressed his appreciation for the work that Zetterberg and his staff devoted to making the conversion to semesters so successful.

In response to a question from Regent Bergland, Zetterberg stated that there were 15,000 undergraduate applications for entrance to the University for the 1999-00 academic year, which has been increasing steadily over the past five years. He added that, as a result, the standards for admittance have been raised slightly.

In response to a question from Regent Reed, Zetterberg stated that all the campuses gave serious consideration to giving financial incentives to students maintaining full time credit loads. He added that the behavior of students on the four campuses varies greatly, so financial incentives that work on one campus may not

work on another. For example, the Duluth campus considered financial incentives and decided to maintain a flat per credit fee, while the Morris campus has always offered financial incentives to keep credit loads up. However, given the decline in credit loads on the Duluth campus this year, the campus may reconsider offering financial incentives. Zetterberg advised that no changes be made to the tuition structure on the Twin Cities campus for the spring semester or for the next couple of years. The current structure has provided sufficient financial incentives and the students understand it.

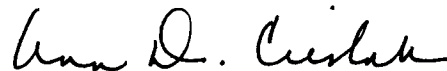
In response to a question from Regent Neel, Zetterberg explained that summer sessions are typically half the length of the regular term with twice the amount of class time per week. Under the quarter system, there were two five-week sessions, however, there is only time for one eight-week session under the semester system. The impact of the conversion to semesters on the summer session is largely unknown. Zetterberg estimated that enrollment levels will be comparable to those under the quarter system.

SEMI-ANNUAL BUDGET UPDATE: OVERVIEW OF CURRENT FISCAL YEAR

Associate Vice President Pfutzenreuter presented an update on the FY 1999-2000 budget as found in the docket materials.

In response to questions from the committee, Pfutzenreuter explained that this budget overview does not include capital budget expenditures. He added that a unit's ending balance is carried forward to the next budget year and allows a unit to plan for that money. The University does not sweep these budget balances, a practice that would likely result in every unit scrambling to spend the money before the budget year ends under the notion of "spend it or lose it."

The meeting adjourned at 3:35 p.m.



ANN D. CIESLAK
Executive Director and
Corporate Secretary

UNIVERSITY OF MINNESOTA

BOARD OF REGENTS

Audit Committee

November 11, 1999

A meeting of the Audit Committee of the Board of Regents was held on Thursday, November 11, 1999 at 4:00 p.m. in Room 300, Morrill Hall.

Regents present: Warren Larson, presiding; Robert Bergland, Bryan Neel, Michael O'Keefe, Jessica Phillips, and Maureen Reed.

Staff present: Executive Vice President and Provost Robert Bruininks; Vice Presidents Frank Cerra and Christine Maziar; Executive Director Ann Cieslak, Interim Associate Vice President Steven Cawley, and Associate Vice Presidents Richard Pfitzenreuter, Gail Klatt, and Terrence O'Connor.

Student Representatives present: Heidi Frederickson and Piyali Nath Dalal

FACULTY INTRODUCTION

Professor Stephen Gudeman, Chair of the Senate Finance and Planning Committee, was introduced to the committee. It was noted that he or another faculty member will attend the committee meetings and provide the faculty perspective as needed.

CAMPUS OPERATIONS PLAN FOR YEAR 2000

Interim Associate Vice President Cawley presented an update on the University's readiness for Year 2000 (Y2K). The update included the Year 2000 Operations Plan to address the period from late December through January.

Cawley stated that the University is well on its way to the end of a very successful Y2K project. Of the 401 technology projects, all are complete except for three that are in the final stages of testing. The three remaining projects should be ready within the next couple of weeks. Cawley also presented the Year 2000 Operational Plan, as found in the docket materials.

In response to a question from Regent O'Keefe, Cawley stated that no nonessential system changes and improvements are being made until after the Y2K issues are resolved.

ADMINISTRATIVE REPORT ON NIH SITE VISIT

Senior Vice President Cerra and Vice President Maziar reported on the National Institutes of Health (NIH) site visit on October 12-15. Maziar stated that the purpose was a fact-finding visit by an 11-members site team. The site team had an opportunity to

observe the grants management system and to meet with senior members of the administration and members of the research administration team. The site team put several members of the research community through a simulation exercise using the new rules. The site team was able to get good information on the implementation of the University's new program. Maziar and Cerra expressed their belief that the NIH visit was both fair and good.

The site team expects to have a written report completed by the end of November. The NIH will review the report and respond to the University by the end of December or early January.

Cerra observed that the site team was well prepared and, while they did not give any indication of their analysis, the team did acknowledge that the University has made professional and financial commitments to conduct grants management properly.

In response to questions from Regents Phillips and O'Keefe, Cerra explained that the NIH may or may not provide the University with an opportunity to review the report before they release the document publicly. He added that the range of NIH responses includes complete removal of the "exceptional status" designation to the designation remaining. If the response is not favorable to the University, there is no appeal. The University would need to meet with NIH, make further changes as required, and undergo another site visit.

ANNUAL EXTERNAL AUDITOR'S REVIEW OF UNIVERSITY FINANCIAL STATEMENT

Associate Vice President O'Connor and Cliff Hoffman, external auditor from Deloitte and Touche, presented the annual external auditor's review of the University Financial Statement, as found in the docket materials.

Regent Larson stated that there are two issues that need to be addressed by the University. The first is targeting what the unrestricted funds will be for next year. The second is developing a plan to improve the process for billing and collecting account receivables. Associate Vice President Pfutzenreuter stated that the Financial Management Group (FMG) has just completed a work plan for next year that includes developing a plan for the collection of accounts receivable. O'Connor added that efforts are being made to improve the process for collecting sponsored grants receivables and a report will be received at the end of November.

In response to a question from Regent O'Keefe, Pfutzenreuter explained that the FMG's workplan also includes a policy for funding depreciation. The FMG's recommendations will come back to the committee at a future date. Hoffman stated that this issue will also be addressed in the Management Letter.

Larson stated that these issues — a policy for funding depreciation and collecting accounts receivable — will need to be added to the committee's work plan.

SEMI-ANNUAL CONTROLLER'S REPORT

Associate Vice President O'Connor presented the Semi-Annual Controller's Report, as found in the docket materials.

In response to questions from Regent Bergland, O'Connor explained that the booster clubs are external to the University and physically off-campus. The clubs, in discussion with the athletic departments, decide how to spend the funds. The majority

of the money must be spent to benefit athletic and academic programs. He added that his office has undertaken oversight of the money coming into the University from the booster clubs to ensure that it is accepted and spent appropriately.

In response to questions from Regent Reed, Executive Vice President and Provost Bruininks stated that gender equity issues related to the booster clubs should probably be answered by the general counsel's office. He doubted that the amount of money raised by the booster clubs is significant enough to raise gender equity issues. Associate Vice President Klatt added that the gender equity impact statement would identify any booster club expenditures sizeable enough to make an impact.

In response to a question from Regent Reed, Bruininks explained that the new grants management system instructs the user when they try to input an unallowable expense. Collecting the money after the fact is also a problem. The key is to distribute bills in a timely fashion and have better financial oversight at the local level.

COMMITTEE WORKPLAN

Regent Larson presented a draft committee work plan for the next year as found in the docket materials. The draft plan was constructed with input from the Vice Chair, Regent Bergland, faculty members, and students. In addition, Associate Vice President Klatt gathered information from other institutions. Klatt then ranked the list based on the policy issues being addressed.

Larson requested that members review the draft plan and provide feedback on additions and deletions to the plan. He noted that the plan is ambitious and asked that members prioritize the issues that need to be addressed over the next year. The plan will be discussed at the next committee meeting.

The meeting adjourned at 5:00 p.m.



ANN D. CIESLAK
Executive Director and
Corporate Secretary

UNIVERSITY OF MINNESOTA

BOARD OF REGENTS

Litigation Review Committee

November 11, 1999

A meeting of the Litigation Review Committee of the Board of Regents was held on Thursday, November 11, 1999, at 4:03 p.m. in Room 325, Morrill Hall.

Regents present: William Peterson, presiding (via telephone); David Metzen, and Patricia Spence.

Staff present: President Mark Yudof; Vice President Eric Kruse; General Counsel Mark Rotenberg; and Executive Director Ann Cieslak.

Others present: Mark Bohnhorst, William Donohue, Sandra Martell, and Jim Sebesta.

**RESOLUTION TO CONDUCT NON-PUBLIC MEETING
OF THE LITIGATION REVIEW COMMITTEE**

A motion was made and seconded that the following resolution be approved:

RESOLVED, that on the recommendation of the President and as provided by Minnesota State Statute 471.705, Subd. 1d, a non-public meeting of the Board of Regents' Litigation Review Committee be held on Thursday, November 11, 1999 in 325 Morrill Hall, for the purpose of discussing attorney-client privileged matters.

The committee voted unanimously to approve the resolution.

The public portion of the meeting adjourned at 4:04 p.m. and the non-public portion of the meeting adjourned at 4:58 p.m.



ANN D. CIESLAK
Executive Director and
Corporate Secretary

UNIVERSITY OF MINNESOTA

BOARD OF REGENTS

November 12, 1999

A meeting of the Board of Regents was reconvened on Friday, November 12, 1999, at 7:30 a.m. in Room 238 Morrill Hall.

Regents present: Patricia Spence, presiding; Anthony Baraga, Robert Bergland, Dallas Bohnsack, William Hogan, Warren Larson, David Metzen, H. Bryan Neel, Jessica Phillips, and Maureen Reed. Regent William Peterson participated via telephone.

Staff present: President Mark Yudof; Executive Vice President & Provost Robert Bruininks; Vice President Sandra Gardebring; General Counsel Mark Rotenberg; Executive Director Ann Cieslak; and Associate Vice President Gail Klatt.

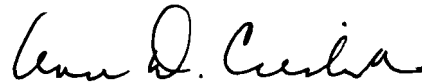
Others present: Tonya Brown and William Donohue.

A motion was made and seconded that the following resolution be approved:

RESOLVED, that on the recommendation of the President and as provided by Minnesota State Statute 471.705, Subd. 1d(c) and (e) a non-public meeting of the Board of Regents be held on Friday, November 12, 1999, in the Board Room, 238 Morrill Hall, for the purpose of preliminary consideration of allegations against individuals subject to its authority, and to discuss attorney-client privileged matters.

The Board of Regents voted unanimously to approve the resolution.

The meeting adjourned into non-public session at 7:32 a.m.



ANN D. CIESLAK
Executive Director and
Corporate Secretary

UNIVERSITY OF MINNESOTA

BOARD OF REGENTS

November 12, 1999

A meeting of the Board of Regents of the University of Minnesota was held on Friday, November 12, 1999, at 9:44 a.m. in Room 238 Morrill Hall.

Regents present: Patricia Spence, presiding; Anthony Baraga, Robert Bergland, Dallas Bohnsack, William Hogan, Warren Larson, David Metzen, H. Bryan Neel, Michael O'Keefe, Jessica Phillips, and Maureen Reed.

Staff present: President Mark Yudof; Executive Vice President and Provost Robert Bruininks; Senior Vice President Frank Cerra; Vice Presidents McKinley Boston, Carol Carrier, Sandra Gardebring, Eric Kruse, and Christine Maziar; General Counsel Mark Rotenberg; Executive Director Ann Cieslak; Associate Vice Presidents Jane Canney, Gerald Fischer, Gail Klatt, Terry O'Connor, and Richard Pfitzenreuter.

APPROVAL OF MINUTES

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

Board of Regents - October 6, 1999
Facilities Committee - October 7, 1999
Faculty, Staff & Student Affairs Committee - October 7, 1999
Educational Planning & Policy Committee - October 7, 1999
Finance & Operations Committee - October 7, 1999
Board of Regents - October 8, 1999

RECOGNITION & INTRODUCTION OF CIVIL SERVICE COMMITTEE MEMBERS

Vice President Carrier acknowledged the efforts of the Civil Service Committee. She recognized outgoing Civil Service Committee members George Hoh, Debra Melander, Lynn Schulz, V. Lorraine Haley, and Patricia Rouse. Special recognition was given to Mary Jane Towle for her outstanding leadership as chair during the past year.

Stephanie Dilworth, current chair of the Civil Service Committee, introduced the 1999-00 Civil Service Committee members present at the meeting. New members joining the committee are Craig Atkinson, Dana Langseth, and Carla Volkman Lien.

REPORT OF THE PRESIDENT

President Yudof presented his monthly report to the Board. He commented briefly on meetings that he has participated in during the past month relating to fundraising and a speech he recently gave in Chicago before the Education Law Association regarding freedom of the press. Yudof also reported that the University of Minnesota women's soccer team advanced to the second round of the NCAA championship. He congratulated the team on its performance.

REPORT OF THE CHAIR

Chair Spence presented her monthly report to the Board. She thanked all of the staff and volunteers who helped to kick-off the capital campaign. She stated that the events surrounding the kick-off exemplified the excitement of the campaign and the effort to enhance the University through private fundraising. She reported that Executive Director Cieslak and she recently toured the Crookston campus and had a wonderful visit with faculty, staff, and students.

Spence noted that workplans for the committees and the Board of Regents are complete and she recognized the efforts of the committee chairs, vice chairs, and administrative staff in accomplishing this task. She stated the Board as a whole will deal with:

- The University's role in economic development.
- The University's role in responding to the agricultural crisis.
- Assist the administration in developing a strategic plan for the future of the Academic Health Center.
- Intercollegiate Athletics
- Delegation of Authority Policy

She also noted that the President's workplan was recently reviewed and accepted by the Board. Copies of the President's workplan are available in the Board office.

Spence also noted that Regent Metzen was recently inducted into the University of Minnesota Athletics Hall of Fame.

REPORT OF THE ALL-UNIVERSITY HONORS COMMITTEE

A motion was made and seconded and the Board of Regents voted unanimously to approve the Report of the All-University Honors Committee. Information is filed with the docket materials in the Board Office.

QUARTERLY SUMMARY OF EXPENDITURES

A motion was made and seconded and the Board of Regents voted unanimously to approve the Summaries of Expenditures for the period July 1, 1999 to September 30, 1999 for the Board of Regents Office, the Office of the President, and Eastcliff Maintenance.

ANNUAL UNIVERSITY OF MINNESOTA FOUNDATION REPORT

Douglas W. Leatherdale and Gerald Fischer, Chair and President of the University of Minnesota Foundation (UMF), respectively, presented the UMF's annual report.

Leatherdale made introductory remarks stating that it is a pleasure for him to serve as chair of one of the finest boards of trustees in Minnesota. He assured the Board that every trustee of the University of Minnesota Foundation and the Minnesota Medical Foundation is deeply devoted to building the excellence of the University by cultivating, soliciting, managing, investing, and providing stewardship for the increasing amounts of the University's private financial resources.

Fischer reported that the University of Minnesota achieved another exceptional year of fundraising results. Total gift production for FY99 was \$135 million. As a result of new gifts and strong investment performance, the University's combined endowment rose to \$1.5 billion as of June 30, 1999 compared to \$1.3 billion in 1998. The UMF endowment grew 10.7 percent to \$620 million.

Fischer reported that Campaign Minnesota was publicly launched on October 21, 1999 with a goal of raising \$1.3 billion by 2003 to ensure the continued preeminence of the University of Minnesota in the 21st century. The campaign goal is to raise \$540 million in endowments focused on faculty distinction, student success, and strategic opportunities. An additional \$760 million will be raised for ongoing program support, including funds for research, libraries, new facilities, and service and outreach. He noted that thus far 48% of the goal has been raised in 42% of the time designated for Campaign Minnesota.

A copy of Fischer's presentation is on file with the docket materials in the Board Office.

ACADEMIC HEALTH CENTER COMMITTEE

Senior Vice President Cerra provided information regarding the establishment of the Academic Health Center Committee recently appointed by Chair Spence to assist the Academic Health Center (AHC) with policy issues in developing its comprehensive strategic plan. The committee is comprised of Regents Baraga, Larson, Neel and Reed. The first meeting of the committee has been scheduled for Wednesday, December 8, 1999.

Cerra provided information in the docket material regarding the future of the University's AHC and the challenges facing its development.

RESOLUTION: BEVERAGE SERVICE IN NORTHROP AUDITORIUM

Vice Presidents Gardebring and Kruse presented information on a proposed one-year exemption to the Board of Regents Policy: *Alcoholic Beverages* for the purpose of allowing alcoholic beverage service for selected performances at Northrop Auditorium.

Vice President Kruse reported that Northrop Auditorium is going to require a major renovation in order to continue to fulfill its role on the Twin Cities campus. In order to fund the renovation, revenue generated by the facility must increase. The lack of beverage service has put Northrop at a competitive disadvantage in the marketplace in which it competes. It is hoped that expansion of beverage and food service will create an inviting opportunity for the wider public to enjoy the campus. Kruse reported that the University would work with the neighborhood groups to address any concerns that may arise from this change in service.

Information describing the proposed beverage service policies, service and security providers, and monitoring and communication for Northrop Auditorium events was provided in the docket material.

Vice President Gardebring reported that she has consulted with internal and external groups about this policy change. There have been both expressions of concern and support that have come from the meetings, but overall the general consensus has been one of support. Concerns were raised regarding responsible alcohol use and the inability to control access to underage patrons. It was reported that proper age identification will be required to purchase alcoholic beverages, the number of alcoholic

beverages served to any one customer per transaction will be limited, and Northrop staff members will receive alcohol-awareness training.

President Yudof stated that he supports the proposed change indicating that Northrop is a wonderful facility to bring cultural events to the University. However, if it is to be successful, it will need to be renovated in order to compete with similar venues.

Heidi Frederickson, Student Representative Chair, stated that the student representatives have reviewed this issue and are in support of the resolution. She stated that concerns were raised because alcohol abuse is a major issue that the University is currently addressing. After discussing the issue at length, the student representatives agreed to support the resolution with the request that the students on the Twin Cities campus be made aware of the reasons why the policy change is being made and how it will benefit the University.

The following resolution was presented for approval:

WHEREAS, Northrop Auditorium has long served as the central, monumental gathering space for the University of Minnesota Twin Cities campus; and

WHEREAS, events at Northrop Auditorium include academic, cultural, and entertainment programming; and

WHEREAS, the University is interested in bringing more entertainment opportunities to campus, and must offer broad and balanced programming to a diverse community; and

WHEREAS, competition for entertainment programming at Northrop has been at a distinct disadvantage in the marketplace due to the lack of amenities, such as the sale of alcoholic beverages, that the wider public has come to expect at such events; and

WHEREAS, the University is committed to policies guiding the safe and responsible consumption of alcohol,

NOW, THEREFORE, BE IT RESOLVED that the Board of Regents of the University of Minnesota approves a one-year exemption to the Board of Regents policy, *Alcoholic Beverages on Campus* to allow alcoholic beverage sales at Northrop Auditorium in conjunction with entertainment events. In preparation for the end of the exemption period, the vice president for University Services will conduct a comprehensive review of the financial and campus life impact of this exemption, and, with favorable results, will approve a permanent exemption.

A motion was made and seconded to approve the resolution.

Regents Baraga and Larson expressed concern over the proposed change in policy, both indicating that they would not support the resolution because it sends the wrong message to students at a time when the University is addressing alcohol abuse by students on campus. Several regents spoke in favor of the resolution indicating that they agree that abuse of alcohol is indeed a serious issue on campus, however, this may

be an avenue to show students how alcohol can be consumed in an appropriate and responsible manner.

Regent O'Keefe expressed support for the resolution. He stated that he would trust that the beverage service policies regulating and controlling the use of the alcohol would be vigorously enforced. He would request, if the resolution is passed, that as the experiment proceeds the indicators of overall alcohol use on the campus be monitored to determine whether there has been an impact on alcohol use because of the change. He added that it might also be instructive to find out what policies other institutions around the country have regarding alcohol use on campus. O'Keefe stated that he would request that the Board be apprised at a future meeting regarding the University's overall strategies for reducing alcohol abuse on campus.

In answer to a question from Regent Bergland, Kruse reported that he could end the exemption at any time if it is determined that the change in the policy is a mistake.

The Board of Regents voted by a majority of 7 to 3 to approve the resolution relating to a one-year exemption to the Board of Regents Policy: *Alcoholic Beverages* with Regents Baraga, Larson, and Neel voting against the resolution.

SIX-YEAR CAPITAL IMPROVEMENT PLAN

Associate Vice President Pfutzenreuter presented the Six-Year Capital Improvement Plan. It was noted in the docket materials that the Board reviewed the conceptual framework for development of the plan in September. In October, the Facilities Committee received an update on the list of projects included in the plan and the Finance and Operations Committee received an update on the financial framework to support the plan.

It was also noted that typically the plan would be presented to the Board at the same time the annual operating budget is presented in the spring. However, due to the significant amount of projects needing evaluation and the need to assure a realistic and attainable financial framework for the plan, the administration recommended that the capital plan be submitted to the Board in the fall. It is anticipated that submission of subsequent capital plans will revert to the traditional spring timeframe.

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

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

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

WHEREAS, Board of Regents policy requires the administration to develop a rolling 6-year capital plan to be reviewed and approved by the Board of Regents on an annual basis.

NOW, THEREFORE, BE IT RESOLVED that the Board of Regents approves the University's all-funds 6-year capital plan of \$602.7 million. This plan includes State capital requests of \$391.8 million in the 2000, 2002 and 2004 legislative sessions as well as University issued debt of \$79.5 million, and a targeted \$131.4 million in fundraising and local unit funding.

The Board of Regents voted unanimously to approve the resolution relating to the University of Minnesota's 6-Year Capital Plan.

**RECEIVE AND FILE REPORTS:
QUARTERLY REPORT OF CONTRACT AND GRANT ACTIVITY**

Chair Spence noted the receipt and filing of the Quarterly Report of Contract and Grant Activity.

GIFTS

Associate Vice President Fischer presented the list of gifts received through September 1999 to benefit the University of Minnesota, as noted in the docket material and on file in the Board Office.

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

REPORT OF THE EDUCATIONAL PLANNING & POLICY COMMITTEE

Regent O'Keefe, Chair of the committee, reported that the committee voted unanimously to recommend:

- a) Approval of the Consent Report for the Educational Planning & Policy Committee as presented in the docket materials, with highlights listed below:
 - Approval of name change:
University College to College of Continuing Education
 - Approval of the appointment of the following to the Humphrey Institute of Public Affairs Advisory Board of Directors: Duane Benson, Mary Houghton, Anthony Lake, and Ted Van Dyk.

A motion was made, seconded, and the Board of Regents voted unanimously to approve the recommendation of the Educational Planning & Policy Committee.

O'Keefe reported that the committee received a federal legislation update relating to higher education policies; reviewed information relating to The Center of Excellence in Building Sciences and cooperative programs with Aspen Research, governmental, and private partners; reviewed the committee's 1999-2000 workplan; and reviewed a number of information items.

REPORT OF THE FINANCE & OPERATIONS COMMITTEE

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

- a) Approval of the Consent Report for the Finance & Operations Committee as presented to the committee in the docket materials, with highlights listed below:

- Purchase of goods/services over \$250,000 as described in the docket material.

A motion was made, seconded, and the Board of Regents voted unanimously to approve the recommendation of the Finance & Operations Committee.

Neel reported that the committee was also provided with a quarterly review of the FY99 audited financial reports; received a semi-annual FY00 budget update; and received a financial update on the impact of semester conversion on tuition revenue.

REPORT OF THE FACILITIES COMMITTEE

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

- a) Approval of an amendment to the FY00 Capital Budget for \$4,437,000 to incorporate funding for the Northrop Memorial Auditorium Stair/Plaza Restoration Project located on the University's Twin Cities/Minneapolis/East Bank campus.
- b) Approval of an amendment to the FY00 Capital Budget for \$500,000 to incorporate funding for the Law School Addition Project located on the University's Twin Cities/Minneapolis/West Bank campus.
- c) Approval of the schematic plans for Kiehle Building Renewal/Expansion and the appropriate administrative officers are authorized to proceed with the award of contracts, the development of construction documents, and construction.
- d) Approval to execute a lease for five years with the Duluth Entertainment and Convention Center Authority for the use of the Duluth Entertainment and Convention Center at 350 Harbor Drive, Duluth, Minnesota, and 225 parking spaces, for UMD men's and women's ice hockey games and practice.

A motion was made, seconded, and the Board of Regents voted unanimously to approve the recommendations of the Facilities Committee.

Phillips reported that the committee reviewed schematic plans for the Music Performance Laboratory on the Duluth campus and stated that due to concerns expressed at the meeting, action was delayed on the plans until the February 2000 Board meeting. She reported that a number of information items were also reviewed at the meeting.

Due to time constraints, several items were delayed. Phillips reported that the committee would like to act on two of the items before the December meeting of the Board. Regent Larson moved the following resolution:

That the Facilities Committee be authorized to act on behalf of the Board to take action on the schematic plans for the Northrop Memorial Auditorium stair and plaza renovation and the remodeling of 2904 Fairmount. This authorization is effective until December 1, 1999.

The motion was seconded and the Board of Regents voted unanimously to approve the resolution.

REPORT OF THE FACULTY, STAFF & STUDENT AFFAIRS COMMITTEE

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

- a) Approval of the Consent Report for the Faculty, Staff & Student Affairs Committee as presented to the committee in the docket materials, with the highlights listed below:
 - Resolution authorizing the appointment of Dr. William Jacott as a member of the Community Governing Board of the Community-University Health Care Center/Variety Children's Clinic, as follows:

WHEREAS, certain members of the Community Governing Board of the Community-University Health Care Center/Variety Children's Clinic are appointed by the Regents upon recommendation of the Senior Vice President for Health Sciences; and

WHEREAS, a vacancy on the Community Governing Board has occurred; the Senior Vice President for Health Sciences has recommended the appointment of Dr. William E. Jacott to fill the vacancy, and Dr. Jacott has agreed to serve.

NOW, THEREFORE, BE IT RESOLVED that Dr. William Jacott is hereby appointed to a term of three (3) years as a member of the Community Governing Board of the Community-University Health Care Center/Variety Children's Clinic.

- b) Adoption of the Board of Regents Policy: *Principal Investigator Eligibility on Sponsored Projects*, as follows:

PRINCIPAL INVESTIGATOR ELIGIBILITY ON SPONSORED PROJECTS

SECTION I. PURPOSE

University of Minnesota faculty on regular appointments are expected to contribute to the University's research, teaching and outreach mission. The following policy has been developed to provide guidance to department and collegiate officials in reviewing research and/or training applications to be submitted for sponsored support. Units may develop additional or more restrictive standards regarding this matter; however, the minimum standards of this policy must be incorporated into department or collegiate policies and procedures.

SECTION II. DEFINITIONS

Subd. 1. Principal Investigator. "Principal investigator" means the individual primarily responsible for and in charge of a sponsored project.

Subd. 2. Professional and Administrative Employees. "Professional and administrative staff" means an employee

whose primary position at the University is classified within the 93XX, 96XX, or 97XX series.

Subd. 3. Regular Faculty. "Regular faculty" means a faculty member with a tenure or probationary appointment.

Subd. 4. Sponsored Project. "Sponsored project" means a project funded with grants, contracts, and cooperative agreements, including but not limited to training, public service, research and cooperative projects.

Subd. 5. Term Faculty. "Term faculty" means a faculty member with an appointment for a specified length of time.

SECTION III. ELIGIBILITY FOR PRINCIPAL INVESTIGATOR STATUS

Subd. 1. Regular and Emeriti Faculty. Faculty who hold regular appointments, including emeriti, are automatically eligible to serve as principal investigators, subject to the terms of this policy.

Subd. 2. Term Faculty and Professional and Administrative Staff. Term and non-regular faculty, and other academic employees (such as P & A employees) are eligible to serve as principal or co-investigators on research grants and contracts and other sponsored projects upon approval by the department head and/or the dean of the unit in which the individual is employee according to policies established by the unit.

Subd. 3. Other Academic Employees. Individuals holding "graduate student/professional training" academic appointments are eligible to serve as principal investigators on sponsored projects that the funding agency has specified as programs for which students are eligible. Applications in this category must receive the approval of the department head and/or the dean of the college or school in which the student is registered. The department head and/or the dean must inform the applicant that his or her position as principal investigator in no way affects his or her status as a student, nor does it commit the University to any future employment.

Subd. 4. Non-Academic Employees. In unusual circumstances, employees holding non-academic titles may serve as principal investigators, subject to approval by the department head and/or the dean of the unit in which the individual is employed.

Subd. 5. Eligibility Criteria Stipulated by Funding Source. Some funding sources stipulate the criteria for principal investigators for their grants. Those criteria can be followed to the extent they are compatible with the University's criteria.

Subd. 6. Principal Investigator Roles and Responsibilities. Principal investigator roles and responsibilities are listed in the "Roles and responsibilities" section of the Vice President for Research's website at <http://www.research.umn.edu/research.html>.

SECTION IV. DETERMINATION OF PRINCIPAL INVESTIGATOR STATUS

The responsibility for determining the status of an individual as principal investigator rests with the department head or the dean who must exercise appropriate judgment regarding the individual's capability to provide the scientific/technical leadership and administrative and financial management of the project. These must be the primary criteria for the determination of principal investigator status.

SECTION V. APPROVAL OF PROPOSALS

Subd. 1. Approval of Proposals by Department Heads, Deans, and Sponsored Projects Administration. Responsibility for the approval for all research and training project proposals rests with department heads, deans or comparable University officers, and ultimately the Sponsored Projects Administration (SPA). The SPA will not forward any application for sponsored support without the approval of the appropriate department head(s) and dean(s).

Subd. 2. Factors Considered in Approving Proposals. At least three factors enter into the decision of department heads and deans when approving or disapproving the Proposal. The proposer must have Principal Investigator status and in addition, there must be space to house the project and resources available to conduct and complete the project.

Subd. 3. Principal Investigator Training Required. Principal investigators must have completed all required training before any award documents will be released by the SPA.

SECTION VI. RELATIONSHIPS BETWEEN PRINCIPAL INVESTIGATOR, THE UNIVERSITY AND THE SPONSORED PROJECT.

Subd. 1. Grants and Contracts Awarded to the University. Grants and contracts for sponsored research and training projects are awarded to the University of Minnesota, rather than to individual investigators. Should the principal investigator, of whatever title, leave the University prior to completion of the project, the future of that project shall be governed by the terms of that contract/grant agreement, the wishes of the sponsor, or negotiations among the sponsor, the University, and the principal investigator, as is appropriate in the specific circumstances.

Subd. 2. Relationship of the Principal Investigator to the University. The relationship of principal investigator to the University is governed by the appointment document. The approval of individuals as principal investigators or co-investigators in no way affects the rights, claims, and duties of such persons as may be specified in the tenure code or elsewhere. In particular, responsibilities as principal investigator or co-investigator do not imply any commitment on the part of the

University of Minnesota to any subsequent appointment beyond the term of appointment then in effect.

Subd. 3 Affirmative Action/Equal Opportunity Provision.

Appropriate affirmative action/equal opportunity policies and procedures apply to hiring non-regular or term academic and non-academic staff on sponsored research and training projects. Regardless of the availability or presumed availability of sponsored support, staff may not be hired independent of appropriate affirmative action policies and procedures.

Subd. 4. Rescinding Principal Investigator Status. An individual's status as a principal investigator may be rescinded for just cause, but the individual may appeal the decision in accord with applicable University policies and procedures.

A motion was made, seconded, and the Board of Regents voted unanimously to approve the recommendations of the Faculty, Staff & Student Affairs Committee.

Bohnsack reported that the committee reviewed information relating to staff issues regarding compensation and benefits; reviewed the committee's workplan for FY00; and reviewed a number of information items.

Due to time constraints the agenda item relating to a briefing on Residential College was delayed.

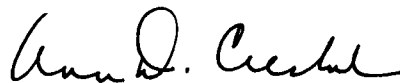
REPORT OF THE AUDIT COMMITTEE

Regent Larson, Chair of the committee, reported that the committee reviewed the Campus Operations Plan for Year 2000; received an administrative report on the NIH site visit; reviewed information on the annual external auditor's review of the University Financial Statement; received a semiannual controller's report; and reviewed the committee's workplan for FY00.

REPORT OF THE LITIGATION REVIEW COMMITTEE

Regent Metzen, Vice Chair of the committee, reported that the committee met on November 11, 1999 to discuss attorney-client privileged matters and there were no actions taken at the meeting.

The meeting adjourned at 11:43 a.m.



ANN D. CIESLAK
Executive Director and
Corporate Secretary

Year 1999-00

UNIVERSITY OF MINNESOTA

BOARD OF REGENTS

Facilities Committee

November 18, 1999

A meeting of the Facilities Committee of the Board of Regents was held on Thursday, November 18, 1999, at 4:00 p.m. in Room 238 Morrill Hall.

Regents present: Jessica Phillips, presiding; David Metzen, and Maureen Reed. Regents Robert Bergland and William Peterson participated by telephone.

Staff present: Vice President Eric Kruse and Executive Director Ann Cieslak.

Student Representatives present: Kristen Berning and Piyali Nath Dalal.

SCHEMATIC PLANS

Northrop Memorial Auditorium Stair and Plaza Renovation, Twin Cities

A motion was made and seconded to recommend approval of the following action:

The schematic plans for Northrop Memorial Auditorium stair and plaza renovation are approved and the appropriate administrative officers are authorized to proceed with the award of contracts, the development of construction documents, and construction.

Vice President Kruse presented the schematic plans for the Northrop Memorial Auditorium stair and plaza renovation project, as found in the docket materials.

In response to a question from Regent Peterson, Davis Campbell, design consultant from INSPEC, Inc., stated that the stairway support beams in question have been checked by the INSPEC structural engineer and they appear to be sound. He added that, if the need for further repairs becomes evident, they will be completed within the cost estimates that INSPEC has submitted.

In response to a question from Regent Phillips, Kruse said the lifespan of the structure will be from fifty to one hundred years, the waterproofing should last from forty to fifty years, and the top surface will have at least a thirty-year lifespan.

In response to a question from Regent Peterson, Campbell stated that the sand above the garage roof will be replaced by a post-tension slab.

The committee voted unanimously to recommend approval of the schematic plans.

2904 Fairmount Street Renovation

A motion was made and seconded to recommend approval of the following action:

The schematic plans for the renovation of the building at 2904 Fairmount Street are approved and the appropriate administrative officers are authorized to proceed with the award of contracts, the development of construction documents, and construction.

Vice President Kruse presented the schematic plans for the renovation of the building at 2904 Fairmount Street, as found in the docket materials.

In response to a question from Regent Phillips, Kruse stated that many of the groups which are slated to move to the facility have already done so, and that the final relocation of the remaining groups will be beneficial.

In response to a question from Regent Peterson, Kruse stated that he would investigate the possibility of doing this project in-house and inform the committee of the results.

The committee voted unanimously to recommend approval of the schematic plans.

REAL ESTATE TRANSACTIONS Review

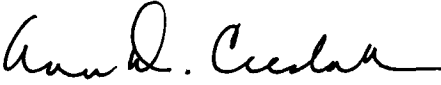
Lease for Minnesota Technology Center, 1100 Washington Avenue South, Minneapolis

Susan Weinberg, Director of Real Estate, presented a proposal for a five-year extension of the lease for the second floor of the Minnesota Technology Center as found in the docket materials.

Reacquisition of Approximately 200 Acres at Rosemount Research Center from Dakota County

Susan Weinberg presented the materials as found in the docket materials.

The meeting adjourned at 4:30 p.m.


ANN D. CIESLAK
Executive Director and
Corporate Secretary

UNIVERSITY OF MINNESOTA

BOARD OF REGENTS

November 18, 1999

A meeting of the Board of Regents was held on Thursday, November 18, 1999, at 4:31 p.m. in Room 238 Morrill Hall.

Regents present: Patricia Spence, presiding; Dallas Bohnsack, William Hogan, Warren Larson, David Metzen, Jessica Phillips, and Maureen Reed. Regents Anthony Baraga, Robert Bergland, and William Peterson participated via telephone.

Staff present: President Mark Yudof; Executive Vice President & Provost Robert Bruininks; Vice President Sandra Gardebring; General Counsel Mark Rotenberg; and Executive Director Ann Cieslak.

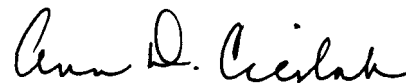
Others present: Tonya Brown and William Donohue.

A motion was made and seconded that the following resolution be approved:

RESOLVED, that on the recommendation of the President and as provided by Minnesota State Statute 471.705, Subd. 1d(c) and (e) a non-public meeting of the Board of Regents be held on Thursday, November 18, 1999, in the Board Room, 238 Morrill Hall, for the purpose of preliminary consideration of allegations against individuals subject to its authority, and to discuss attorney-client privileged matters.

The Board of Regents voted unanimously to approve the resolution.

The meeting adjourned into non-public session at 4:32 p.m.



ANN D. CIESLAK
Executive Director and
Corporate Secretary