

**UNIVERSITY OF MINNESOTA  
BOARD OF REGENTS**

**MINUTES**

**BOARD OF REGENTS MEETINGS**

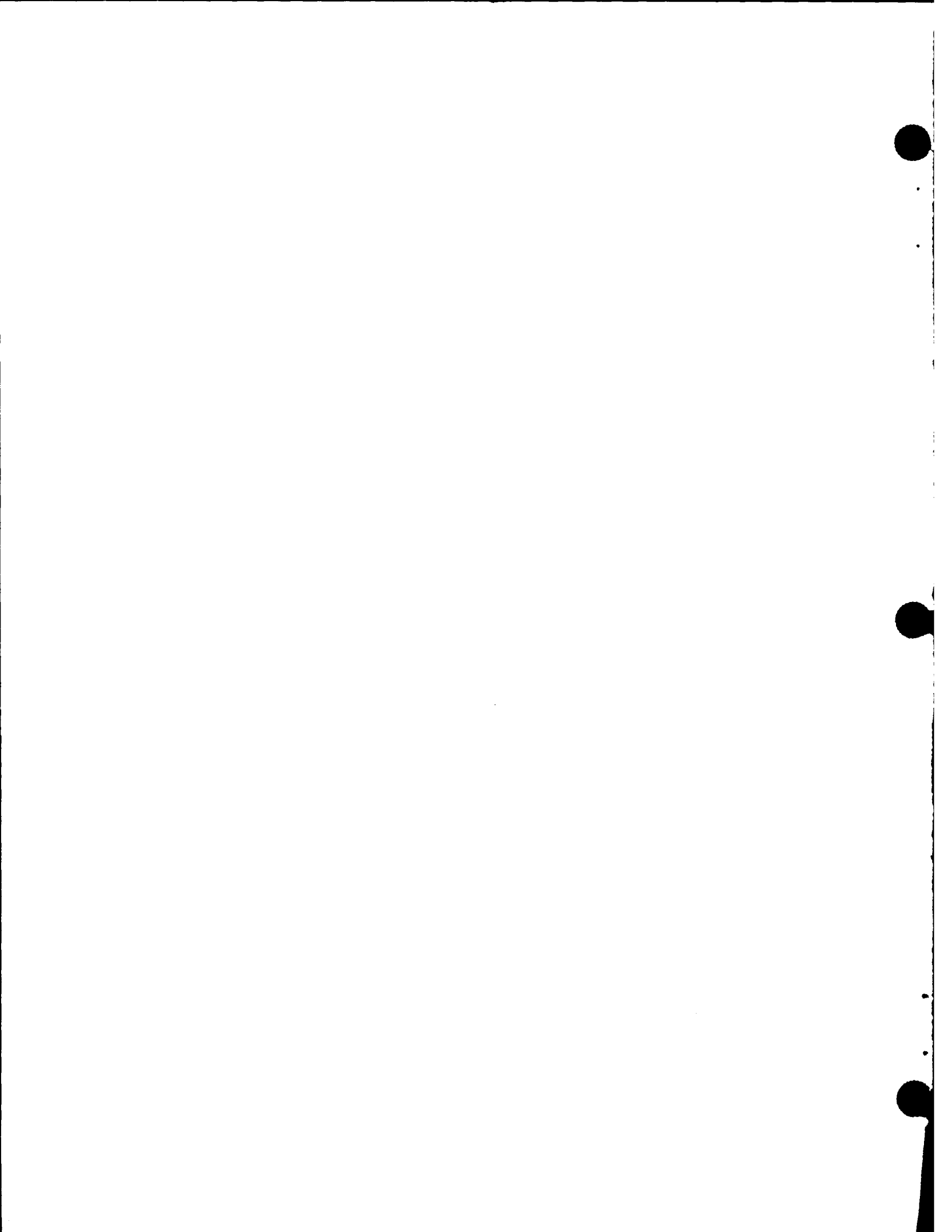
**AND**

**COMMITTEE MEETINGS**

**July 8-10, 1998  
August 13, 1998**

**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

July 8-10, 1998  
August 13, 1998

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**UNIVERSITY OF MINNESOTA**  
**BOARD OF REGENTS**  
**Litigation Review Committee**  
**July 8, 1998**

A meeting of the Litigation Review Committee of the Board of Regents was held on Wednesday, July 8, 1998, at 3:35 p.m. in Room 325, Morrill Hall.

Regents present: William Peterson, presiding; and Patricia Spence. Jessica Phillips participated via telephone.

Staff present: President Mark Yudof; Senior Vice President Frank Cerra; Vice President Christine Maziar; General Counsel Mark Rotenberg; Executive Director Steven Bosacker; and Associate Vice President Richard Pfitzenreuter.

Others present: Tonya Moten Brown, William Donohue, and Laurie Gildea.

**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 Wednesday, July 8, 1998, 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 3:36 p.m.



**STEVEN BOSACKER**  
**Executive Director and**  
**Corporate Secretary**

**UNIVERSITY OF MINNESOTA**

**BOARD OF REGENTS**

**Audit Committee**

**July 9, 1998**

A meeting of the Audit Committee of the Board of Regents was held on Thursday, July 9, 1998, at 8:00 a.m. in the Board Room, 238 Morrill Hall.

Regents present: Maureen Reed, presiding; William Hogan, Warren Larson, H. Bryan Neel, and Michael O'Keefe.

Staff present: President Mark Yudof; Executive Vice President and Provost Robert Bruininks; Chancellor Donald Sargeant; Senior Vice President Frank Cerra; Vice President Christine Maziar; Executive Director Steven Bosacker; Director of Audits Gail Klatt; Associate Vice Presidents Robert Kvavik and Richard Pfitzenreuter; and Interim Vice Presidents Steven Cawley, Terry O'Connor and Donna Peterson.

Student Representatives present: John Cahoy and Scott Roethle.

**INFORMATION ITEMS**

Director of Audits Klatt and Interim Vice President O'Connor reviewed the information items included in the docket materials and noted the following.

- A control evaluation chart has been created for audit reporting to provide management with a visual snapshot of areas where controls are at desired levels as well as where controls warrant improvement.
- The NCAA audit reports for 1995 and 1996 have been completed.
- The federal contractor procurement system review, which is performed every three years, has recently been completed.
- The audit of the University's accounts payable process was recently completed by Loder Drew & Associates. An excellent report was received, showing an accuracy rate of 99.99+ percent.

**INTERNAL AUDIT UPDATE**

Director of Audits Klatt provided an update of internal audit activities and results for the last quarter. The detailed report is included in the docket materials.

Nine audits were completed in the quarter. There are units with recommendations that are past the set timetable, but Klatt is not concerned because the units have made good progress on other recommendations. All units are making satisfactory progress toward completion of the recommendations.

The Department of Audits continues to devote significant resources to technology issues: the enterprise systems, grants management, and Year 2000 activities. In addition, the department has also begun a systemwide review of research activity as a precursor self-assessment for an NIH site visit related to the grants management project.

Regent Hogan asked about the employee acceptance and implementation ease of the enterprise systems. Klatt noted that while it is still too early to tell, she thinks acceptance will vary by system and will be dependent on other related infrastructure pieces.

Regent Reed noted that the committee often questions when the Integrated Framework of Internal Control will actually be accepted throughout the institution and suggested a future agenda item to question whether or not the IFIC controls are settling in and what the indicators are to demonstrate it.

Regent O'Keefe agreed and said that you cannot put in place formal structural controls to solely maintain the integrity of the institution. You must build a culture of that integrity with a commitment at every level of every unit. With that in mind, O'Keefe suggested that a conversation with people from units and their view of the control systems would be very helpful.

Regent Neel noted that the compact systems should greatly help in the process of creating a culture of accountability. Executive Vice President and Provost Bruininks agreed and explained that the compact process involves every academic unit at every campus.

A motion was made and seconded and the committee voted unanimously to recommend approval of the Internal Audit Update.

#### **GRANTS MANAGEMENT UPDATE**

Vice President Maziar and Dr. David Hamilton explained that through the Grants Management Committee, an institutional compliance and oversight model has been created. During the course of developing the model, the Roles and Responsibilities Group, chaired by Director of Audits Klatt, met with numerous faculty and administrative groups throughout the Twin Cities campus.

The model established lines of authority within the University related to transactions on sponsored funds. The model evolved from analysis of the roles and responsibilities of each unit in the University that deals with sponsored funds. The analysis established ten principles that define the foundation for the model. Of these, three were considered fundamental: 1) Responsibility is defined as the authority to make a decision and to assume the consequences associated with that decision; 2) To the extent possible, responsibility is maintained locally, so that decisions are made by individuals with the best information; and, 3) Oversight is always separate from the operating unit that makes the decision.

The Office of the Vice President for Research (OVPR) is the central element in the model. Here research policy is developed and monitored, and oversight is provided to assure that business processes related to research are proper and effective.

Sponsored Project Administration (SPA) is an office within the OVPR and has the authority to deal directly with funding agencies, both federal and non-federal, relating to any aspect of externally funded activities. In addition, SPA receives and administers awards from funding agencies, negotiates contractual agreements with sponsors and other entities, and establishes grants accounts in the financial system of the University.

A new office, the Office of Institutional Oversight, was established to monitor and analyze transactional activity related to grants, to identify unusual activities and problems, and to report to the Vice President for Research.

Regent O'Keefe asked how the new model affects a typical principle investigator and how they do their work. Hamilton explained that many of the new processes are done electronically, saving both time and money. O'Keefe suggested that it would be helpful if the committee could receive a report on the system from the point of view of the user and noted that there are two bottom lines. One is maintaining the integrity of the institution in the expenditure of sponsored funds and the University's responsibilities to the outside funders, and the other is to facilitate the work of the researcher without getting in the way. Maziar stated that, as a faculty member, she is delighted to hear the committee's concerns and support of the research being done.

### **NATIONAL HIGHER EDUCATION AUDIT ISSUES**

Director of Audits Klatt explained that John Scheffler, the University's current engagement partner with Deloitte & Touche, the external auditor, will be transferring to San Francisco. Scheffler explained that he will be very involved in the transition of a new partner and he assured the committee that he will not leave until all parties are comfortable with the transition.

Scheffler introduced Robert Schapperle, the national practice leader for higher education at Deloitte & Touche, to discuss issues impacting higher education at the national level. Schapperle is the client engagement partner for the University of California.

Schapperle stated that the number one audit issue in higher education is the year 2000 challenge (Y2K). Schapperle stated that Y2K is a business issue rather than just a systems issue. Most of Deloitte & Touche's clients have reacted to Y2K by going through a process of denial, awareness, panic, and then moving into a phase of planning and implementation. One of the challenges higher education institutions face more than for-profit business enterprises is that a degree of decentralization exists in many colleges and universities where much of the decisionmaking, accountability and control is at the departmental level.

External systems which can impact a university's ability to maintain its operations must be examined. Consideration is also being given to banks and investment managers. Banks in the United States will be in good shape because of actions being taken by regulators. Banks outside the United States, however, are not as likely to comply. Institutions are developing ongoing dialogue with significant investment managers who hold or transact securities in their investment portfolio to make sure that they are making progress in having their systems up and running.

Regent Reed suggested that before taking questions, the committee receive the update on the year 2000 issue so that the discussions could be combined.

### **UPDATE: YEAR 2000 ISSUE**

Executive Vice President and Provost Bruininks and Interim Vice President Cawley explained that the University of Minnesota is managing the issues surrounding computer hardware and software problems that will be encountered after 1999 by utilizing a risk-based methodology and a process of oversight and mandatory compliance. The enterprise systems project addresses the University's significant risks to its central administrative systems. The work of identifying and determining the scope of



concerns within collegiate units has begun. A particular concern is year 2000 problems that may not yet have been identified that could impact specific research projects.

Cawley explained that the goal and objective is to have all major business systems addressed; all major research systems, databases, and electronic equipment problems identified and addressed; and all major risks eliminated or significantly reduced by July 1999. To approach the problem, a risk-based model that establishes clear assessments of the greatest risks and priorities has been established. Both central and collegiate systems are being considered and increased oversight at the local level is being developed.

Progress being made includes: central system fixes are on track under the enterprise project; colleges are making progress on identified problems; oversight structure has been initiated at the local level; two research projects are being considered as pilots at the college level; and triage teams are being established in the Academic Health Center to address the highest risk problems.

Cawley explained that an assessment of the current risk indicates that all major central systems are under control. The data indicates some progress in the colleges, but clearly not enough considering the unalterable deadline. There are too many projects remaining in the assessment and planning phases, and research systems seem to be underrepresented.

There are many challenges, and it is difficult to get vendors to commit to year 2000 compliance. There are many small problems in a highly decentralized organization and there are staffing shortages due to multiple projects and external pressure.

Cawley noted that there needs to be a real focus on research by working with ORITA, communicating with faculty and mobilizing graduate assistants. Locally-established assurance committees will help to monitor progress locally and identify risks and leverage resources.

Bruininks indicated that there is a long way to go on these issues, but they have been moved to the highest priority.

Senior Vice President Cerra noted that the Fairview University Medical Center has an aggressive Y2K plan underway and they are well into the workplan phase. Part of the current problems will be solved with new software.

Regent Larson expressed concern about the possibility of PeopleSoft not being successful in getting the software up in time. Cawley stated that while there is a backup system in place, the PeopleSoft software has been successfully demonstrated to work on the human resources system. Another major system risk is the payroll system, but there is also a contingency plan in place in this case.

Regent Neel noted that the University could not have possibly budgeted for all of these expenses and asked about the funds available for the project. Associate Vice President Pfitzenreuter explained that, so far, many of the expenses have been local unit costs. Regent O'Keefe suggested that there should be a strategy for creating a reserve for those units that cannot absorb the costs. Regent Hogan agreed and suggested that the Board may want to recommend that the president work on a reserve strategy.

Schapperle added that even if you find the money, it is finding the adequate human resources to do the work that is the challenge. The people who specialize in this area are in very high demand. Regent Neel agreed and stressed the importance of utilizing the pool of qualified students here at the University.

## **QUARTERLY ENTERPRISE SYSTEMS UPDATE**

Associate Vice President Kvavik and Interim Vice President Cawley provided an update on the Enterprise Systems Project (ESP). Bruininks explained that the ESP will replace the University's human resources and student administration systems with a comprehensive, integrated information system using PeopleSoft software. The project will also partner with IBM to develop a new approach to administrative processes, using Web front-ends for self-service and leveraging leading edge Internet technology for student registration and human resource processes. The ESP provides the tools for decentralized management, local-level decisionmaking and improved service, and accountability.

Kvavik explained that there are five major factors constantly being monitored and managed by the administrative oversight committee: schedule, functionality, infrastructure, costs-benefits, and human resources.

Kvavik stated that the key issue is schedule. The initial infrastructure has been installed, the graduate school is now tracking student progress for the graduate students in the student system, and the employee demographics piece is up and running. Kvavik noted the importance of coming in on time on the first components because it will hopefully set a precedent for the rest of the project. It is anticipated that the student admissions component will be up in August. The student financial aid and registration system is on schedule. All core functions are currently being implemented. Less critical functions will be implemented on a longer timeline.

There is an area of concern with IBM. IBM is delivering a product, but the product is not meeting the scope of what they promised to deliver. While there is some functionality, it is not what the University wants and actually contracted for. Kvavik said he is very concerned and will be discussing the matter with the president and the general counsel's office to determine what steps to take next.

The University contracted with PeopleSoft for Version 7.0 and had hoped, based on their projections, that Version 7.5 would be online. Version 7.5 is not yet available and, given the time it takes to install, the delay puts the project at an enormous risk in terms of staying on schedule. Kvavik noted that PeopleSoft is responding very well to its customers.

The approved budget for 1997-98 was \$18.8 million. \$16.5 million was actually expended, (\$2.3 million under budget). The reason for this is the need to push work into the out-years due to software delays and the difficulty in hiring and retaining employees. The projected additional cost of the ESP is \$7 million. Some of those dollars would expand the lifespan of the project.

Important milestones include: student admissions will be operational in August 1998; semester courses will load in August 1998; student registration will be up in April 1999; and web interfaces will be ready to go in April 1999.

Kvavik explained that they are currently implementing the changed management strategies; are trying to identify scope reductions when and where they are needed; and are in the process of substantially increasing their communications and training efforts.

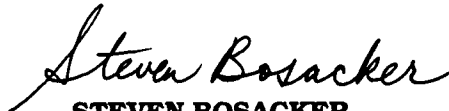
Because of a shortage of time, Regent Reed suggested that the committee voice their questions and specific concerns now and when the committee revisits the issue, those questions and concerns can be addressed.

Regent Hogan suggested that some high-low projections on the budget would be helpful. Hogan also said it would be helpful to hear some best practices that may have been learned from other universities.

Regent Reed asked what ability the University has to seek relief from IBM when delays on their end are increasing our costs or extending our timelines. Reed also asked what the implications of the suspected budget shortfalls will be.

Regent Reed thanked Kvavik and Cawley for the update, and noted that the committee will continue this discussion at their next meeting.

The meeting adjourned at 10:00 a.m.



**STEVEN BOSACKER**  
**Executive Director and**  
**Corporate Secretary**

**UNIVERSITY OF MINNESOTA**

**BOARD OF REGENTS**

**Facilities Committee**

**July 9, 1998**

A meeting of the Facilities Committee of the Board of Regents was held on Thursday, July 9, 1998, at 10:15 a.m. in 238 Morrill Hall.

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

Staff present: President Mark Yudof; Vice Presidents McKinley Boston and Eric Kruse; General Counsel Mark Rotenberg; Executive Director Steven Bosacker; and Associate Vice President Clint Hewitt.

Student Representatives present: John Cahoy and Tammy Koob.

**INFORMATION REPORT**

Vice President Kruse presented the information report for July 1998. The following items were highlighted for the committee.

Michael Berthelsen, Office of Budget and Finance, reviewed the relocation plan for the fiscal year 2000 capital program as found in the docket materials. The relocation plan was developed to ensure the timely completion of projects.

Kruse presented information regarding the level and cost of routine maintenance activities as found in the docket materials, in response to questions from Regents Reed and Metzen. Facilities Management is placing more emphasis on preventative scheduled maintenance rather than merely responding to emergency situations. Regent Reed requested that the increased operation and maintenance costs be carefully accounted for with new buildings and renovations.

**CAPITAL BUDGET AMENDMENTS**

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

On the recommendation of the President and the Interim Vice President for University Services, the fiscal year 1999 capital budget is amended to include the West Bank environmental remediation project in the amount of \$1,700,000.

West Bank Environmental Remediation Project, Twin Cities Campus  
Estimated project costs: \$1,700,000  
Funding: Central Reserves  
Estimated completion date: October 1998  
Schematic plans: Board approval required

The committee voted unanimously to recommend approval of the amendment to the fiscal year 1999 capital budget.

## **SCHEMATIC PLANS**

### **West Bank Environmental Remediation Project**

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

On the recommendation of the President and the Interim Vice President for University Services, the schematic plans for the West Bank environmental remediation project are approved and the appropriate administrative officers are authorized to proceed with the development of construction documents and construction.

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

### **Women's Intercollegiate Athletics Soccer Facility**

Tonya Brown, Chief of Staff to President Yudof, stated that the presentation of the Women's Intercollegiate Athletics Soccer Facility would consist of four parts: (1) an introduction; (2) perspectives of the athletics department; (3) the schematic plans; and (4) an analysis of alternative sites.

Brown provided the committee with an overview of the community issues surrounding the soccer facility. She stated that approval of the proposed site will not preclude consideration of timely and appropriate alternative sites. In addition, the University is willing to enter into reasonable covenants with the neighborhood to alleviate concerns regarding the proposed site. Dean Thomas Fisher has been instructed to work with the community in an effort to resolve the community concerns. Brown presented for adoption a resolution regarding the Women's Intercollegiate Athletics Soccer Facility as found in the docket materials.

Vice President Boston presented the committee with a brief perspective on the athletic management issues. There are four issues from an athletic perspective: 1) quality of experience; 2) competitiveness with other soccer programs; 3) legal and moral obligation to women's athletics; and 4) building a sense of community. The site is consistent with these needs.

Interim Vice President Kruse presented the schematic plans for the soccer facility, but stated that modifications could be made to these plans to accommodate community concerns. The project is in conformance with the principles and policies of the master plan. The budget for the project is \$2 million and the anticipated completion date is August 1999.

Brown presented an analysis of the proposed site and seven alternative sites which were considered by the administration. The sites were evaluated on their ability to meet certain criteria: availability of parking, proximity to campus, availability of land, facility completion by September 1999, appropriate size and shape, and development costs less than \$2 million. Brown added that, although the initial site suggested by the city of St. Paul presented problems, the University is continuing discussions with the city to evaluate other possibilities. Details regarding the sites and the analysis of each can be found in the docket materials.

Brown also discussed the extent to which University administrators consulted with neighborhood residents and community leaders. In addition, several Regents had discussions with community members and leaders.

In an effort to address community concerns regarding parking and noise levels, the University hired experts to evaluate the proposed site. The parking and

transportation consultant concluded that the parking demand will be met by the available parking. Regarding the noise, the consultant concluded that while some noise would be heard, it would not be higher than the background noise that already exists at the site. Dean Thomas Fisher has been asked to work with the community to discuss concerns they have expressed about the proposed site including, facility height, landscaping, and fencing. Fisher discussed briefly ways that community concerns with the facility can be addressed or mitigated. For example, a higher quality sound system could be utilized.

Brown concluded by stating that, while there is still time to consider options, any further delay to building a women's soccer facility would be a serious disservice to the student athletes.

Regent Reed stated her appreciation for her dialogue with the community as well as the information provided. Many of the concerns expressed surrounded the master plan. In her analysis of the schematic plans for this project, however, she concluded that it does conform to the master plan.

Regent Phillips stated that it is critical to continue to communicate with the communities surrounding the soccer facility to work on areas of disagreement.

In response to a question from Phillips, Brown stated that discussions with St. Paul officials regarding assistance with additional costs of an alternative site have been general since cost estimates are speculative at this time. There were suggestions by Senator Ellen Anderson and Representative Mary Jo McGuire that if the University were willing to wait, the legislature might allocate additional funds to this project.

In response to a question from Student Representative Koob, Fisher explained that moving the field closer to Cleveland Avenue is one option that could be evaluated to mitigate certain community concerns.

Yudof assured the committee that he will aggressively pursue Mayor Norm Coleman's offer of assistance in finding an alternative site.

Regent Spence expressed her understanding for the community's legitimate concerns. She added that the President has worked hard to find an alternative site and struggled with this issue. Her concerns relate to the proximity of the building to the property line and she suggested that enhancing the property lines with better landscaping may mitigate this problem. She supported Brown's comment regarding the need to include the community in the process earlier. Her evaluation of the master plan is that the schematic plans for this project do not violate the principles. She added that the University must be serious in its effort to work toward compromises with the University's valued neighbors and friends. She also expressed her commitment to the student athletes and to meeting the Title IX guidelines.

Spence offered a friendly amendment to the resolution before the committee. In the second paragraph after "community representatives" insert "appointed by Mayor Gehrz."

Regent Peterson shared Reed's concern with staying true to the master plan and concurs that this project operates within the plan's principles and guidelines. He added that the resolution before the committee allows the University to move forward while still leaving the door open if a better alternative site is located.

Student Representative Cahoy emphasized how critical the soccer facility is to the success of the women's soccer program.

Reed stated that the resolution is acceptable if the University aggressively pursues discussions with the community and encouraged the administration to use its strength to locate alternative sites. She added that this should be done parallel to continuing work on the proposed site.

Metzen expressed the importance and strength of the wording in the resolution, which was read again, as amended, for the record. He emphasized the commitment of the University to work with the community.

A motion was made and seconded to recommend approval of the amended resolution regarding the women's intercollegiate soccer facility. The committee voted unanimously to recommend approval.

### **Architecture Building Addition and Remodeling Project**

A motion was made and seconded to recommend approval of the motion found in the docket materials approving the schematic plans for the Architecture Building addition and remodeling project.

Interim Vice President Kruse presented an overview of the Architecture Building addition and remodeling project as found in the docket materials. The project is in conformance with the principles and policies of the master plan. The budget for the project is \$27,107,000 and the annual operating and maintenance costs will increase by approximately \$470,000. The anticipated completion date is May 2001. Dean Thomas Fisher, and Vincent James, Vincent James Architects, presented the schematic plans for the project.

Several Regents expressed concerns with the unattractive qualities of the existing Architecture Building and how the addition fits in the master plan and with surrounding buildings. Some Regents also stated their dislike for the exterior materials as well as the design itself. Other Regents stated their support for the design. Fisher stated that the architecture team for this design was selected by the Designer Selection Board and it was determined that the building design would be contemporary. Fisher also cautioned the committee that starting over will set the project back both in time and money.

Regent Reed amended the motion to read as follows:

On the recommendation of the President and Interim Vice President for University Services, the general schematic plans for the Architecture Building addition and remodeling project are approved on the condition that the exterior materials and the structure be amended to meet the concerns of the members of the Facilities Committee and to be in compliance with the master plan. Furthermore, the plan for integration with the existing Architecture Building be reevaluated.

The motion, as amended, was moved and seconded and the committee voted unanimously to recommend approval of the motion.

Regent Metzen requested that revised schematic plans for the Architecture Building addition come before the Facilities Committee in August.

### **Gateway Center Parking Facility, Plaza, and Pedestrian Connections**

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

On the recommendation of the President and Interim Vice President for University Services, the schematic plans for the Gateway Center parking facility, plaza, and pedestrian connections are approved and the appropriate administrative officers are authorized to proceed with the development of construction documents and construction.

Interim Vice President Kruse presented an overview of the Gateway Center Parking Facility, Plaza, and Pedestrian Connections as found in the docket materials. The project would amend the master plan by replacing proposed retail space with the plaza and by connecting the campus with the surrounding community using a contrasting approach. The budget for the project is \$10 million and the annual operating and maintenance costs will be approximately \$750,000. The anticipated completion date is September 1999. Lew Moran, KKE Architects, presented the schematic plans for the project.

Regent Reed noted the deviations from the master plan in the docket materials and stated that she was comfortable with the deviation because it is an appropriate use of land.

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

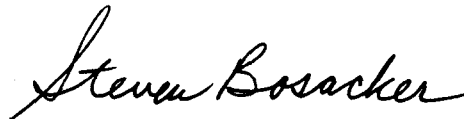
**Moos Tower Developmental Biology Laboratory Upgrade Project**

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

On the recommendation of the President and Interim Vice President for University Services, the schematic plans for the Moos Tower fifth floor developmental biology laboratory upgrade project are approved and the appropriate administrative officers are authorized to proceed with the development of construction documents and construction.

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

The meeting adjourned at 12:35 p.m.



**STEVEN BOSACKER**  
**Executive Director and**  
**Corporate Secretary**



**UNIVERSITY OF MINNESOTA**  
**BOARD OF REGENTS**  
**Faculty, Staff & Student Affairs Committee**

**July 9, 1998**

A meeting of the Faculty, Staff & Student Affairs Committee of the Board of Regents was held on Thursday, July 9, 1998, at 10:15 a.m. in Room 300, Morrill Hall.

Regents present: Julie Bleyhl, presiding; William Hogan, Warren Larson, Michael O'Keefe, and H. Bryan Neel.

Staff present: Executive Vice President and Provost Robert Bruininks; Chancellor Donald Sargeant; Vice Presidents Carol Carrier and Christine Maziar; Executive Director Steven Bosacker; General Counsel Mark Rotenberg; and Associate Vice Presidents Nancy Barcelo, Jane Canney and Steven Cawley.

Student Representatives present: Heidi Frederickson and Benjamin Solomon.

**INFORMATION ITEMS**

Executive Vice President and Provost Bruininks reminded the committee that at the February 1998 meeting, the idea was raised for a Board of Regents Outstanding Community Service Award. The proposed award would honor the community outreach and service activities of faculty, staff and members of the greater global University community. The award will come before the committee in September 1998 for review and approval.

**CONSENT REPORT**

Executive Vice President and Provost Bruininks reviewed the consent report which was included in the docket materials and noted the following:

- President Yudof has recommended that the position of Vice President for Agricultural Policy, approved by the Board on a temporary basis in May 1997, become a permanent position. Because this position is an integral part of, and cannot exist separately from, the position of Dean of the College of Agriculture, Food and Environmental Sciences (COAFES), Yudof recommends that a new title, Dean of the College of Agriculture, Food, and Environmental Sciences and Vice President for Agricultural Policy, be created. President Yudof recommends Board approval for the appointment of Dr. Michael V. Martin, current dean of COAFES, to this position.
- The proposed appointment of Sandra Gardebring as Vice President for Institutional Relations. Gardebring has been an associate justice of the

Minnesota Supreme Court since 1991. A copy of Gardebring's curriculum vitae is available in the Office of the Board of Regents for review.

The committee voted unanimously to recommend approval of the Consent Report.

#### **BOARD OF REGENTS POLICY: CONFLICT OF INTEREST**

Executive Vice President and Provost Bruininks and Vice President Maziar reminded the committee that the proposed amendments to the Board of Regents Policy: *Conflict of Interest* were presented for review and discussion at the June 1998 meeting. The policy's purpose is to set forth the principles for identifying the potential for conflicts of interest and the procedures for reviewing and addressing those potential conflicts to assure that they do not improperly affect University research and other activities.

Maziar explained that the revisions to the policy have been under development for the past year. The revisions include integration of a requirement that all practices relative to this policy are in compliance with applicable state and federal laws related to conflict of interest and objectivity in research. The revisions specify the individuals to whom the policy applies and instances when the policy applies, as well as clarifies and expands the disclosure requirements. Reporting requirements and notification of failure to comply are specified, and the intent of the policy in relationship to the purchase of goods and services are clarified. The policy also notes changes in title and employee classifications to bring the policy in line with the current administrative structure. Bruininks noted that the proposed policy has been through extensive review by faculty committees.

In response to a question from Regent Hogan, Maziar said that it is her responsibility to ensure that implementation of the policy is within the spirit and intent of the Board of Regents to protect the University, while at the same time making the University's intellectual resources available.

A motion was made and seconded, and the committee voted unanimously to recommend approval of the Board of Regents Policy: *Conflict of Interest*.

#### **BOARD OF REGENTS POLICY: SEXUAL HARASSMENT**

Executive Vice President and Provost Bruininks, Vice President Carrier, and Julie Sweitzer, Acting Director of the Office of Equal Opportunity, presented the proposed Board of Regents Policy: *Sexual Harassment*.

Carrier stated that the University previously prohibited sexual harassment via an administrative policy in effect since 1984. The language in the proposed policy is identical to that in the current administrative policy. The motivation to make this a Board of Regents policy is to signal the institution's continuing commitment to take a strong stance against all forms of sexual harassment.

Sweitzer noted that the only changes made in the language clarify the focus on University-related conduct.

Regent Larson stated that it is critically important that this policy be made a Board policy and he will enthusiastically support it.

Regent Bleyhl noted that the September meetings will be held in Marshall, Minnesota and asked if it would be more appropriate to wait until the October meetings to bring the policy back for approval. Bleyhl called on Professor Kent Bales who said

that this policy was rewritten by the Board staff and is in no way identical to the policy that was passed by the Senate. Bales said the policy must go before the consultative committee to consent that this policy says what the Senate had originally said. Bales said the process would probably take too long for the materials to make it into the September docket, so waiting until October would be preferable.

Regent Bleyhl stated that it was her understanding that this policy has been under discussion for many months. Sweitzer agreed that over the last year this policy has been in the works, and the policy was approved by the Senate in April. After the policy was passed by the Senate, it was formatted by the Board of Regents Office to be consistent with other Board policies. Sweitzer said that although the language is structured somewhat differently, it is still very close to what was passed by the Senate.

In response to a question from Regent O'Keefe, William Donahue, Associate General Counsel, stated that this policy, as well as the Board of Regents Policy: *Nepotism and Consensual Relationships*, have been reviewed by the General Counsel's office and both are acceptable by the legal counsel.

The policy will be brought back for approval at the October 1998 committee meeting.

#### **BOARD OF REGENTS POLICY: NEPOTISM AND CONSENSUAL RELATIONSHIP**

Executive Vice President and Provost Bruininks and Vice President Carrier presented the proposed Board of Regents Policy: *Nepotism and Consensual Relationships*.

Carrier said that because the administration is committed to an environment that is fair and respectful of all students, staff, and faculty, this policy is brought forward for Board review and adoption. The administration agrees with the rationale for this policy as expressed by the University Senate which is as follows:

The University is committed to the highest standards of professional conduct and integrity and expects all members of the University community to adhere to them. Members of the University community have the obligation to respect and be fair to other members of the community and must take care to ensure that personal relationships within the community do not result in conflicts of interest and situations that might impair objective judgment. Whenever members of the University community hire, promote, supervise, evaluate, determine salary, grade, advise, or otherwise directly influence the employment or academic progress of other individuals with whom they have personal relationships, the impartiality of any such action or decision is called into question. Moreover, when two individuals have both an academic or employment association and a personal relationship, the dual relationships may adversely affect the academic or work environment of the University and others may lose confidence in the integrity of academic or employment decision-making more generally. In order to ensure that members of the University community fulfill their ethical and professional responsibilities to act impartially and without conflicts of interest, the University adopts this policy.

Carrier said most peer institutions strongly discourage romantic relationships between faculty members and their students. In addition, many peer institutions require some form of reporting of these romantic relationships where there might be supervision or an academic association involved.

In response to a question from Regent Bleyhl, Carrier said that this policy does not ban romantic relationships. The policy does, however, focus on banning undesirable behavior. The policy requires that people entering into certain relationships speak with a department head, a supervisor, a human resources consultant, or the Office of Equal Opportunity to discuss the situation and the best ways to handle it.

Student Representative Frederickson asked who decides who the third party is when a consensual relationship is recorded. Carrier said the goal is to make the system of consultation as accessible to everyone as possible. Therefore, the appropriate person varies on a case-by-case situation.

The policy will be brought back for approval at the October 1998 committee meeting.

**ENTERPRISE SYSTEMS: HUMAN RESOURCE MANAGEMENT SYSTEMS**

Vice President Carrier explained that the Human Resource Management System (HRMS) is the administrative system that captures, stores and provides reports on all employee-related information. It is one of four major administrative systems included within the enterprise systems project. Other project components include student systems, grants management, and the IBM Whistler project that is developing Web front-end components that allow users to access the HRMS and student systems.

Interim Vice President Cawley, project manager of the enterprise systems project, stated that in order to support the institution's mission of teaching, research and outreach, it is essential to the long-term strategy to improve the quality and responsiveness of basic services while simultaneously reducing the cost and scope of administration. The HRMS will provide streamlined business processes at all levels, including decentralization of transactions that reduce paper flow and transaction time.

Miriam Ward, HRMS Project Manager, explained that the first major milestone was met this summer when the first PeopleSoft module was implemented. This module has allowed for two former systems to be shut down. The faculty, staff and academic student appointment and demographic data is now being entered into the PeopleSoft system. Other future milestones include:

- January 1999 AFSCME Seniority Tracking
- April 1999 Pre-Employment Web Self Service
- January 2000 Payroll
- January 2000 Basic Benefits and Benefits Administration
- January 2000 Time and Labor
- January 2000 Additional HRMS Web Self Service

Bruininks noted that some of the University's existing systems have been adapted to avoid the chance of a crash if all systems were not implemented by January 2000.

Carrier explained that there are several challenges ahead and noted the importance of avoiding unnecessary customization of the systems. Each customization will have to be addressed every time you upgrade the system.

Carrier stated that retaining personnel is becoming one of the biggest problems. Headhunters are continually after the top people in technology fields. Bruininks noted that in all aspects of University life, there must be a focus on market issues with respect to our human resources policies. Traditionally there have been discussions relating to market pressures on faculty, but there are a lot of other employee groups with extraordinary market pressures on them. Currently the market pressures of people in information technology exceed those of even academic superstars.

Regent Hogan asked if there is anything that can be done at the Board level to help in the retention of these talented people. Regent Larson agreed that this is a topic he would like to discuss more at a future meeting and noted that when developing a retention strategy, money is not the only factor. There are many other enticements to be considered. Regent O'Keefe asked that the administration look at incentive structures for non-academic staff.

O'Keefe asked if budgetary concerns are being addressed to identify the level of additional investment the whole enterprise systems project is going to take, now and once in place to maintain and improve the system. Cawley said that the budget is being closely examined and explained that the old human resource systems were not maintained. Very little money went into the old systems, so they are starting from a budget base that almost doesn't exist. The student systems, however, were very well invested in and upgraded on a regular basis with a good-sized budget supporting those systems.

The meeting adjourned at 11:45 a.m.



**STEVEN BOSACKER**  
**Executive Director and**  
**Corporate Secretary**

**UNIVERSITY OF MINNESOTA**

**BOARD OF REGENTS**

**Educational Planning & Policy Committee**

**July 9, 1998**

A meeting of the Educational Planning and Policy Committee of the Board of Regents was held on Thursday, July 9, 1998, at 2:15 p.m. in Room 238, Morrill Hall.

Regents present: Michael O'Keefe, presiding; David Metzen, William Peterson, Jessica Phillips, Maureen Reed, and Patricia Spence.

Staff present: Chancellor Donald Sargeant; Executive Vice President and Provost Robert Bruininks; Executive Director Steven Bosacker; and Associate Vice Presidents Rusty Barcelo and Jane Canney.

Student Representatives present: Tammy Koob and Jennifer Wagner.

Regent O'Keefe declared that the committee would meet under informal rules to facilitate a free-flowing discussion. He introduced Jennifer Wagner of the St. Paul campus who is a new student representative to the committee.

**POLICY AND PROGRAM REVIEW: CURRENT  
NEEDS AND ISSUES IN OUTREACH**

Regent O'Keefe reminded the committee that this second discussion on outreach would wrap-up the committee's work on the subject and end their year-long review of the University's three missions. He welcomed the faculty and administrators who were invited to participate in the discussion. Executive Vice President and Provost Bruininks introduced the panel members: Amos Deinard, Professor of Pediatrics and Executive Director of the Community University Health Care Center; Katherine Fennelly, Dean and Director, University of Minnesota Extension Service; Mary McEvoy, Professor of Educational Psychology and Director of the Center for Early Education and Development; Thomas Scott, Professor in Political Science and Director of the Center for Urban and Regional Affairs; Vincent Magnuson, Vice Chancellor for Academic Affairs, UMD; and Donald Sargeant, Chancellor, UMC. Bruininks noted that these individuals represent 350 years of outreach experience.

Chair O'Keefe referred to the questions on outreach which were included in the docket materials and suggested the committee concentrate on questions numbered four through seven. He observed that last month the committee established that there is no official definition of outreach at the University and that therefore the definition of outreach varies across the institution; that while there is a great deal of outreach activity, there is no coherent strategy regarding it; and that the University provides few incentives to participate in outreach. He asked the committee and panelists to tackle the question, "What ought the University's *new* definition of outreach be?" and consider the question contained in number four, "Who are the key audiences for outreach?" in the light of that *new* definition.

Professor McEvoy said that for her outreach is a combination of everything she does. She gives a service to children and families and in return they provide the research she needs to further her work. It is interdependent. Professor Scott observed that it may be easier to think about outreach as one of the ways to deal with the interest and curiosity of a faculty member, or as the way the institution meets the needs of the community. It becomes outreach when you match up community needs with faculty interest. O'Keefe commented that in these examples outreach starts with the needs of the community.

Dean Fennelly said that in the Extension Service outreach is collaboration and communication. Participants agreed that in all areas the greatest successes in outreach happen when there is a well-defined goal, collaboration, adequate funding, and strong community advising. There was consensus that there is not enough faculty collaboration and little reward for those who do collaborate. Vice Chancellor Magnuson believes the question the Board of Regents needs to address is how many resources will be directed at outreach. He recommends the University promote outreach, stimulate it, and make it part of the compact process.

In response to Regent Reed's question about whether the University should target outreach at the populations that need help or respond to those who ask for the help, Professor Deinard stated that the University needs to serve the underserved, but to work with them to identify problems and not presume that the University knows the problems they face. Dean Fennelly believes that the University needs to serve all the people of Minnesota and the issue then becomes how does the institution set priorities.

In response to the question posed about why the public ranks the outreach mission of the University as least important, Chancellor Sargeant believes that the answer would be different in different parts of the state based upon the constituencies. Bruininks suggested the low ranking reflects a lack of understanding about what outreach is. If the public was given examples of outreach, and could see how it is an extension of the University's research and teaching and not separate from them, people would rate it very highly. He stated that the University is in the top ten in the country in outreach and thinks the University is especially significant for the impact it has in creating models for others to replicate. Fennelly suggested that the \$10 million the county boards across the state spend every year to support the Extension Service is a concrete example of public support for outreach.

The participants discussed institutional incentives for outreach. Key suggestions and comments included:

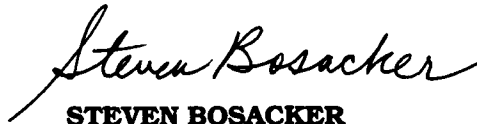
- Currently, personal faculty interest is the greatest impetus for outreach.
- Some departments reward outreach, but it is the exception rather than the rule.
- Incentives are needed because in institutions, what gets measured gets done.
- It is important to change the culture regarding outreach and not just promote outreach by "assigning points" to another responsibility.
- The institution should not try to substitute one activity for another (i.e. outreach for publishing), but rather to integrate outreach as appropriate.
- It is possible to promote opportunities and talk about ways outreach can be an extension of teaching and research.
- Outreach should be measured at the collegiate level and not at the individual or department level.
- The University has a unique role and responsibility in the state because of the nature of its faculty and students. The institution must remember its role as a research university and integrate outreach into that mission.
- Presently, outreach is not a factor in tenure decisions and historically there has been resistance to including it as a factor.
- It may be more important to create incentives for tenured faculty, because with their greater experience they may have more to offer the community.

- It would be useful to have administrative and board statements on the importance of outreach.
- Declining federal support for outreach, as well as institutional funding, needs to be analyzed.

Bruininks suggested that the question to be considered is whether the University has the right strategic focus -- whether resources, ideas and strategies are aligned to strengthen community connections and integrate community needs into the teaching and research of the institution. Reed commented that the goal is to have the teaching, the research, and the outreach of the University so extensive and so visible that no one in Minnesota questions the relevance of the University of Minnesota.

O'Keefe thanked the members of the panel and the committee for their discussion. The committee and Bruininks then briefly discussed how the committee workplan for the year would be developed.

The meeting adjourned at 3:43 p.m.



**STEVEN BOSACKER**  
**Executive Director and**  
**Corporate Secretary**



**UNIVERSITY OF MINNESOTA**  
**BOARD OF REGENTS**  
**Finance & Operations Committee**

**July 9, 1998**

A meeting of the Finance & Operations Committee of the Board of Regents was held on Thursday, July 9, 1998, at 2:15 p.m. in Room 300, Morrill Hall.

Regents present: H. Bryan Neel, presiding; Julie Bleyhl, William Hogan, and Warren Larson.

Staff present: Executive Director Steven Bosacker; Interim Vice Presidents Eric Kruse and Terry O'Connor; and Associate Vice Presidents Jane Canney, Steven Cawley, Richard Pfitzenreuter, and Georgina Stephens.

Student Representative present: Heidi Frederickson.

**INFORMATION ITEMS**

Interim Vice President O'Connor reviewed the information items included in the docket materials. O'Connor explained that the University plans to award a contract to Wells Fargo Bank for air travel billing services for the period August 11, 1998 through December 31, 2000. The air travel central billing will be used for approximately \$6.5 million in airfares booked annually through the University's nine preferred agencies. While there is no charge to the University for this air travel billing system, Wells Fargo recovers a percentage of the billed revenues from the airlines using the system.

**CONSENT REPORT**

Interim Vice President O'Connor reviewed the consent report for committee approval, which included purchases of goods and services over \$250,000 to the following:

- GM Underwriting/Gerber Life Insurance Company for \$2,994,264 for the purchase of medical insurance coverage for the Graduate Assistant Plan for the period of September 1, 1998 through August 31, 1999. The contract is for one year with four options to renew on an annual basis.
- IBM for \$340,000 to provide mainframe and midrange computer hardware support for Central Computing Operations for the period of July 1, 1998 through June 30, 1999. This support ensures continuous operation of the equipment necessary for major University systems, i.e., Human Resources and Financial Aid.
- IBM/GE Capital for an estimated \$2,000,000 to lease approximately 1,075 notebook computers for students and faculty at the University of Minnesota.

Crookston campus for a period of September 1, 1998 to September 1, 2000. IBM's proposal was ranked the best of the ten proposals submitted.

- The State of Minnesota's Management Analysis Division for an estimated \$300,000 for consulting and technical assistance to the Academic Health Center (AHC) and its schools in improving administrative services for the period July 1, 1998 through June 30, 1999.
- Sun Microsystems, Inc. for \$1,721,000 for the purchase of computer equipment to support the PeopleSoft human resources/payroll and the PeopleSoft student administration systems implementation. Extensive analysis of available platforms proved Sun would best serve the needs of the enterprise project.
- Unisource for an estimated \$490,000 for paper stock to be purchased during the period of August 1, 1998 through June 30, 1999 and used at University Printing Services' main facility and its copy centers. This is the third-year renewal of a potential five-year contract. Award was made in 1996 to the best proposal.
- Norlight for \$681,168 for the Department of Networking and Telecommunications Services for the purchase and installation of DS3 telecommunications links to the Duluth, Rochester, Morris and Crookston campuses. The resulting broader bandwidth will improve transmission between campuses.

In response to questions about the insurance for graduate assistants, Robert Fahnhorst, Director of Employee Benefits, explained that the graduate assistant medical insurance plan proposal provides that the University will pay the full monthly premium for single coverage of graduate assistants who hold a 50 percent or greater appointment and will contribute \$60 per month to the cost of dependent coverage. University providers (School of Dentistry, Boynton, CUUC, and UMP) are included in the plan.

A motion was made and seconded, and the committee voted unanimously to recommend approval of the consent report.

#### **QUARTERLY MANAGEMENT REPORT**

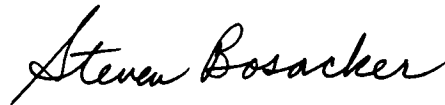
Interim Vice President O'Connor presented the Quarterly Management Report. The report, contained in the docket materials, is a summary of balance sheet highlights, a summary of operations, and the status of investment assets, cash and temporary investments, and debt as of March 31, 1998.

O'Connor noted that total assets as of March 31, 1998 increased by \$11 million or 0.4%. Cash decreased \$76 million, primarily due to the collection of notes receivable related to the transfer of hospital assets to Fairview. Decreases were offset by an increase in investments of \$109 million due to market value appreciation. Total liabilities decreased by \$170 million, or 22 percent compared to March 31, 1997. The decrease is primarily attributed to the retirement of \$189 million of debt.

Revenues and additions for the nine-month period were up \$125 million over the same period in the prior year. Major factors were an increase in tuition rates and enrollment, increased federal and state appropriations, an increase in realized gains and adjustments on investments, and increased external sales revenue from auxiliaries, Fairview activity and several one-time transactions.

Regent Larson requested future information relating to the readiness of the University's investment managers to handle the year 2000 problems and its potential effect on the University's portfolio. Associate Vice President Stephens agreed to make this issue a part of her report to the committee in September.

The meeting adjourned at 2:50 p.m.

A handwritten signature in cursive script that reads "Steven Bosacker".

**STEVEN BOSACKER**  
**Executive Director and**  
**Corporate Secretary**

**UNIVERSITY OF MINNESOTA**

**BOARD OF REGENTS**

**Committee of the Whole**

**July 10, 1998**

A meeting of the Committee of the Whole of the Board of Regents was held on Friday, July 10, 1998, at 9:08 a.m. in Room 238, Morrill Hall.

Regents present: William Hogan, presiding; Julie Bleyhl, Warren Larson, David Metzen, H. Bryan Neel, Michael O'Keefe, William Peterson, Jessica Phillips, Thomas Reagan, Maureen Reed, and Patricia Spence.

Staff present: President Mark Yudof; Executive Vice President and Provost Robert Bruininks; Vice President McKinley Boston; Interim Vice Presidents Eric Kruse, Michael Martin and Donna Peterson; General Counsel Mark Rotenberg; Executive Director Steven Bosacker; and Associate Vice President Richard Pfutzenreuter.

Student Representative present: Scott Roethle.

**HONORS COMMITTEE NOMINATION**

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

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

The committee voted unanimously to recommend approval of the resolution.

**SUMMARY OF EXPENDITURES**

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

RESOLVED, that the Summary of Expenditures for the period July 1, 1997 to May 31, 1998 for the Board of Regents Office, the Office of the President, and Eastcliff Maintenance are hereby approved.

The committee voted unanimously to recommend approval of the resolution.

**BOARD OF REGENTS POLICY:  
LEGAL REVIEW OF CONTRACTS AND AGREEMENTS**

The committee reviewed a proposed Board of Regents policy relating to the legal review of contracts and agreements.

As reported in the docket material, the president strongly supports the regular and mandatory review of contracts by the Office of the General Counsel. The proposed policy will delegate to the General Counsel the responsibility for creating appropriate procedures for review of contracts and agreements by attorneys before binding agreements are executed.

The policy also has a provision that the general counsel may exempt from individualized legal review certain routine contracts if an appropriate legal framework exists with respect to the contracts.

Regent Peterson reported that members of the Litigation Review Committee have reviewed the policy and support its passage. The policy will be before the committee in September for approval.

### **STATUS REPORT: ADMINISTRATIVE RESTRUCTURING/ DECENTRALIZATION & FINANCIAL IMPACT**

Executive Vice President and Provost Bruininks reported that during the past year the University undertook an ambitious effort to create a smaller, more productive administration. The goal was to increase administrative efficiency, reduce the administrative burden on academic units, streamline processes, provide service improvements throughout the system, and create smaller, more productive administrative operations.

The administrative reductions were taken in two parts: 1) an 8 percent reduction of administrative compensation costs, for a total savings of \$4.8 million; and 2) a 2 percent charge on central auxiliary revenues designed to generate \$1.5 million. A total of \$6.32 million was identified and transferred from within central units to become part of the recurring revenues available to the institution to fund various institutional objectives, including compensation and facilities costs.

While resources to meet the administrative reduction targets came from a variety of sources, a vast majority of the resources came from personnel reductions. A total of 102 positions were eliminated throughout the central units. The position reductions were made with special attention to open positions. Of the 102 positions eliminated, 67 percent were vacant positions or open through natural attrition and not refilled. Actual layoffs or non-renewals were kept to a minimum.

### **RESOLUTION: FINANCE AND OPERATIONS REORGANIZATION**

President Yudof presented a proposed organizational change in the scope and structure of the Office of the Senior Vice President for Finance and Operations. The basis for the proposed change is to make finance and operations more efficient, effective and "customer service"-oriented; to support a commitment to streamline central administrative processes and reduce costs; and to facilitate integration of the enterprise systems project across functional and operational boundaries.

Under the new organizational structure, the financial management function will be separated from the operations function. The name and scope of responsibilities for the Senior Vice President for Finance and Operations will change. The focus of the "operations" responsibilities will be on the delivery of services in support of the teaching, research and outreach missions of the University and the title will change to Vice President for University Services. The principle responsibility of the position will be to champion a culture of service for those units within its jurisdiction. The unit will include Facilities Management, Health and Safety, and the various units currently organized under what is now known as University Services which include Addressing and

Mailing, Bindery, Bookstores, Campus Mail, Fleet Services, Office Equipment Services, Printing Services, Purchasing Services, and University Stores. The current University Services unit will be renamed "Auxiliary Units" to eliminate any confusion with the new title.

A new financial management entity will be established called the "Financial Management Group" (FMG). The FMG will be responsible for the coordination of long-range financial planning and overall financial management of the University. It will consist of the treasurer, the controller, the director of audit, the chief of staff, the executive officer of the Executive Vice President and Provost's office and it will be chaired by the associate vice president for budget and finance. The chair of the FMG will be designated as the Chief Financial Officer and in this capacity will serve as a member of the Executive Committee and report to the president. Additionally, reporting lines for the Department of Audits will be to the Board of Regents and the Offices of the Treasurer and the Controller will be realigned as direct reports to the President. A proposed organizational chart was provided in the docket materials.

Yudof presented the following resolution relating to the restructuring of Finance and Operations:

WHEREAS, the Board of Regents shares the President's goal to decentralize authority, responsibility and accountability, to enhance local decisionmaking and control, and to foster a customer service orientation among central administrative units in support of the teaching, research and outreach missions of the University; and

WHEREAS, the Board of Regents shares the President's philosophy that rigid organizational boundaries impede cooperation across and among functional units and that such structures are not conducive to fostering a common understanding of complex, multifaceted issues that require integrated solutions based upon the skills and abilities of a variety of functional areas; and

WHEREAS, the Board of Regents supports the shift away from a strictly hierarchical management model to a model based upon greater responsiveness to faculty, staff and students; and

WHEREAS, the University of Minnesota has embarked on an agenda of restructuring its central administrative structures, process and procedures in order to ensure greater efficiency, improved effectiveness and responsiveness;

NOW, THEREFORE, BE IT RESOLVED, that in support of these goals, the Board of Regents endorses the President's proposed organizational structure for finance and operations departments including:

- the elimination of the position of Senior Vice President for Finance and Operations,
- the establishment of a Vice President for University Services,
- the establishment of a Financial Management Group under the direction of a Chief Financial Officer.

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

## **DEMONSTRATION: NEW STUDENT CD-ROM TECHNOLOGY LINK**

Executive Vice President & Provost Bruininks introduced the agenda item relating to the Internet welcome kit that has recently been developed for use by incoming freshmen on the Twin Cities campus. The welcome kit was designed to provide incoming freshmen with an easy way to establish their Internet account and password before they arrive on campus and to provide all the software necessary to use the University's Internet services. While the first release of the Internet welcome kit is geared specifically to incoming Twin Cities campus freshmen, future plans include:

1. Defining the core information that is useful to all students, staff, and faculty.
2. Adding modules that address the specific needs of incoming graduate, professional, and transfer students, as well as faculty and staff.
3. Combining the core information with modules geared toward special audiences, we can press additional CDs designed for special purposes, such as for recruiting.

Shih-Pau Yen, Director of Academic & Distributed Computing Services introduced Simin Hickman and Joanne Bergman from his department who provided a demonstration on the use of the Internet welcome kit.

Regent O'Keefe asked when the compact disc will be ready for use. Yen replied that 6,000 compact discs will be mailed to freshmen on July 13. Students will be asked for their comments and suggestions about information contained on the compact disc.

Student Representative Roethle thank Yen and his team members for the production of the compact disc indicating that it will be a wonderful tool for students.

Regent Metzen suggested that it might be useful to send copies of the compact discs to high school career counselors.

President Yudof complimented the team members who worked on this project and produced its completion in just two-and-a-half months.

## **SEMESTER CONVERSION UPDATE**

Executive Vice President and Provost Bruininks introduced the agenda item relating to the semester conversion project and introduced Peter Zetterberg, Director of Planning and Analysis, who presented an update on the status of the project.

In 1995, the Minnesota State Legislature mandated that the Minnesota State Colleges and Universities (MnSCU) change to a semester-based calendar in 1998. On the recommendation of the president and the administration, the Board of Regents voted in September 1995 to change the University calendar to semesters, effective in 1999.

The change to a semester-based academic calendar will make it easier for students to transfer between and among the various public and private institutions in Minnesota, take courses at other nearby institutions, and, in some cases, participate in interactive television courses taught simultaneously at several institutions.

The University chose a four-year implementation plan because of the amount of work involved in converting more than 22,000 courses and 650 degree programs and because it would take four years to complete the Student 2000 project. The faculty has

taken this opportunity to revise its curriculum, while administrative departments have consolidated, updated, and modified policies. The Twin Cities campus will have a single undergraduate bulletin for the first time in many years.

Zetterberg reported that the project is currently on schedule, however, much work remains to be done. The Office of Planning and Analysis has developed a Web-based semester conversion information system in order to support the conversion effort and ensure that all semester course and program information was captured electronically. This effort has greatly expedited the process of making information available to students in both print and electronic forms.

A number of issues remain unresolved and are currently of major concern relating to the project.:

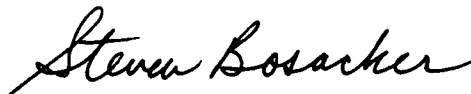
- Advising students to keep credit loads up.
- Crookston's calendar as it relates to partnership arrangements with MnSCU.
- Semester tuition policy and incentives for students to carry 15 credits.
- Twin Cities classroom space that is not yet modeled.
- Non-curricular matters in academic units (e.g., internships).
- Student 2000 implementation.
- Issues relating to the State Fair (i.e., transit way availability for buses).
- Transfer issues.

It is anticipated that these issues will be addressed and the project will be ready for conversion for the first semester in fall 1999.

Zetterberg reported that other semester-related issues will be brought before the Board throughout the coming year. Matters that are scheduled for review include revision of calendar-specific Board policies; degree program changes and some new degree programs; and a semester-based tuition plan.

Student Representative Roethle indicated that the progress made on this project has been incredible. He believes that advising students with regard to credit loads will be a major issue. Regent Phillips commented that the Educational Planning & Policy Committee will be discussing the issue of advising during the next year. Any current information from the Office of Planning and Analysis on this issue as the committee proceeds with its work will be appreciated.

The meeting adjourned at 10:33 a.m.



**STEVEN BOSACKER**  
**Executive Director and**  
**Corporate Secretary**



**UNIVERSITY OF MINNESOTA**

**BOARD OF REGENTS**

**July 9, 1998**

A meeting of the Board of Regents was held on Thursday, July 9, 1998, at 4:05 p.m. in Room 238, Morrill Hall.

Regents present: William Hogan, presiding; Julie Bleyhl, Warren Larson, David Metzen, H. Bryan Neel, Michael O'Keefe, William Peterson, Jessica Phillips, Maureen Reed, and Patricia Spence.

Staff present: President Mark Yudof; Executive Vice President and Provost Robert Bruininks; Senior Vice President Frank Cerra; Vice President Christine Maziar; Interim Vice President Donna Peterson; General Counsel Mark Rotenberg; Executive Director Steven Bosacker; and Associate Vice President Richard Pfitzenreuter.

Others present: William Donohue, Laurie Gildea, Jan Symczyk, and Tom Tinkham.

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 Thursday, July 9, 1998, in Room 238, Morrill Hall, for the purpose of discussing attorney-client privileged matters.

The Board of Regents voted unanimously to approve the resolution.

The meeting adjourned at 4:06 p.m.



**STEVEN BOSACKER**  
**Executive Director and**  
**Corporate Secretary**

**UNIVERSITY OF MINNESOTA**

**BOARD OF REGENTS**

**July 10, 1998**

A meeting of the Board of Regents of the University of Minnesota was held on Friday, July 10, 1998 at 10:50 a.m. in the Board Room, 238 Morrill Hall.

Regents present: William Hogan, presiding; Julie Bleyhl, Warren Larson, David Metzen, H. Bryan Neel, Michael O'Keefe, William Peterson, Jessica Phillips, Thomas Reagan, Maureen Reed, and Patricia Spence.

Staff present: President Mark Yudof; Executive Vice President and Provost Robert Bruininks; Vice President McKinley Boston; Interim Vice President Donna Peterson; General Counsel Mark Rotenberg; Executive Director Steven Bosacker; and Associate Vice Presidents Richard Pfitzenreuter and Clint Hewitt.

**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 Public Forum on the University Budget - May 28, 1998

Fairview University Medical Center Nominating Committee Meeting -  
June 9, 1998

Board of Regents Design & Technology Charette for New Board of Regents  
Meeting Space - June 10, 1998

Facilities Committee - June 11, 1998

Faculty, Staff & Student Affairs Committee - June 11, 1998

Litigation Review Committee - June 11, 1998

Educational Planning & Policy Committee - June 11, 1998

Finance & Operations Committee - June 11, 1998

Committee of the Whole - June 11, 1998

Committee of the Whole (Recognition Ceremony) - June 12, 1998

Committee of the Whole - June 12, 1998

Board of Regents Meeting - June 12, 1998

**REPORT OF THE PRESIDENT**

President Yudof reflected on his first year as president of the University of Minnesota. He has visited 60 cities around the state during the year. It has been enjoyable and this type of communication with the people of the state needs to be an ongoing element of the presidency. The legislative session was a success for the University this year -- \$206 million received for bonding and \$36 million received for operating funds. In addition, private gifts for the past year totaled \$107 million and \$312 million was received in external grants.

Yudof believes progress has been made in a number of areas: competitive salaries for faculty and staff; faculty morale; expansion of student services; pride in the campus; internal reforms; and accessibility to the University.

He expressed gratitude to the Board, faculty, staff, and students for their support during the past year. He also expressed appreciation to the members of the legislature and the Governor for their support.

## REPORT OF THE CHAIR

Chair Hogan presented the Report of the Presidential Performance Review Committee. The committee, composed of Board Chair William Hogan, Vice Chair Patricia Spence, and Regent Warren Larson, utilized an informal process for evaluating University President Mark Yudof's performance for 1997-98. The process involved analysis and feedback of the president's workplan, a lengthy discussion with President Yudof, and solicitation of evaluative comments by members of the Board of Regents. The committee met in a non-public session on Thursday, June 18, 1998 for the official performance review.

The committee evaluated the president's performance by assessing his work in nine major categories of university presidential responsibility. The categories are: academic leadership, administrative management, fiscal management, planning, fundraising, relationships with external constituencies, and personal characteristics. Hogan reviewed highlights of the review from each category.

The committee noted either overwhelming success or tremendous progress on virtually every element of the president's workplan. Hogan reported that two years ago the Board of Regents developed a *Statement of Desired Leadership Characteristics* for use during the presidential search. Today, as the Board members compare the work and characteristics of Mark Yudof in his first year as president to the lofty goals presented in that *Statement*, they could not be more pleased. They find his first-year performance to be exemplary.

Hogan presented an amendment to the employment agreement between the Board of Regents and President Mark Yudof. Highlights of the changes to the contract include:

- A salary increase (beginning with the start of FY99) of \$50,000.
- The term of the contract will be three years.
- Inclusion of language which grants that the president may serve on "boards of business entities" with prior written permission of the Chair of the Board of Regents, a practice common among University presidents across the United States.
- Addition of a "deferred compensation fund." A total of an additional \$50,000 will be available to President Yudof after three years of service (with accruals in the amount of \$10,000 after the first year, \$20,000 after the second year, and a final \$20,000 at the end of the third year).

A motion was made and seconded and the Board of Regents voted unanimously to approve the 1998 Amendment to the Employment Agreement of the President of the University of Minnesota.

A copy of the Report of the Presidential Performance Review Committee and the contract are on file in the Board Office.

Hogan continued his report to the Board noting that Executive Director Steven Bosacker will be hosting the Council of Board Professional Staff in Minneapolis August 2-4, 1998. The chair and vice chair of the Board will host a luncheon for the council at Eastcliff.

The Board will conduct a retreat in September. The date will be identified in the near future. Hogan requested that Board members send suggested topics to be discussed at the retreat to the Board Office.

## RECEIVE AND FILE REPORTS

Chair Hogan noted the receipt and filing of the Annual Report on Legal Matters.

## GIFTS

Assistant Vice President Judy Kirk presented the monthly list of gifts to the University of Minnesota, the University of Minnesota Foundation, the Arboretum Foundation, and the Minnesota Medical Foundation as listed in the docket material and on file in the Board Office.

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

### REPORT OF THE COMMITTEE OF THE WHOLE

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

- a) Approval of a resolution relating to the Honors Committee nominations, as follows:

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

- b) Approval of a resolution relating to the Summary of Expenditures, as follows:

RESOLVED, that the Summary of Expenditures for the period July 1, 1997 to May 31, 1998 for the Board of Regents Office, the Office of the President, and Eastcliff Maintenance are hereby approved.

- c) Approval of a resolution relating to the reorganization of Finance & Operations, as follows:

WHEREAS, the Board of Regents shares the President's goal to decentralize authority, responsibility and accountability, to enhance local decisionmaking and control, and to foster a customer service orientation among central administrative units in support of the teaching, research and outreach missions of the University; and

WHEREAS, the Board of Regents shares the President's philosophy that rigid organizational boundaries impede cooperation across and among functional units and that such structures are not conducive to fostering a common understanding of complex, multifaceted issues that require integrated solutions based upon the skills and abilities of a variety of functional areas; and

WHEREAS, the Board of Regents supports the shift away from a strictly hierarchical management model to a model based upon greater responsiveness to faculty, staff and students; and

WHEREAS, the University of Minnesota has embarked on an agenda of restructuring its central administrative structures, process and procedures in order to ensure greater efficiency, improved effectiveness and responsiveness;

NOW, THEREFORE, BE IT RESOLVED, that in support of these goals, the Board of Regents endorses the President's

proposed organizational structure for finance and operations departments including:

- the elimination of the position of Senior Vice President for Finance and Operations,
- the establishment of a Vice President for University Services,
- the establishment of a Financial Management Group under the direction of a Chief Financial Officer.

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

Hogan reported that the committee also reviewed a proposed Board of Regents policy relating to the legal review of contracts and agreements; received a status report on administrative restructuring; received an update on the status of the semester conversion project; and reviewed a demonstration on the new student CD-ROM technology link.

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

Regent O'Keefe, Chair of the committee, reported that the committee reviewed current needs and issues in outreach as part of the committee's policy and program review.

#### **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 material with highlights listed below:
  - Purchase of Goods and Services over \$250,000 as described in the committee minutes.

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

Neel reported that the committee reviewed the Quarterly Management Report and a number of information items were also included in the docket materials for the committee's review.

#### **REPORT OF THE FACILITIES COMMITTEE**

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

- a) Approval of an amendment to the FY98 Capital Budget, as follows:
  1. Include the West Bank Environmental Remediation Issues Project in the amount of \$1,700,000. The appropriate administrative officers are authorized to award contracts and proceed with the design and construction of the project providing that required board approval on schematic plans are obtained.

- b) Approval of the schematic plans for the West Bank Environmental Remediation Issues Project and authorization for the appropriate administrative officers to proceed with the development of construction documents and construction.
- c) Approval of the resolution relating to the Women's Intercollegiate Athletics Soccer Complex, as follows:

BE IT RESOLVED that, on the recommendation of the President, the site and the general schematic plans for the Women's Intercollegiate Athletics Soccer Facility are approved.

BE IT FURTHER RESOLVED that Dean Thomas Fisher, College of Architecture and Landscape Architecture, will work with University officials and community representatives appointed by Mayor Sue Gehrz until September 9, 1998 on a design for the approved site that satisfies the needs of the women's intercollegiate athletics soccer program and addresses as many of the neighborhood concerns as possible.

BE IT FURTHER RESOLVED that the University will consider entering into covenants with the city of Falcon Heights that address certain community and University concerns.

BE IT FURTHER RESOLVED that the University will continue to thoroughly research and review alternative sites suggested by the community until September 9, 1998, even as it proceeds with construction planning.

Chair Hogan made the following statement with regard to the soccer facility:

"This resolution establishes a two-track planning process. Our approval of the proposed project today is intended to be an initial approval which will permit the University staff to continue planning and design for the project over the course of the summer and which will prevent any unnecessary delays if in fact a final decision to proceed with the proposed design at the proposed site is ultimately made.

"We have heard the concerns of our neighbors and we take them seriously. We are committed to working with them further to explore and evaluate alternative designs and alternative sites. We do not intend for this initial approval to foreclose the adoption of any alternative designs or sites if we are able to identify ones which are superior from an environmental or land use perspective and meet our other criteria.

"The results of the continued planning for this proposed soccer facility, and of the continued search for and evaluation of alternative designs and sites will be reported to President Yudof, and to the Board of Regents by September 9, 1998, as provided in the resolution."

Regent O'Keefe thanked the president and his staff, and the Board members who worked on this issue for the careful deliberations that have occurred on this issue. He thanked the community for their input and asked if the president would provide the Board with the guidelines that are used by the University with regard to issues and projects that affect the University's neighboring community. President Yudof replied that he would provide the Board with the guidelines.

- d) Approval of the general schematic plans for the Architectural Addition and Remodeling Project with the understanding that certain concerns expressed by the committee be addressed.

In an effort to assist the Facilities Committee, Chair Hogan moved that the Facilities Committee be delegated the authority to act on behalf of the Board of Regents in approving the revised schematic plans for the Architecture Addition and Remodeling Project.

The motion was seconded and the Board voted unanimously to approve Chair Hogan's motion.

- e) Approval of the schematic plans for the Gateway Center parking facility, plaza, and pedestrian connections and the appropriate administrative officers are authorized to proceed with the development of construction documents and construction.
- f) Approval of the schematic plans for the Moos Tower 5th floor Developmental Biology Laboratory Upgrade Project and the appropriate administrative officers are authorized to proceed with the development of construction documents and construction.

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

A number of information items were also included in the docket materials for the committee's review.

#### **REPORT OF THE FACULTY, STAFF AND STUDENT AFFAIRS COMMITTEE**

Regent Bleyhl, 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 material with highlights listed below:
- Appointment of Michael V. Martin as Vice President for Agricultural Policy effective retroactive to June 22, 1998.
  - Appointment of Sandra Gardebring as Vice President for Institutional Policy effective September 8, 1998.
- b) Approval of the Board of Regents Policy: *Conflict of Interest*, as follows:

#### **CONFLICT OF INTEREST**

##### **ARTICLE 1 GENERAL PROVISIONS**

##### **SECTION I. STATEMENT OF PHILOSOPHY**

Subd. 1. Purpose of Policy. The University and its employees are committed to conducting themselves and University activities in accordance with the highest standards of integrity and ethics and in compliance with applicable state and federal laws related to conflict of interest and objectivity in research as listed in section III. It is the purpose of this policy to set forth the principles for identifying the

potential for conflicts and the procedures for reviewing and addressing those potential conflicts that occur to assure that they do not improperly affect University research and other activities.

Subd. 2. Professional Interactions Encouraged. The University of Minnesota actively encourages and participates in interaction with both the public and private sectors as an important component of its research, education, and public service activities. The University encourages the recruitment, retention, and recognition of individuals with creative abilities who can contribute to technology transfer and interactions with business and public entities consistent with their primary commitment to the University. Employees involved in such interactions may receive personal financial compensation in accordance with the principles and guidelines provided in this policy. Research activities supported by grants, contracts, or contributions from public and private entities, as well as individuals, provide a valuable source of funds, equipment, and topics for University research. Professional interactions, including consulting arrangements, between employees and public entities and private businesses advance the University's ability to provide a high-quality research and educational experience for students and enhance employment opportunities for students. University licensing of technology, employee's consulting, assisting in new business start-ups, and other forms of technology transfer to both public and private entities are critical to meeting society's needs. The University is committed to fostering the welfare of the state of Minnesota through interaction by the University with other public entities and the private sector.

## SECTION II. APPLICATION

This policy applies to employees when, on behalf of the University, they are:

- (1) responsible for or in a position to influence, the design, conduct or reporting of research or other scholarly activity;
- (2) teaching or advising; or
- (3) performing outreach or other public service activities.

This policy applies only when the specified combinations of activities and financial or business interests occur.

Article 6 also applies to employees in direct contact with suppliers or potential suppliers to the University, or who have direct or indirect influence over purchasing decisions or contracts, or otherwise have official involvement in the purchasing or contracting process.

## SECTION III. COMPLIANCE WITH OTHER POLICIES AND LAWS.

Subd. 1. Applicable State and Federal Laws. Employees must comply with all applicable state and federal laws and regulations, including those related to conflict of interest and objectivity in research. These laws include, but are not limited to, Federal Public Health Service regulations 42 CFR, part 50, subpart F; and 45 CFR part 94; National Science Foundation Grant Policy Manual 510, as amended by 60 FR 35820 (1995); and Minnesota State Statute § 15.43.

Subd. 2. Applicable University Policies. This policy complements the provisions of other applicable policies. These include Board of Regents policies, "Patent and Technology Transfer;" "Outside Consulting, Service Activities, and Other Work;" and "Grievance Procedure." Other relevant



guidelines include the Board of Regents policy, "Faculty Tenure;" and policies and procedures related to purchase of services. This policy is intended to help implement and expand upon these other related requirements.

#### SECTION IV. DEFINITIONS.

Subd. 1. Associated Entity. "Associated entity" means any trust, organization, or enterprise over which the employee, alone or together with an immediate family member, exercises a controlling interest.

Subd. 2. Business. "Business" means any corporation, partnership, sole proprietorship, firm, franchise, association, organization, holding company, joint stock company, receivership, business or real estate trust, or any other nongovernmental legal entity organized for profit, nonprofit, or charitable purposes.

Subd. 3. Business Interest. "Business interest" means holding any executive position or membership on a board regardless of compensation.

Subd. 4. Department Head. "Department head" means the immediate administrator, typically the department head, department chair, or director.

Subd. 5. Employee. "Employee" means:

(1) any person possessing either a full-time (more than 66 percent time) or part-time appointment at the University; and

(2) employees, students, and other individuals, whether salaried or not salaried, who on behalf of the University are responsible for, or in a position to influence, the design, conduct, or reporting of the research or other scholarly activity.

Subd. 6. Contribution. "Contribution" means a donation of assets to the University or its foundations. Assets may be in the form of cash, securities, tangible personal property, partnership interests, or pledges for acceptable assets that are assigned to the University.

Subd. 7. Executive Position. "Executive position" means any position that includes responsibilities for a significant segment of the operation or management of a business.

Subd. 8. Financial Interest. "Financial interest" means anything of monetary value as defined in clauses (1) and (2):

(1) an interest in a business consisting of any stock, stock option, or similar ownership interest in such business, but excluding any interest arising solely by reason of investment in such business by a mutual, pension, or other institutional investment fund over which the employee does not exercise control; or

(2) receipt of, or the right or expectation to receive, any income from such business in one or more of the following forms: a consulting fee, honoraria, salary, allowance, forbearance, forgiveness, interest in real or personal property, dividend, royalty derived from the licensing of technology or other processes or products, rent, capital gain, or any other form of compensation.

Subd. 9. Immediate Family. "Immediate family" means the employee's spouse or domestic partner, and dependent children.

Subd. 10. Participate. "Participate" means to be part of the described activity in any capacity, including, but not limited to, serving as the principal investigator, co-investigator, research collaborator, or provider of direct services or patient care. The term does not apply to individuals who provide primarily technical or advisory support and have no direct access to the data or control over its collection or analysis. The term also does not apply to the study participants, unless they are in a position to influence the study's results or have privileged information as to the outcome.

Subd. 11. Senior Officer. "Senior officer" means the executive vice president and provost, the senior vice president for academic health, or the academic vice chancellor as indicated by context.

Subd. 12. Sponsored Research. "Sponsored research" means research, training, and instructional projects involving funds, materials, or other compensation from outside sources under agreements that contain any of the following: The agreement binds the University or an affiliated institution to a line of scholarly or scientific inquiry specified to a substantial level of detail; a line-item budget is involved; financial reports are required; the award is subject to external audit; unexpended funds must be returned to the sponsor at the conclusion of the project; or the agreement provides for the disposition of either tangible or intangible properties that may result from the activity.

## ARTICLE 2 IMPLEMENTATION

### SECTION I. STATEMENT OF PHILOSOPHY.

Successful implementation of this policy assumes a shared responsibility by all employees and the administration of the University. Employees are expected to comply with all the disclosure requirements described below. Once proposed activities have been administratively reviewed with a plan of action completed and approved, University administration has the responsibility to vigorously defend the activity so long as the employee complies with the plan of action, the disclosure requirements, other University policies, and the law.

### SECTION II. DISCLOSURE REQUIREMENTS.

Subd. 1. Disclosure of Financial or Business Interests. Any time an employee plans to initiate an activity that may be classified under category II in article 5 of this policy, the employee must disclose relevant financial or business interests before commencing the activity. Disclosure is required when:

- (1) an employee and immediate family members, or associated entity have an aggregated equity interest in a business representing ownership of 5 percent or more or a value of \$10,000 or more, as determined through reference to public prices or other reasonable measures of fair market value;
- (2) an employee and immediate family members, or associated entity are expected to receive an aggregated annual income of all types from a business equal to or exceeding \$10,000 over the next 12 months;
- (3) an employee and immediate family members, or associated entity have a commitment for future royalties from a business beyond the next 12

months that are expected to equal or exceed \$10,000 in aggregated annual income; or

(4) an employee or immediate family member has a business interest.

Subd. 2. Disclosure When Submitting a Proposal for Sponsored Research. An employee must disclose relevant financial or business interests to the department head at the time of application for research support (from internal or external funding sources) or technology transfer, if the proposal falls under the provisions of this policy. Funding for the project will not be accessible to the employee until the disclosure of financial or business interest is reviewed and approval is given, and other appropriate measures have been implemented in accord with this policy.

Subd. 3. Disclosure When Receiving a Contribution. An employee must provide disclosure when a contribution is given from a business in which an employee has a financial or business interest if:

(1) the contribution exceeds a value of \$1,000 in a given year; and

(2) the employee knows or reasonably should know that any portion of the contribution will be used to benefit the employee's teaching, research, outreach, or public service activities.

Subd. 4. Disclosure When Involved in Review or Advisory Activities. An employee must temporarily excuse oneself from any University committee or review process that is considering an activity in which he or she has a financial or business interest.

An employee must disclose to committee chairs or the appropriate administrator any financial or business interest that might compromise the employee's judgment while serving as a committee member or making administrative decisions. An example is serving in an executive position for any organization that does business with the University or sets policies or rules that affect the University's activities.

Subd. 5. Disclosure When Involved With Technology Transfer. An employee involved with transferring technology through patents or licensing to a business in which the employee has a financial or business interest must disclose the financial or business interest to the vice president for research.

Subd. 6. Annual Disclosure. Employees are required annually to complete and submit to their department heads the disclosure form reporting all financial or business interests related to research activities and consulting activities. Whenever substantial changes occur that the employee believes may alter the financial or business interests previously disclosed, an updated form must be submitted within 30 days.

Subd. 7. Disclosure to External Entities. Employees must disclose relevant financial or business interests to sponsors of research and in reporting by either written or oral communication research results. When submitting a paper for publication, an employee must disclose to the editor any financial or business interest that may be affected by publication. This provision also applies to release of information to news media.

Disclosure of a relevant financial or business interest must also be made by any employee who makes an appearance, either in person or by way of a written communication, before any public body, commission, group, or

individual, to present facts or to give an opinion respecting any issue or matter up for consideration, discussion, or action.

Subd. 8. Additional Information. When considering approval of or monitoring category II activities as defined in article 5, the department head, dean, or appropriate senior officer may require the employee to submit additional clarifying information pertinent to the activity under review. This supplemental information will be treated as nonpublic information to the extent allowed by law.

Subd. 9. Waiving Disclosure Requirement. Employees may be granted a waiver of the requirement to file a disclosure to participate in a specific activity if they can document that:

(1) they are not the principal investigator or a co-investigator on the project; and,

(2) regardless of title, they are not responsible for, or in a position to influence, the design, conduct, or reporting of the research or other activity.

A request for a waiver must be submitted to the employee's department head. The administrative review process should follow the procedure described in section III, subdivision 2 of this article. If the request for the waiver is denied, then the employee must either comply with the disclosure requirements or not participate in the proposed activity.

Subd. 10. Research Collaborations. When employees participate in sponsored research involving sub-grantees, contractors, or collaborators outside the University, the University, to the extent required by the sponsor, will take reasonable steps to ensure that investigators working for these outside entities comply with appropriate conflict of interest disclosure and review requirements. These steps may include requiring the investigators to comply with the University's policy or obtaining written assurances from the outside entity that it complies with applicable federal regulations or sponsor policies on conflict of interest.

### SECTION III. REVIEW OF APPLICATIONS FOR EXTERNAL SUPPORT OR RECEIPT OF CONTRIBUTIONS

Subd. 1. Review Process. The general purpose of reviews is to assist employees and the University in avoiding or controlling risks to integrity and reputation engendered by such relationships, while at the same time protecting and furthering the interests of employees, the University, and society in the activities supported by sponsored research and contributions as described in article 7.

Subd. 2. Category II, Section II. The department head is the responsible administrator for this section. Upon receipt of the disclosure form, the department head will consider the appropriateness of the activity and will determine a course of action that will be reported in writing to the dean to whom the department head reports. The dean will either approve the department head's action or submit the disclosure for review following the category II, section III procedure. In those instances when the dean does not concur, the activity may not proceed until approval is obtained by the category II, section III review procedure. Review and decisions on proposed activities for this section must be completed within 20 working days after the department head receives the written disclosure.

Subd. 3. Category II, Section III. The dean is the responsible administrator for this section. Upon receipt of the disclosure form, the

department head will consider the appropriateness of the activity and will recommend a course of action that will be submitted to the dean to whom the department head reports. The dean will refer the proposed activity to the appropriate Conflict Review Committee (CRC — described below) with or without specific recommendation. The CRC will either endorse the dean's recommendation or suggest to the dean a course of action. The dean will then determine the course of action for the proposed activity and submit the decision to the senior officer to whom the dean reports. The senior officer will either concur or return the plan of action to the dean for revision. For those proposed activities that would benefit from an additional perspective, the senior officer will forward a request to the vice president for research to refer the activity to the Public-Private Partnership Committee (PPPC). The advice from the PPPC will be submitted to the dean, who will determine the course of action and submit the decision to the senior officer to whom the dean reports. The senior officer will either concur or return the plan of action to the dean for revision. Review and decisions on proposed activities for this section must be completed within 30 working days after the department head receives the written disclosure except for those activities referred to the PPPC. The proposed activities that are reviewed by the PPPC must be completed within an additional 30 working days.

Subd. 4. Conflict Review Committees (CRCs). Each senior officer will determine whether the review committees should be organized at the collegiate level or by area (multiple colleges) and, in consultation with appropriate deans, will be responsible for appointing review committee members as described in article 7. Employees will have the opportunity to meet with the CRC to discuss the situation and possible actions.

Subd. 5. Appeal/Reconsideration Process. If an employee believes the determined course of action is inappropriate, the employee may appeal or ask for the decision to be reconsidered by the dean. The dean will then refer the appeal to the CRC to have the activity reconsidered. Upon completion of the review, the dean will act on the recommendation.

Subd. 6. Record Retention. Each dean will maintain records of all disclosure statements filed and all actions taken by the institution, on an award-by-award basis, for at least three years beyond the termination of the award or until resolution of any action by the University or governmental agencies involving the records. All records will be maintained in a manner to protect confidentiality but will be accessible to sponsoring agencies as required by federal regulations or sponsor policies.

Subd. 7. Reporting Requirements to Sponsoring Agencies. Prior to the expenditure of sponsored research funds, the University to the extent required by the sponsor will notify it of the existence of any potential conflict of interest and provide assurance that the interest has been managed, reduced, or eliminated. To fulfill this requirement, the dean of the unit in which the potential conflict of interest has been identified will inform the vice president for research of the potential conflict and how it will be managed, reduced, or eliminated. The vice president for research will provide notice and assurance to the sponsor as required.

#### SECTION IV. REPORTING OF PREVIOUSLY APPROVED RELATIONSHIPS.

Each dean annually will submit a written report to the appropriate senior officer summarizing all requests and actions regarding category II external relationships. In addition, the dean must report on ongoing category II relationships to ensure that management and oversight activities are being carried out as required. These reports will be forwarded by the

senior officers to the vice president for research for transmission to the PPPC, which will review activities for consistency and make suggestions for modification of operating principles and procedures. On behalf of the committee, the vice president for research will communicate its recommendations in writing to the senior officers, who in turn will communicate in writing with their deans. The vice president for research also will consult with appropriate faculty governance committees regarding proposed changes in the operating principles and procedures.

#### SECTION V. ENFORCEMENT

Subd. 1. Disciplinary Actions. Breaches of this policy include, but are not limited to, failure to file, intentionally filing an incomplete, erroneous, or misleading disclosure form, or failing to provide additional information as required by the approving authority. A violation of this policy may be the basis for discipline of an employee. If sanctions are necessary, they will be imposed in accordance with other applicable Board of Regents and Administrative policies and procedures. The potential sanctions may include, but are not limited to, the following:

- (1) letter of admonition;
- (2) ineligibility of the employee for grant applications, Institutional Review Board (IRB) approval, or supervision of graduate students;
- (3) suspension;
- (4) nonrenewal of appointment; or
- (5) dismissal.

Subd. 2. Notification of Failure to Comply. If an employee who is involved with sponsored research fails to comply with this policy, then the dean of the unit must promptly inform the vice president for research of the violation and whether it has biased the design, conduct, or report of research. To the extent required by the sponsoring agency, the vice president for research will then notify the agency of the violation and any corrective action taken or to be taken.

### ARTICLE 3 CONFLICT OF INTEREST AND EXTERNAL RELATIONSHIPS

#### SECTION I. IN GENERAL

Subd. 1. Conflict of Interest. A conflict of interest occurs when an employee compromises professional judgment in carrying out University teaching, research, outreach, or public service activities because of an external relationship that directly or indirectly affects the financial or business interest of the employee, an immediate family member, or an associated entity.

Subd. 2. Disclosure of Potential Conflicts. The potential for conflicts arises because of the nature and scope of activities engaged in by the University and its employees. The University assumes that potential for conflicts will occur regularly in the normal conduct of activities. However, it is essential that the significant potential for conflicts be disclosed and reviewed by the University. After disclosure the University can then make an informed judgment about a particular case and require appropriate oversight, limitations, or prohibitions on the activity in accordance with this policy. Employees may not engage in activities in which an actual conflict of interest occurs.

Subd. 3. Implications of External Relationships. Employees are encouraged to participate in technology transfer activities and

interactions with other public entities and with business. Such activities, referred to in this document as external relationships, may have the potential for conflicts of interest. However, no wrongdoing is implied by the existence of external relationships.

## SECTION II. SIGNIFICANT COMBINATIONS OF ACTIVITIES AND EXTERNAL RELATIONSHIPS.

Subd. 1. Categories of Relationships. The potential for a conflict of interest arises when certain behaviors on the part of the employee occur and are coupled to the existence of certain external relationships. Some combinations (category I below) are assumed to not represent a conflict of interest. Other combinations represent sufficient potential for conflict of interest (category II below) that they require review and prior approval by the University before the employee can engage in the activity. Category III below addresses an activity combined with an external relationship that is presumed to be a conflict of interest and is therefore not allowed.

Subd. 2. Application of Policy. The following is a representative, though not inclusive, list of activities and external relationships covered by this policy. The categories are general guidelines, and application of appropriate review and oversight will always be in accordance with maintaining the full integrity or reputation of the University and its employees within the context of academic freedom.

Subd. 3. Relationships Not Specified in Policy. Any combination of activity and external relationship not specifically represented in categories I—III that an employee reasonably believes constitutes a potential conflict of interest must be reported in writing to the employee's department head. The department head will determine whether the relationship represents an activity requiring further review.

### ARTICLE 4

#### CATEGORY I: ACTIVITIES EXEMPT FROM DISCLOSURE

The following are not considered conflicts of interest and do not require disclosure. They are allowable if they are consistent with other policies of the University.

- (a) An employee receiving income from seminars, lectures, or teaching engagements sponsored by public or nonprofit entities.
- (b) An employee receiving income from a business of less than \$10,000 annually for educational materials. If the employee assigns the materials to University of Minnesota students, there must be prior written consent of the department head or dean.
- (c) An employee receiving income serving as a special reviewer or on a review panel for a public or nonprofit entity.
- (d) An employee receiving royalties under the University's royalty-sharing policy but not having any other relationship with the royalty-granting entity as specified in category II.
- (e) An employee participating in a private practice plan pursuant to policies adopted by the Board of Regents.

### ARTICLE 5

#### CATEGORY II: ACTIVITIES AND EXTERNAL RELATIONSHIPS THAT HAVE THE POTENTIAL FOR CONFLICT OF INTEREST

## SECTION I. CATEGORIES IN GENERAL.

The following combinations range from those that are considered to have minimal to moderate potential for conflict of interest (section II) to those that have a moderate to high potential for conflict of interest (section III). The activities in section II are ordinarily allowable following disclosure and, where necessary, the implementation of oversight or other management procedures. The activities and external relationships listed in section III require case-by-case review and only some of the specific relationships may be approved. Special oversight or management procedures are likely to be required. Disclosure and approval procedures are described in article 2.

## SECTION II. MINIMAL TO MODERATE POTENTIAL FOR CONFLICT.

### Subd. 1. Research Activities.

(a) An employee participating in research on a technology, process, or product developed in whole or in part by that employee in which the employee, an immediate family member, or an associated entity is entitled to receive royalties from an existing agreement with a business under another academic institution's royalty-sharing policies, but has no other financial or business interests in the project.

(b) An employee assigning students, postdoctoral fellows, or other trainees to research projects in which the employee, an immediate family member, or an associated entity is entitled to receive royalties from an existing agreement with a business under the University's or another academic institution's royalty-sharing policies, but has no other financial or business interests in the project.

Subd. 2. Instructional Activities. An employee assigning students or other trainees to instructional projects, for example, design projects, in which the employee, an immediate family member, or an associated entity has a financial or business interest.

## SECTION III. MODERATE TO HIGH POTENTIAL FOR CONFLICT.

### Subd. 1. Research Activities.

(a) An employee participating in clinical trials or evaluation or development of a technology, process, or product owned or controlled by a business in which the employee, an immediate family member, or an associated entity has a financial or business interest.

(b) An employee assigning students, postdoctoral fellows, or other trainees to projects supported by a business (through sponsored research or a contribution) in which the employee, an immediate family member, or an associated entity has a financial or business interest, other than royalty income or the entitlement to future royalty income under University royalty-sharing policies.

(c) An employee receiving University-supervised sponsored research support or contributions (whether in dollars or in kind) for research from a business in which the employee, an immediate family member, or an associated entity has a financial or business interest, other than royalty income or the entitlement to future royalty income under University royalty-sharing policies.

### Subd. 2. Business Interests.

(a) An employee receiving research support (sponsored research or a contribution) from a business in which the employee or an immediate family member serves on the board of directors or advisory board.



(b) An employee or immediate family member holding an executive position in a business engaged in commercial or research activities directly related to the employee's University responsibilities.

Subd. 3. Administrative Responsibilities.

(a) An employee taking administrative action on behalf of the University with respect to the University or any University-affiliated organization that is beneficial to a business in which the employee, an immediate family member, or an associated entity has a financial or business interest.

(b) An employee taking administrative action on behalf of the University with respect to any supported research activity (sponsored research or a contribution) in which the employee, an immediate family member, or an associated entity has a financial or business interest in the sponsor or donor.

Subd. 4. Professional Referrals. With the exclusion of consulting activities that conform to the consulting policy, an employee while acting in the context of the employee's University duties making professional referrals to a business in which the employee, an immediate family member, or an associated entity has a financial or business interest of which the employee is aware or reasonably should be aware. Only in special situations should full-time employees be permitted to engage in this type of activity, for example, when the function is not generally available from other sources and the employee fully discloses relevant financial or business interest to prospective clients.

ARTICLE 6

CATEGORY III: PURCHASING GOODS AND SERVICES

Except as allowed in article 4, no employee in direct contact with suppliers or potential suppliers to the University, or who has direct or indirect influence over purchasing decisions or contracts, or otherwise has official involvement in the purchasing or contracting process may:

- (1) have any financial, business, or personal interest directly or indirectly in contracts or purchases of goods or services used by the University; or
- (2) accept, directly or indirectly from a person or business to which a contract or purchase of goods or services has been or may be awarded, any gift as defined in Board of Regents policy "Gifts Received and Given by Regents and University Officials." No employee may further accept any promise, obligation, or contract for future award.

ARTICLE 7

CONFLICT REVIEW COMMITTEES

SECTION I. CONFLICT REVIEW COMMITTEES.

Subd. 1. Formation and Membership. Senior officers will form one or more Conflict Review Committees (CRCs) for their areas to review the potential for conflicts of interest respecting sponsored research, funding and contributions. Committees may be organized by area (multiple colleges) or for particular colleges where the number of such cases or their nature justify a separate committee. Three-quarters of the voting membership of each CRC will be faculty members from the area or colleges to be served. The remaining one-quarter of the voting members will include faculty from outside the colleges and representatives from outside

the University. Some of the members should be individuals who have participated in approved external relationships. Each CRC will also include nonvoting staff representation from the Office of Research and Technology Transfer. The senior officers will decide on the composition of each CRC and select its members in consultation with the appropriate deans.

Subd. 2. Principal Objective. The principal objective for the review committees and responsible administrators is to help guard employees and the University from engaging in activities where the risk to integrity and reputation as a result of an external relationship outweighs the value of the activity to academic and societal goals. Relevant factors for the review committees and responsible administrators to consider are the size of the financial or business interest, when the relationship commenced, whether the conditions of the relationship have changed during the past year, the likelihood of actual conflict (will the results of the activity likely be affected by or affect the financial or business interest), mechanisms to ensure integrity (peer review, other independent research sites, and independent monitors or controls), the importance of the proposed activity, and the availability of alternatives to avoid the conflict or apparent conflict.

Subd. 3. Possible Recommendations. One possible recommendation as a result of the review is approval of the activity as proposed if it is concluded that the potential for conflict is so remote or inconsequential that there is minimal probability for biasing the objectivity of the activity. Other possible recommendations are to require periodic peer review of the activity (oversight) by individuals independent of the employee, outside monitors for the activity, divestiture of the financial or business interest, modification of the plan of work, or assignment of different employees without a financial or business interest to control the activity. To the extent possible and reasonable under the circumstances, and in light of the importance of the activity, the review committees and responsible administrators will work with employees to develop means for the activity to take place while protecting the integrity and the reputation of the employees and the University. In special circumstances, upon receiving advice from the PPPC, the senior officer may approve the activity for a limited period of time due to the potentially great benefit from the activity even though there is a high potential for conflict of interest.

## SECTION II. PUBLIC-PRIVATE PARTNERSHIP COMMITTEE.

Subd. 1. Formation and Membership. The vice president for research will form a Public-Private Partnership Committee (PPPC) to advise the University administration on complex ethical issues that cannot be resolved by direct application of existing policies. Although some members of this committee will be drawn from within the University to provide relevant information and guidance, the majority will represent a broad spectrum of constituencies outside the University.

Subd. 2. Responsibilities. The PPPC will provide advice on how to handle proposed activities that require an additional perspective beside that provided by the CRC. The PPPC will also annually perform a retrospective review of all decisions involving category II relationships and provide advice on how policies and procedures might be modified to maintain the integrity of the institution. The vice president for research will serve as the liaison between the PPPC and the senior officers. The vice president for research also will confer with appropriate faculty governance committees regarding proposed changes in the operating principles and procedures.

ARTICLE 8  
EXISTING FINANCIAL OR BUSINESS RELATIONSHIPS

SECTION I. IN GENERAL.

This policy takes a broader view of the potential for conflict of interest and contains more stringent guidelines than the policy it replaces. As a result, it is expected that certain existing relationships of employees will have to be modified. In order to implement the policy, employees must disclose all existing external financial or business relationships to department heads for review as specified in article 2. This provision also applies to all new employees hired after this policy is adopted. The following section sets forth transitional rules for removing identified conflicts. They apply to activities department heads and deans have determined to be unallowable.

SECTION II. MECHANISMS FOR REMEDIATION.

If a department head or dean decides an existing combination of an activity and external relationship is unallowable, the employee can do any of the following to remove the potential for conflict of interest.

(a) Divestiture of financial or business interests in publicly traded businesses: Within three months following the administrative decision, the employee must divest at least 75 percent of relevant stock holdings; 100 percent of the stock must be divested by the end of the sixth month.

(b) Divestiture of financial or business interests in privately held businesses: The employee will be required to divest from financial or business interest at the earliest reasonable time in the judgment of the department head or dean. The University must be assured that the employee will not be obligated to future activities or responsibilities for the business.

(c) Retaining financial or business interests but withdrawing from University activity: In lieu of divestment of a financial or business interest, an employee may retain the interest and instead discontinue the University activity in question. In such circumstances the employee may continue to participate in the research for a period not to exceed six months following notification that the combination of activities and external relationships is not approved. Under such circumstances, the implementation of appropriate monitoring procedures may be warranted during such period.

(d) Resigning or taking a leave from an executive position in business related to an employee's University activity: A full-time employee with an executive position in a business that is deemed unallowable must resign or take a leave of absence from the position within a period determined to be reasonable under the circumstances. In no case will this period exceed six months from the determination that the relationship is not acceptable. In making these arrangements, efforts will be made to minimize the disruption the change might create for the parties involved.

Supersedes: Disclosure of Conflict of Interest dated May 13, 1988; and Presenting Testimony - Identification of Affiliations dated March 9, 1973.

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

Bleyhl reported that the committee also reviewed the proposed Board of Regents Policy: *Sexual Harassment* and reviewed a new Board of Regents Policy: *Nepotism and Consensual Relationship*. The committee engaged in a discussion relating to the enterprise systems, particularly relating to the human resource management systems. The committee also discussed a proposed community service award.

#### **REPORT OF THE AUDIT COMMITTEE**

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

- a) Approval of the Internal Audit Update as presented to the committee and included in the docket material.

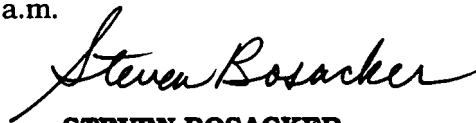
The Board of Regents voted unanimously to approve the recommendation of the Audit Committee.

Reed reported that the Audit Committee also received updates on grants management, the Enterprise Systems Project, and issues relating to year 2000. The committee engaged in a discussion relating to national higher education audit issues and a number of information items were also included in the docket materials for the committee's review.

#### **REPORT OF THE LITIGATION REVIEW COMMITTEE**

Regent Peterson reported that the Litigation Review Committee met on Wednesday, July 8, 1998 to discuss attorney-client privileged matters.

The meeting adjourned at 11:40 a.m.



**STEVEN BOSACKER**  
**Executive Director &**  
**Corporate Secretary**

**UNIVERSITY OF MINNESOTA**

**BOARD OF REGENTS**

**Facilities Committee**

**August 13, 1998**

A meeting of the Facilities Committee of the Board of Regents was held on Thursday, August 13, 1998, at 3:14 p.m. in 238 Morrill Hall.

Regents Present: Thomas Reagan, presiding; David Metzen, William Peterson, Jessica Phillips, Maureen Reed, and Patricia Spence.

Staff Present: Interim Vice President Eric Kruse; Executive Director Steven Bosacker; and Associate Vice President Clint Hewitt.

Student Representatives present: Tammy Koob and Adam Miller.

**INFORMATION REPORT**

Interim Vice President Kruse presented the information report as found in the docket materials.

Kruse presented a verbal and visual update regarding the South Mall project. The current vision for the project consists of a series of smaller, shorter buildings and a maximum amount of green space that could include formal and informal spaces and an amphitheater, all of which cascade down to the river. It is estimated that the project will provide 450-550 beds in student housing and parking for 1,200 to 2,000 cars. A pre-design consultant team is being assembled to provide expert analysis regarding such issues as traffic patterns, parking demands, utility infrastructure, and building codes. The demolition of the parking ramp is scheduled to start the second week of October. Plans for the South Mall are being coordinated with the new molecular and cellular biology building.

In response to comments from Regent Reagan, Kruse explained that he sent out a request for proposals for a consultant to oversee all the capital projects on the Twin Cities campus and expects to start interviewing the short list of candidates next week.

In response to a question from Student Representative Koob, Kruse stated that the new south mall parking and housing facilities should be completed by August 2000. He added that most of the occupants of the current East River Road parking facility have been relocated.

**SCHEMATIC PLANS**

**Jackson Hall Remodeling, Twin Cities Campus**

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

On the recommendation of the President and Interim Vice President for University Services, the schematic plans for the Jackson Hall remodeling project are approved and the appropriate administrative

officers are authorized to proceed with the development of construction documents and construction.

Interim Vice President Kruse presented an overview of the Jackson Hall remodeling project as found in the docket materials. Kruse noted that the annual operating expenses will actually increase about \$500,000, not remain the same as indicated in the docket materials.

Craig Rafferty, Rafferty Rafferty and Tollefson Architects, presented the schematic plans for the project

In response to a question from Regent Reed, Rafferty explained that the open space between Jackson Hall and the future molecular and cellular biology building will be part of the circulation between the buildings and a vital collegial-type space.

In response to a concern from Student Representative Koob, Kruse explained that, with the exception of mortuary science and gross anatomy in the basement, the vast majority of the building would be vacated prior to asbestos removal. Kruse stated that all asbestos removal would be performed in compliance with OSHA standards.

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

#### **Peters Hall Renovation Project, Twin Cities Campus**

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

On the recommendation of the President and Interim Vice President for University Services, the schematic plans for the Peters Hall renovation project are approved and the appropriate administrative officers are authorized to proceed with the development of construction documents and construction.

Interim Vice President Kruse presented an overview of the Peters Hall renovation project as found in the docket materials. Sylvia Frank, Carlsen & Frank Architects, presented the schematic plans for the project.

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

#### **DESIGN GUIDELINES**

Interim Vice President Kruse explained that reviewing design guidelines for capital projects is a new oversight responsibility for the committee. The design guidelines establish the physical parameters within which the project is designed, but do not provide the architectural details. Reviewing design guidelines enables the committee to provide input on capital projects early in the process and prior to the selection of the architect.

#### **Molecular and Cellular Biology Building**

Interim Vice President Kruse distributed an outline and presented the design guidelines for the molecular and cellular biology building as found in the docket materials.

In response to a question from Regent Peterson, Kruse explained that the per gross square foot figure in the docket materials includes everything ready for occupancy and anticipates inflation.

Regent Reed expressed her belief that the Academic Health Center needs to become a part of the campus rather than be perceived as a separate unit.

Spence expressed concerns with the aesthetics of the common areas in the buildings on campus, in general, and questioned how the design guidelines address these areas. Harvey Turner, Facilities Management Director, explained that architectural details such as the common areas are not addressed in the design guidelines. He noted, however, her concerns for when those areas are being designed. Turner added that common and open spaces are a significant part of creating a sense of community and a friendly environment.

In response to questions regarding the future of Church Street, Kruse explained that it will be the staging area for a number of capital projects over the next two years. Hewitt added that the master plan reflects the extension of Church Street as a pedestrian way to the river.

In response to a question from Student Representative Miller, Kruse explained that the molecular and cellular biology building will be connected by a tunnel to the "Gopher Way" system. He added that the posting of one thousand signs in the tunnel system, as well as the distribution of maps, should help users navigate the tunnels.

#### **Ford Hall Renovation**

Interim Vice President Kruse distributed an outline and presented the design guidelines for the Ford Hall renovation as found in the docket materials.

Kruse suggested a tour of Haecker Hall on the St. Paul campus in October to let the committee view the kind of work that will be done in Ford Hall.

Regent Metzen requested that exterior renovation be considered in the long-range plan for Ford Hall to make it more compatible with the rest of the buildings on the mall.

In response to a question from Regent Peterson, Kruse explained that the hazardous materials in Murphy and Ford Halls will be completely abated.

In response to a question from Regent Phillips, Kruse explained that there is a total relocation plan for this building which includes the potential use of the Newman Center as a temporary location.

Kruse noted that the mural on the fourth floor is of historic significance, especially for the Hispanic community. The plan is to move it to a location where it will receive more public exposure.

#### **Murphy Hall Renovation**

Interim Vice President Kruse distributed an outline and presented the design guidelines for the Murphy Hall renovation as found in the docket materials. The committee had no questions about the Murphy Hall renovation.

Regent Reagan stressed that all of the projects presented today reflect significant strides in reducing the University's deferred maintenance.

Kruse requested input from the committee regarding what types of information future presentations of the design guidelines should contain.

Regent Metzen stated that given the tremendous amount of capital projects to be completed, the committee must be flexible in meeting more often and make a greater time commitment.

Regent Reed expressed her appreciation for the information being presented and the committee discussion on the design guidelines. She was especially pleased with the effort made to pull the master plan in at this early phase. She added that discussion of the design guidelines early in the process may actually reduce the amount of committee time and discussion required regarding the schematic plans.

Regent Peterson stated his support for the design guidelines presentation. He was especially happy to discover that four of the buildings reviewed will be made environmentally sound.

In response to a question from Metzen, Kruse explained that the estimated increased operating costs indicated in the docket materials are their best estimates based on the University's and other institutions' experience with these types of buildings.

Reed cautioned that careful attention needs to be given to the increased operating costs and what the budget is able to sustain as projects are considered for action. Otherwise, the University could find itself with another deferred maintenance problem. Kruse assured the committee that the increased operating costs, along with other expenses such as debt service, are huge considerations when putting together the budget.

The meeting adjourned at 4:35 p.m.



**STEVEN BOSACKER**  
**Executive Director and**  
**Corporate Secretary**



**UNIVERSITY OF MINNESOTA  
BOARD OF REGENTS**

**MINUTES**

**BOARD OF REGENTS MEETINGS**

**AND**

**COMMITTEE MEETINGS**

**September 10-11, 1998**

**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 10-11, 1998

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**UNIVERSITY OF MINNESOTA**

**BOARD OF REGENTS**

**Facilities Committee**

**September 10, 1998**

A meeting of the Facilities Committee of the Board of Regents was held on Thursday, September 10, 1998, at 1:35 p.m. in the Student Center West Conference Center, Southwest State University, Marshall, Minnesota.

Regents present: Thomas Reagan, presiding; David Metzen, William Peterson, Jessica Phillips, Maureen Reed, and Patricia Spence.

Staff present: President Mark Yudof; Senior Vice President Frank Cerra; Chancellor Donald Sargeant; Vice Presidents McKinley Boston and Michael Martin; Interim Vice Presidents Steven Cawley and Eric Kruse; Executive Director Steven Bosacker; General Counsel Mark Rotenberg; Associate Vice Presidents Jane Canney, Clint Hewitt, Robert Kvavik and Richard Pfutzenreuter.

Student Representatives present: John Cahoy and Tammy Koob.

**INFORMATION ITEMS**

Vice President Kruse presented the information items for September 1998. Kruse explained that a relocation plan relating to the projects in the fiscal year 1999-2000 capital program has been developed to insure the timely completion of projects. A relocation team has established lines of communication to insure that programs and individuals impacted by the capital program and relocation plan have a clear understanding of what is expected from them and how they will be accommodated during renovations. The relocation team has identified space for all but seven of the approximately 38 units to be relocated. The team is evaluating the availability and remodeling cost implications of alternative locations for the remaining units.

Regent Spence noted the positive comments regarding the projects in recent faculty governance minutes, and stressed the importance of faculty support on such an overwhelming endeavor. Regent Reagan agreed and noted that it is very difficult to comprehend over \$300 million of facilities projects in a very short period of time.

**REAL ESTATE TRANSACTIONS**

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

On the recommendation of the Interim Vice President for University Services and the Treasurer and Associate Vice President for Finance, the appropriate administrative officers are authorized to execute the appropriate documents providing for the following real estate transactions:

Sale of property located at 635 Erie Street Southeast, Minneapolis  
Purchaser: Motley Housing Cooperative  
Selling Price: \$66,000

Use of Proceeds: To be deposited to the University's central reserves

Sale of property located at 633 Ontario Street Southeast,  
Minneapolis

Purchaser: Steve Parliament

Selling Price: \$69,000

Use of Proceeds: To be deposited to the University's central reserves

Sale of property located at 644 Ontario Street Southeast,  
Minneapolis

Purchaser: Bruce Hinks

Selling Price: \$68,000

Use of Proceeds: To be deposited to the University's central reserves

In response to a question from Regent Reagan, Kruse explained that the three sales were based on the highest appraisal for each property.

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

**TEN-YEAR LEASE FOR PSYCHIATRY DEPARTMENT AT  
FAIRVIEW-UNIVERSITY MEDICAL CENTER, RIVERSIDE CAMPUS,  
2450 RIVERSIDE AVENUE, MINNEAPOLIS**

Interim Vice President Kruse presented an overview of a proposed ten-year lease with Fairview-University Medical Center for the use of 19,230 gross square feet in the Fairview-University Medical Center. The annual gross rent for the facility will be \$15.40 per gross square foot, estimated at \$296,142 per year. The Academic Health Center and the centrally-funded rental budget will fund the gross rent costs for this lease.

In response to a question from Regent Reed, Senior Vice President Cerra explained that this move was a part of the original affiliation agreement with Fairview. The agreement provided that the clinical space would be provided by Fairview, but the academic support space is the University's responsibility.

This item will be brought back for approval at the October 1998 meeting.

**CAPITAL BUDGET AMENDMENT  
Review/Action**

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

On the recommendation of the Interim Vice President for University Services and the Vice President for Student Development and Athletics, the capital budget is amended to increase the budget for the Women's Hockey/Tennis Facility by \$1,700,000 to \$13,200,000.

Regent Peterson expressed concern about the environmental issues surrounding the project. Kruse stated that the environmental survey has not yet been completed, but that the facility will be built in a way to stay sufficiently above the water table to minimize seepage concerns.

Regent Reagan asked Vice President Boston; Mark Dienhart, Director of Men's Athletics; and Chris Voelz, Director of Women's Athletics, to join the discussion.

Regent Spence expressed concern that the facility is a deviation of the master plan and suggested that a discussion on the trade-offs would be appropriate before giving further consideration.

Kruse explained that the project is in violation of the master plan in three respects: 1) It places a single-story, single-use building on a block designated in the master plan for parking and mixed-use, multi-level development; 2) It vacates a street and blocks both vehicular and pedestrian access to both current uses and future development north of Fifth Street; and, 3) It intrudes upon a designated open-space corridor along Fourth Street. Kruse noted that the Master Planning Committee has reviewed the proposed facility and forwarded their concerns to President Yudof in a letter dated August 31, 1998.

Student Representative Koob asked about the loss of 400 parking spaces due to this project. Kruse explained that decks will be built on two parking areas in the current Huron Avenue lot which will provide an additional 800 parking spots. However, there will be a gap during the construction as the Huron Avenue parking construction will lag slightly behind the hockey/tennis facility construction.

Reagan asked Voelz why there are so many bench seats planned in the new facility instead of chairbacks. Voelz explained that the rationale is to distinguish between season ticket holder seats and single purchase seats. This will entice people to become season ticket holders. At the time that more season tickets are purchased, bench seats can easily be converted to chairbacks. Chairbacks also significantly reduce the facility's seating capacity, and the goal was to have a 3000-person facility.

The committee voted unanimously to recommend approval of the amendment to the fiscal year 1999 capital budget.

#### **CAPITAL BUDGET AMENDMENT Review**

The committee reviewed a proposal to include two leasehold improvement projects as outlined in the docket materials;

- A. Leasehold Improvements - North Memorial/University Family Practice Clinic Remodeling Project, 1020 West Broadway, Minneapolis (\$326,100)
- B. Leasehold Improvements - Psychiatry Department Remodeling Project, Fairview-University Medical Center, Minneapolis Riverside Campus (\$1,171,000)

Vice President Kruse explained that the first item was omitted in the capital budget. The Academic Health Center (AHC) had budgeted and planned for this item, but inadvertently, communication between the AHC and University Services to consolidate the plan got lost in the shuffle.

Regent Metzen noted his appreciation for the forthrightness in admitting that something was missed. This is not always the case in bureaucracies, and Metzen noted it shows a level of trust between the administration and the Board.

In response to a question from Regent Peterson, Kruse explained that the North Memorial/University Family Practice Clinic in Minneapolis is a graduate teaching site with significant space shortage. In May of this year, the department was able to exercise an option within the current lease for an additional 1,500 square feet of space adjacent to the existing space.

The proposal will be on the agenda at the October 1998 meeting for action.

## **SCHEMATIC PLANS**

### **Women's Hockey/Tennis Facility, Twin Cities Campus**

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

On the recommendation of the Interim Vice President for University Services and the Vice President for Student Development and Athletics, the schematic plans for the Women's Hockey/Tennis Facility are approved and the appropriate administrative officers are authorized to proceed with the development of construction documents and construction.

In response to a question from Student Representative Koob, Kruse explained that this project was originally conceived as two separate buildings, separated by Eighteenth Avenue. After investigating numerous options, it became clear that there were many advantages to have a jointly-shared facility, including a savings of several million dollars.

Regent Reed suggested that at a future committee meeting, a report on the Master Planning Advisory Committee, i.e., how long has it been in place, who is on the committee, what its role is, and how it interfaces with the Master Planning Office, would be helpful. Noting that the hockey/tennis facility project was far along before the Master Planning Advisory Committee was appointed, Reed stressed the importance of having the committee involved early on in future projects. Referring to the letter from Dean Tom Fisher, Chair of the Master Planning Committee, Reed asked if the architects will take into account the concerns raised by the committee on this project as they move beyond the schematic plan phase of the project. Regent Reagan noted that this letter was delivered immediately before the meeting, and everyone did not have an opportunity to read it. Reagan requested that Vice President Kruse prepare a response to the Fisher letter before the next meeting. A copy of the letter from Dean Fisher is on file in the Board Office with the docket materials.

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

### **Early Childhood Development Center, Crookston Campus**

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

On the recommendation of the President and the Interim Vice President for University Services, the schematic plans for the Early Childhood Development Center at the Crookston Campus are approved and the appropriate administrative officers are authorized to proceed with the development of construction documents and construction.

Chancellor Sargeant explained that in 1973, a residential life building at the University of Minnesota, Crookston (UMC) campus was remodeled to create the first childhood center and coincidentally, the two-year program in early childhood. UMC has hired another tenure-track position, and with collaborative programming, baccalaureate graduates will be licensed for pre-kindergarten through third grade. The program has approximately 100 students and UMC hopes that this center will become a model for the State of Minnesota.

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


### **QUARTERLY CAPITAL IMPROVEMENT PLAN REPORT**

Interim Vice President Kruse presented the Quarterly Capital Improvement Plan Report for the fourth quarter of FY98 as contained in the docket materials. A complete summary of the capital projects is on file in the Board Office.

Kruse stated that there are 344 projects in progress this year valued at \$583 million. Approximately half of these projects have been moved from "in process" to "complete" this year, with a dollar value of \$251 million. Forty-eight projects which were listed as "on hold" have been investigated. Twenty-seven of the projects have been terminated for various reasons and will be taken off the "ongoing" list. There are twenty-one projects worth \$11 million that are "on hold," awaiting negotiation from outside entities or awaiting additional project funding. This leaves 125 projects valued at \$304 million that are "in process" as we move into the new fiscal year, (this is before the addition of nearly \$400 million worth of projects that have been approved as part of the capital budget for this year). The \$400 million does not include the south mall housing or the Coffman Memorial Union renovation, which will be very significant projects with very significant financial commitments.

Kruse thanked the committee for their support and direction in helping to make the renovation of the campus happen as well and as quickly as possible.

The meeting adjourned at 3:10 p.m.



**STEVEN BOSACKER**  
**Executive Director and**  
**Corporate Secretary**



**UNIVERSITY OF MINNESOTA**

**BOARD OF REGENTS**

**Faculty, Staff & Student Affairs Committee**

**September 10, 1998**

A meeting of the Faculty, Staff & Student Affairs Committee of the Board of Regents was held on Thursday, September 10, 1998 at 1:15 p.m. in Student Center West Conference Center of Southwest State University, Marshall, Minnesota.

Regents present: Julie Bleyhl, presiding; Robert Bergland, William Hogan, Warren Larson, H. Bryan Neel, and Michael O'Keefe.

Staff present: President Mark Yudof; Interim Chancellor Samuel Schuman; Executive Vice President and Provost Robert Bruininks; Senior Vice President Frank Cerra; Vice President Carol Carrier; Executive Director Steven Bosacker; and Associate Vice Presidents Jane Canney and Terrence O'Connor.

Student Representatives present: Heidi Frederickson and Benjamin Solomon.

**CONSENT REPORT**

Executive Vice President and Provost Bruininks reviewed the consent report which was included in the docket materials and noted the following:

- The proposed appointment of Phillip O. Larsen as Interim Dean of the College of Agricultural, Food and Environmental Sciences and Interim Vice President for Agricultural Policy to be effective in October, 1998;
- The proposed appointment of Jeffrey Klausner as Interim Dean of the College of Veterinary Medicine.

The committee voted unanimously to recommend approval of the consent report.

In response to a comment from Regent Neel encouraging more efficient searches, Executive Vice President and Provost Bruininks noted that the search process has been greatly streamlined and search committees will recruit aggressively on a national basis. Regent Bleyhl then introduced Dr. Larsen to the committee.

**1998-99 COMMITTEE WORKPLAN**

The committee reviewed a proposed committee workplan for 1998-99. Chair Bleyhl noted that the workplan includes a broad range of issues that affect the faculty, staff, and students at the University. In October the committee will have a presentation from Executive Vice President and Provost Bruininks to follow up on many of the issues raised in the luncheons held with department chairs last winter and spring.

Regent Hogan expressed his expectation that the committee will highlight graduate student matters this year, including a comprehensive look at issues facing students. Hogan noted that graduate student issues have not been before the Board in a comprehensive way, at least since he has been on the Board. Bleyhl stated that these issues would be a priority this year.

Regent Larson observed that as changes in the University climate occur, for example as morale gets better with facilities improvements, it is very important to improve internal communications. Bruininks agreed and reported that internal communication is under review as part of the University's human resource strategy.

Bleyhl invited committee members to add other items for the workplan by contacting her or Bruininks before the October 1998 meeting.

#### **AMENDMENT TO BOARD OF REGENTS POLICY: HONORS, AWARDS & RECOGNITIONS (COMMUNITY SERVICE AWARD)**

Regent Bleyhl noted that this amendment to the Board of Regents Policy: *Honors, Awards & Recognitions* to establish a Community Service Award was before the committee for both review and action. The committee had discussed the award at previous meetings and the administration now had policy language drafted for the new award which will honor the community outreach and service activities of faculty, staff, and members of the greater University community.

The recommended award when given to faculty or staff is not intended to recognize service provided to a professional association nor service that is normally seen as part of the responsibility of an employee. Rather it is intended to emphasize the importance of community service and the outreach role of faculty and staff. When given to community members the award recognizes significant public service or outreach in the name of the University.

Regent Bergland observed that institutions do not usually reward outreach and he applauded this as a most appropriate step. Executive Vice President and Provost Bruininks noted that this award will bring attention to the public service mission of the University. He anticipates that there will be annual events on each campus to recognize the award winners and the organizations who benefited from the outreach. He believes this award reflects the values of the University and envisions developing both a distinguished professor grant program for outreach activities and a community service scholar recognition award for students.

Student Representative Frederickson expressed support for the new award and recommended that student community service also be recognized.

A motion was made and seconded and the committee voted unanimously to recommend approval of the Board of Regents Policy: *Awards, Honors & Recognitions* as presented.

#### **LIFE AND DISABILITY INSURANCE IMPROVEMENTS**

Vice President Carrier reviewed several proposed improvements to the life and disability insurance coverage for faculty and professional and academic staff. The improvements, outlined in the docket materials, were proposed to enhance the University's competitiveness in recruitment and retention.

Regent Bleyhl questioned whether, if given a choice, employees would prefer improvements in health insurance rather than other types of insurance. Carrier agreed that health insurance is a huge issue for employees and changes are being sought in the State health plan program to better meet the needs of employees. In response to Regent Larson's suggestion that the University consider a flexible benefit plan which allows employees to choose from a variety of benefits, commonly known as a cafeteria plan, Carrier said that the University had studied that idea. However, it is difficult to create a more flexible plan because the cost of health consumes such a large part of the benefits budget, that there are too few discretionary funds remaining to have an effective choice plan.

Regent O'Keefe cautioned that there is a danger in comparing ourselves to other institutions benefit by benefit. A true comparison would be a total package of salary and benefits based on the different marketplaces in which we compete for employees. For instance, the correct comparisons for clerical and some administrative staff might be the regional marketplace, whereas faculty would be peer institutions. He requested that the committee be provided with an analysis of total pay and benefits for each employee group in the context of the appropriate marketplace. Executive Vice President and Provost Bruininks said the topic would be added to the committee's workplan for the year.

Regent Neel expressed a concern about growing disability insurance claims in some markets and asked if the University has seen claims increase. Claims remained stable until three years ago and then grew from about 38 to 50 per year, according to Robert Fahnhorst, Employee Benefits Manager. Neel stated that he supports this proposal, but expressed concern about the long-term cost to the institution.

The presentation was provided for information purposes and no action was requested of the committee.

The meeting adjourned at 2:45 p.m.



**STEVEN BOSACKER**  
**Executive Director and**  
**Corporate Secretary**

**UNIVERSITY OF MINNESOTA**

**BOARD OF REGENTS**

**Audit Committee**

**September 10, 1998**

A meeting of the Audit Committee of the Board of Regents was held on Thursday, September 10, 1998, at 3:35 p.m. in the Student Center West Conference Center, Southwest State University, Marshall, Minnesota.

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

Staff present: Executive Vice President and Provost Robert Bruininks; Senior Vice President Frank Cerra; Vice President Carol Carrier; Executive Director Steven Bosacker; Associate Vice Presidents Jane Canney, Robert Kvavik and Richard Pfutzenreuter; Interim Associate Vice President Steven Cawley; and Director of Audits Gail Klatt.

Student Representatives present: John Cahoy and Scott Roethle.

**QUARTERLY ENTERPRISE SYSTEMS UPDATE  
(continued from July 1998)**

Executive Vice President and Provost Bruininks, Associate Vice President Kvavik, and Interim Associate Vice President Cawley continued their update on the Enterprise Systems Project begun at the July 1998 meeting of the Audit Committee.

Cawley explained that 400 high-priority projects relating to the Year 2000 (Y2K) issue have been identified. The estimated cost of completing the projects is \$3.8 million, to be funded with existing resources. In response to the committee's suggestion that a contingency reserve be established to address Y2K issues, a loan program has been planned, available on a hardship basis to colleges with Y2K issues as they deplete their available balances. In response to a question from Regent O'Keefe, Associate Vice President Pfutzenreuter said that they decided not to set a certain dollar amount for the reserve fund at this point. If the dollar amounts of the hardship loans escalate, the committee will be briefed at a future meeting and ask to set a cap.

Regent Hogan requested future information projecting the high and low-end dollar estimates of the Enterprise Systems Project. Kvavik stated that he is comfortable that the earlier dollar amount of \$45 million is still a good estimate, noting that he is determined to stay within budget. Hogan expressed concern that there may be a loss of functionality in an effort to stay within budget. Kvavik responded that there has been no net loss of functionality to date, and that he would come before the committee to discuss options if such losses were imminent.

Regent Hogan suggested that after all issues are resolved with Y2K and the enterprise systems are completely implemented, it would be helpful to receive an analysis of what has been learned in the process. Regent O'Keefe agreed and noted that a set of guidelines for future projects that incorporates the lessons learned would be appropriate.

In response to a question from Regent Reed, Cawley stated that, on a level of one to ten, his anxiety level regarding Y2K is currently a seven. Cawley stated that with the importance of the issues involved, he won't feel comfortable until sometime in January of 2000. Klatt stated that her current anxiety level is a six, down from an eight due to clearer leadership and acceptance of responsibility.

### **1998-1999 COMMITTEE WORKPLAN**

Regent Larson and Director of Audits Klatt highlighted the committee's proposed workplan which is included in the docket materials. In addition to the business matters proposed in the workplan, continuing discussions relating to the theme "measures of a culture change" will be pursued.

### **AUDIT OF FEDERAL AWARDS PROGRAM (A133)**

Controller Terry O'Connor explained that the A-133 audit measures compliance with federal laws and regulations applicable to federal financial assistance (appropriations, student financial aid, and sponsored grants and contracts) that the University receives. The audit is required as a condition of receiving federal financial assistance and must be performed annually by our independent public accountants. Although A-133 audits have been required for a number of years, recent revisions to the audit requirements have resulted in a risk-based approach, consistent with the COSO framework that the Board previously adopted.

Cliff Hoffman of Deloitte and Touche, the University's external auditor, highlighted the audit report for the year ended June 30, 1997, the University's Corrective Action Plan, and a Summary of Prior Audit Findings. Hoffman explained that the audit report communicates six findings, including one that is a "reportable condition" regarding the University's monitoring of expenditures by organizations that receive "pass-through" federal funds from the University. This is a repeat finding and, if not resolved, may lead to a classification as a "material weakness" in future audit reports.

Regent Reed stressed the importance of correcting the problems and asked if the delay has been because it is so difficult or if it was not seen as important internally. O'Connor stated that it is considered important, and he is currently putting a monitoring plan in place to remedy the situation. O'Connor said he is working with ORTTA to quickly resolve the issue. Klatt added that these issues have taken on additional complexity because of recent changes in regulations.

In response to a question from Regent Larson, John Scheffler of Deloitte & Touche stated that the University of Minnesota is not alone with these issues and is in better shape than many peer institutions.

In response to a question from Regent O'Keefe, Senior Vice President Cerra explained that regarding oversight of grants management, it is necessary to reconcile what needs to be accomplished with subcontract oversight. With the current grants

management model, and with the current grants management oversight component about to be implemented, the specific issue of subcontracts outside the institution has not been addressed. The University has made a commitment to the National Institutes of Health (NIH) to have a formal compliance model for grants management, and it is currently being developed. Cerra stated that the University is caught in the middle because we are implementing a major new system of management and oversight to achieve compliance with the grants management process which includes subcontracts. Cerra noted that in November he will be providing a status report on the NIH workplan.

Executive Vice President and Provost Bruininks noted that a lot of the University's smaller subcontracts are related to the University's public responsibility of being a land-grant institution. Strategies must be devised to lower the level of risk and increase the quality of performance, and monitoring procedures that represent relatively low financial risk need to be developed.

### **IFIC: MEASURES OF A CULTURE CHANGE**

Director of Audits Klatt reminded the committee that they had requested a discussion relating to observable changes which reflect that the concepts of the Integrated Framework of Internal Control (IFIC) are being incorporated into University practices.

Regent Larson explained that in the docket materials, Klatt has provided the committee with a proposed methodology with which the committee could start to measure observable changes relating to the IFIC.

Regent Reed expressed concern that a department chair going through this process could get lost in the questions due to the level of detail, and suggested that three to five questions should be developed that could capsulize cultural change benchmarks for the department or institution as a whole.

In response to a question from Regent Neel, Executive Vice President and Provost Bruininks stated that he is deeply committed to maintaining the critical measures previously approved by the Board. Bruininks said the University will not do well in the next several years if it doesn't continue to improve its own internal capacity to evaluate itself and the effectiveness of its programs. Bruininks noted that it might be time to take a step back to see how good and robust some of the measures are and determine the cost of collecting some of the data. It might become necessary to put some of the measures on a sampling paradigm and perhaps put them on a less frequent schedule in order to add more focused institutional research studies as a part of the process.

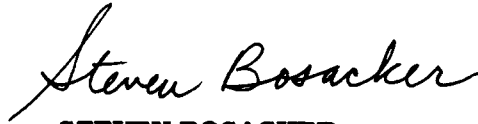
Regent Reed suggested that as part of the workplan, the committee should consider looking to industries that might be further ahead than higher education in terms of pushing cultural change. Rather than having a conversation that is strictly internal, experts should be brought in to help assess where the University ought to be.

### **EXTERNAL AUDIT TRANSITION PLAN**

John Scheffler, partner in charge of the University's FY97 audit, is being transferred to the San Francisco office of Deloitte & Touche. In order to ensure a smooth transition, Scheffler will work closely with other partners and professionals of the firm during the FY98 audit in order to provide continuity and an effective transfer of knowledge. Scheffler committed to attend Audit Committee meetings during this year's

audit in an effort to provide for a seamless transition. The decision on a partner to replace Scheffler for FY99 will be made after the completion of this year's work. In the interim, Cliff Hoffman, the partner in charge of the University's A-133 compliance audit for 1997, will be taking on broader responsibilities.

The meeting adjourned at 5:00 p.m.

A handwritten signature in cursive script that reads "Steven Bosacker".

**STEVEN BOSACKER**  
**Executive Director and**  
**Corporate Secretary**

**UNIVERSITY OF MINNESOTA**

**BOARD OF REGENTS**

**Committee of the Whole**

**September 11, 1998**

A meeting of the Committee of the Whole of the Board of Regents was held on Friday, September 11, 1998, at 9:00 a.m. in the Student Center West Conference Center on the campus of Southwest State University, Marshall, Minnesota.

Regents present: William Hogan, presiding; Robert Bergland, Julie Bleyhl, Warren Larson, David Metzen, H. Bryan Neel, Michael O'Keefe, William Peterson, Jessica Phillips, Thomas Reagan, Maureen Reed, and Patricia Spence.

Staff present: President Mark Yudof; Chancellor Donald Sargeant; Executive Vice President and Provost Robert Bruininks; Senior Vice President Frank Cerra; Vice Presidents Carol Carrier and Sandra Gardebring; Interim Vice Presidents Eric Kruse and Michael Martin; General Counsel Mark Rotenberg; Executive Director Steven Bosacker; and Associate Vice Presidents Jane Canney, Clint Hewitt, Robert Kvavik, Gerald Fischer, Terry O'Connor, and Richard Pfitzenreuter.

Student Representative present: Scott Roethle.

**INFORMATION ITEMS**

State Relations Director Donna Peterson provided the committee with an update on the status of the continued planning for the women's intercollegiate athletics soccer facility. On July 10, 1998, the Board of Regents gave initial approval to a site and general schematic plans for the new facility. The Board further requested that the administration continue to research and review alternative sites while simultaneously working with the community to address design issues on the current site and provide the Board with a status report.

Peterson reported that an alternative site has been selected that the administration believes will accommodate the current plans for the women's soccer field and facility. The alternative site is located north of Gibbs Farm in Falcon Heights which is currently used as recreational sports fields. If the site is chosen, the recreational sports fields would be moved to an existing sheep pasture located nearby. The cost of relocating the recreational sports fields, however, will require additional funding. Representatives from the city of St. Paul and Ramsey County have expressed an interest in a partnership with the University to enable their youth programs to utilize the proposed recreational fields. It is intended that representatives from the University, the cities of St. Paul and Falcon Heights, and Ramsey County go to the legislature in 1999 with a united front to request an emergency capital allocation for this project. Peterson emphasized that if additional funding is not obtained, the recreational sports fields would have to be located at the original soccer field and lights would have to be erected around the playing fields.

There are a number of issues still under consideration pertaining to the space needs for the recreational sports fields, space needs of the factions that wish to partner,



and waste management issues relating to the sheep pasture. It is anticipated that these issues will be addressed and the administration will be ready to present the item for action at the October 1998 meeting.

In answer to several questions, Peterson reported that the primary concern from the citizens living in the area for locating either the women's soccer facility or the recreational sports fields at the original site on the south side of Larpenteur Avenue was the lights that would have to be erected. If the recreational fields are located at the sheep pasture, the lights will not be a problem. The pasture site will also provide better access for students as it is located next to the transitway. In addition, a proposal to put the soccer facility in the pasture area is unacceptable due to financial and waste management concerns.

Regent Metzen emphasized the importance of having a united front when requesting funding by the legislature. He reiterated that if the additional funding is not received, the recreational sports fields will have to be located on the site where soccer is currently being played and lights will have to be erected.

In answer to a question, Chris Voelz, Women's Intercollegiate Athletics Director, stated that she believes the site north of Gibbs Farm will be able to accommodate a first-rate facility that will likely be ranked in the top 20 in the country. The facility will also be designed to accommodate expansion if future demands so require.

#### **INTRODUCTION OF SANDRA GARDEBRING VICE PRESIDENT FOR INSTITUTIONAL RELATIONS**

President Yudof introduced Sandra Gardebring, newly-appointed Vice President for Institutional Relations. Vice President Gardebring briefly addressed the committee.

#### **CONSENT REPORT: EDUCATIONAL PLANNING & POLICY COMMITTEE**

Executive Vice President and Provost Bruininks reviewed the consent report which was included in the docket materials and noted the following:

- Appointment of Dr. Harald H. Schmid, Director of the Hormel Institute, to serve on the Board of the Hormel Foundation for 1998-99. It was noted that this is a continuing appointment for Dr. Schmid.

- Appointment of the following individuals to serve as members of the University of Minnesota Advisory Committee for the University Center Rochester for 1998-99: George Gibbs, Joseph Gibilisco, Marsha Hall, Carol Kamper, Steven D. Ladwig, John Mulder, Daryl Spartz, Marilyn Stewart, and Don Sudor.

A motion was made and seconded, and the committee voted unanimously to recommend approval of the consent report.

#### **CONSENT REPORT: FINANCE & OPERATIONS COMMITTEE**

Associate Vice Presidents Pfutzenreuter and O'Connor reviewed the consent report which was included in the docket materials and noted the following:

- An allocation of \$725,000 from the general contingency in support of the operating budget of Women's Athletics to increase financial resources for women's sports.

- Purchase of goods/services over \$250,000 as follows:
  - Cisco Systems to increase the dollar amount of a contract currently in effect through December 31, 1998 to \$1,500,000 for the purchase of Cisco Systems data networking equipment for Internet2 and core backbone electronics for the Department of Networking and Telecommunications Services. This vendor was selected through a competitive process in 1997.
  - Cisco Systems to renew the current contract and increase contract limit to \$2,000,000 for the purchase of Ethernet edge network electronics through August 31, 1999 for the Department of Networking and Telecommunications Services. This equipment is to upgrade the Twin Cities data network and move the University toward compliance with audit recommendations regrading networking security, performance and capacity planning. This vendor was selected through a competitive process in 1997.
  - EnviroBate Metro, National Surface Cleaning, Inc., Mavo Systems, and Rentec Services, Inc. for \$630,000 for asbestos abatement services for Facilities Management for the period September 15, 1998 through September 15, 1999. The contract is estimated at \$630,000 annually based on the past expenditures and the next two years of capital budget projects. Nine vendor proposals were evaluated. The above four vendors met the University's requirements.
  - Reliance National Insurance Company for \$2,837,200 for the purchase of student hospitalization insurance for the period July 1, 1998 through June 30, 1999. This is the third year of a potential four-year, renewable contract. Previously, the Board of Regents approved the first and second years. The original contract was awarded through a competitive proposal process.
  - Vanstar Corporation for \$2,000,000 for the purchase of Cisco commodity-type data networking electronics for the Department of Networking and Telecommunications Services from September 11, 1998 through September 10, 1999. The contract will also be available to University managers of local area networks that use Cisco equipment to maintain interoperability and reliability of their networks when connected to the backbone. Vanstar was selected through a competitive bid process.
  - Welsh Company for \$492,671 in operating expenses to include preventive maintenance and janitorial services to the West Bank Office Building for Facilities Management for the period September 1, 1998 through August 31, 1999. This is a contract renewal. The contract was originally awarded through a competitive proposal process.
  - WorldCom for an estimated \$1,500,000 for the purchase of interstate, intrastate and international long-distance service for the Department of Networking and Telecommunications Services for the period October 1, 1998 through September 30, 1999. This was the best of five proposals received.

A motion was made and seconded and the committee voted unanimously to recommend approval of the consent report.

**BOARD OF REGENTS POLICY:  
LEGAL REVIEW OF CONTRACTS & AGREEMENTS**

President Yudof presented the Board of Regents Policy: *Legal Review of Contracts and Agreements* for adoption. The policy was reviewed by the committee in July 1998.

The committee voted unanimously to recommend adoption of the Board of Regents Policy: *Legal Review of Contracts and Agreements*.

**BIENNIAL BUDGET REQUEST: CONCEPTUAL FRAMEWORK**

President Yudof presented the conceptual framework for the 2000-01 University of Minnesota biennial budget request. The proposed framework details the unique strengths of the University of Minnesota and establishes a link between the strengths and the needs and expectations of the citizens of Minnesota as the University enters the twenty-first century. The proposal identifies areas where resources must be directed if the following objectives are to be met: 1) promote economic growth and employment in the state; 2) prepare students for twenty-first century jobs; 3) improve the health of our people; 4) facilitate the creation of new technologies and knowledge; and 5) ensure that children of all races, genders and family income live as well or better than their parents.

Yudof reported that with these objectives in mind, the conceptual framework was developed with five goals for the biennium:

1) Competitive Compensation. Competitive compensation is an essential component for implementing the interdisciplinary research initiatives, improving undergraduate education, and achieving greater national recognition for high quality programs. The University has to ensure that the salaries and benefits for all employee groups enable the University to recruit and retain the best faculty and staff.

2) Enriching the Undergraduate Experience. Another goal is to provide an undergraduate experience to the state's best prepared students that treats every student as an honors student. Increasing the opportunity for sustained, close contact with faculty members at the very beginning of a student's collegiate career would significantly improve the undergraduate experience of thousands of students each year. It would also improve student academic progress and preparation for careers. Improving the undergraduate experience for students on each campus will involve a number of different strategies, which vary by campus, with an expansion of the freshmen seminar program serving as the core strategy. The freshman seminar will offer every student an "honors," small-group experience and will enhance the ability to analyze texts, write persuasively and express oneself. It fosters a strong sense of community among students and provides faculty mentoring of students before they declare their majors. The seminar serves as a gateway to the University's diverse and dynamic academic community and will also improve graduation rates and performance in upper-class courses. Many other major public universities offer some form of first-year seminar experience for new students. Most universities provide such seminars for less than 30 percent of new entering freshmen. The University seeks to be among the first of the nation's major public universities to offer all entering freshmen the opportunity to participate in a rich and highly-focused seminar experience.

3) Financing Health Professional Education. Major forces continue to reshape American health care which significantly affect the ability of universities to offer high-quality health professional education. The forces have influenced the financial stability of health professional education and redirected the focus of education to issues of prevention and community-based care. The impact of managed care on the marketplace, advancements in scientific knowledge, changing demographics, a changing health care paradigm, and new technologies are factors that have had an impact on American

health care. While traditional hospital and clinical-based service remains an essential element of health care, increasingly the care is more community based with the emphasis on illness prevention and health promotion. This means that health professional curricula must change to assure that students will be aware of and ready to participate in the new environment. While the education of health professionals is changing, so too is the funding of health professional education nationwide. Traditional sources of revenue are jeopardized by the managed-care environment and changes at the federal level. Alternative sources of revenue have not yet been identified.

The University needs to support a substantial change in the focus and delivery of health professional education. It needs to support changes in the curriculum and experiences for students that reflect the new approaches to the prevention of disease and the delivery of services. Short term, the University must also stabilize the sources of financial support for its health professional education programs. Long term, the University must work with the state's Medical Education and Research Costs Advisory Committee and other state and federal partners to ensure the long-term future of health professional education programs nationwide. Financial scenarios for the immediate future are being developed that will result in major policy decisions for the University.

4) Stimulating the Transfer of Knowledge and Technology. The University of Minnesota is charged to pursue knowledge through research and apply it through teaching and outreach. The University has been in the knowledge and information business for almost 150 years. Now, more than at any time in the history of Minnesota, the fortunes of the state and its only land-grant research university are intertwined, symbiotic, and co-dependent. The University's agricultural research and outreach programs have played a critical role in the state's economy. The University needs to work more effectively with both the private and public sectors to shape its research agenda, build complementary research capacities, and ease the transfer of new technologies from the marketplace of ideas into the marketplace of goods and services.

5) Promoting a Climate of Quality. It is the goal of this administration to provide the University community with services and facilities that support the best teaching, research, and outreach. The University needs to invest in promoting a climate of service that is characterized by quality, respect, integrity, fairness, diversity, and efficiency. It needs to invest in the infrastructure that ensures adequate support for the academic enterprise at the University and provide for the ongoing maintenance, upgrade, beautification, and preservation of the University's facilities.

Yudof reported that a detailed review of the biennial budget request will be presented to the Board in October. The proposal will be submitted to the Department of Finance on October 15 pending Board of Regents approval. Final approval by the Board will be requested at the November meeting and it will then be submitted to the state.

Regent Reed commented on the financing of health care education and in support of the emphasis on supporting a change in the focus and delivery of health professional education. It is vital that changes be made in the curriculum and experiences for students that reflect the new approaches to the prevention of disease and the delivery of services. Reed stated that it is important for the University of Minnesota to take a lead in this change and to do it within a three-year time frame.

Regent Reagan expressed concern about the proposed salary increases for faculty on the coordinate campuses and that the percentage increases are not as high as they are for the Twin Cities campus. The coordinate campuses need, as well, to be able to recruit top faculty.

Student Representative Roethle noted a few concerns of students relating to the conceptual framework as presented. He expressed support for Regent Reagan's comments about the need for competitive compensation for faculty on the coordinate

campuses. He also referred to the undergraduate experience, noting that while students feel it is important to strengthen the freshman experience, it is also important to strengthen the entire undergraduate experience. With regard to the goal relating to knowledge and technology, Roethle stressed the importance of not ignoring the transfer of knowledge in the area of general arts. Lastly, the issue of accessibility for all students is not included in the conceptual framework.

Regent O'Keefe asked about the relationship of the conceptual framework to last year's initiatives, the critical measures, and the compacts and indicated that it is important to view all of the components of the budgeting process as part of an entire picture. Yudof responded that as the budgeting process proceeds, the various parts will begin to connect and it will be possible to show how the activities and directions of the University are lining up with its values and goals.

#### **ACADEMIC PARTNERSHIPS: U OF M & MnSCU**

Michael Martin, Dean of the College of Agricultural, Food and Environmental Sciences and Vice President for Agricultural Policy; Ann Hill Duin, Vice Provost; and Linda Baer, Academic Vice President of MnSCU presented information relating to the academic partnerships of the University of Minnesota and the Minnesota State Colleges and Universities (MnSCU).

A formal partnership agreement between the University and MnSCU was signed in January 1998. The agreement affirms the commitment between the two institutions to collaborate in a number of areas including the development of joint programs in technology, education, health care, agriculture, food production and other fields.

Martin provided a brief explanation on the evolution of the joint B.S. degree in Agricultural Industries and Marketing (with an agronomy emphasis) that is now offered on the campus of Southwest State University. Five principles were agreed upon during development of the program:

- the program would be non-duplicative;
- the program would build on the unique strengths of the two institutions;
- the partnership would be balanced -- neither partner would be seen as senior;
- the program would be relevant to the citizens in the area; and
- equivalent but not identical programs for each campus could be developed and be equally strong.

The program is now fully in place on the campus of Southwest State University and the collaboration is proceeding smoothly. Because of the success of this endeavor, several other degree programs to be offered at Southwest State University are now under consideration.

Baer addressed the benefits of the inter-system collaboration. It is a winning situation for students. The collaboration gives students seamless opportunities with more choices and more access. It also provides greater choice for the rural communities that will ultimately result in economic growth and an increase in the quality of life.

Duin provided a brief update on Minnesota Virtual University (MnVU) which is a customer-driven entry to Minnesota higher education and learning. MnVU is organized to facilitate, coordinate, and promote access, quality, and greater efficiency in Minnesota higher education. It is a mechanism to stimulate partnerships and the transfer of knowledge. A common catalog is being developed to serve learners, educators, industry and community representatives that will be available in early 1999. It will provide learners with access to courses statewide. Task teams have been formed to work on a number of issues relating to MnVU. Efforts currently underway relate to a joint powers

agreement, development of industry partnerships, faculty and staff training and development, technical test sites, K-12 connections, and distance education collaboration.

Regent Larson expressed support for the collaborative efforts. He indicated that it would be helpful, as these efforts move forward, for the Board to have a matrix that indicates how resources are allocated. Bruininks responded that it will be one of the issues that will be addressed in the near future.

#### **SOUTH MALL UPDATE**

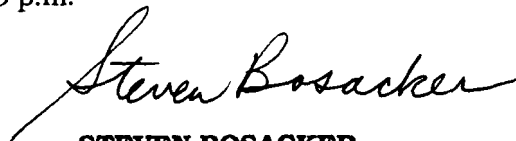
Associate Vice President Kruse presented an update on progress of the south mall project. The south mall project represents a highly-complex mixed-use development. It is planned to be utilized for multiple self-supporting programs that must interrelate to each other. This project is not just a collection of buildings, it is an entire development that includes a formal outdoor space. The vision for the south mall is that it will be a student-focused center of activity that will provide a new major entry to the campus. It will provide additional student housing, offer connections to the river as well as other parts of the campus, and maximize parking opportunities.

Kruse reviewed issues relating to financing, the development plan, and the proposed demolition and construction schedules for the parking ramp. Many issues still need to be resolved relating to the renovation of Coffman Memorial Union.

Weekly meetings are being held with President Yudof and his staff as the project proceeds. It is anticipated that a recommended development plan will be ready for review by the Board in December.

Student Representative Roethle stated that a number of cultural centers have expressed concern about maintaining their space in Coffman Memorial Union. He also expressed concern regarding the immediate loss of parking with the demolition of the East River Road ramp. It will create a significant decrease in the parking that will be available for students in the next few years.

The meeting adjourned at 12:05 p.m.



**STEVEN BOSACKER**  
**Executive Director and**  
**Corporate Secretary**

**UNIVERSITY OF MINNESOTA**

**BOARD OF REGENTS**

**September 11, 1998**

A meeting of the Board of Regents was held on Friday, September 11, 1998, at 8:00 a.m. in Student Center East Conference Room on the campus of Southwest State University.

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

Staff present: President Mark Yudof; Executive Vice President and Provost Robert Bruininks; Senior Vice President Frank Cerra; Vice President Sandra Gardebring; General Counsel Mark Rotenberg; and Executive Director Steven Bosacker.

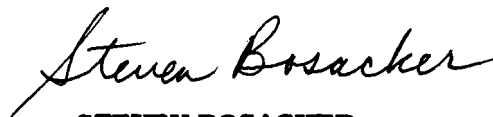
Others present: Marcia Fluer, Gail Klatt, and Donna Peterson.

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 11, 1998, in the Student Center East Conference Room, for the purpose of discussing attorney-client privileged matters.

The Board of Regents voted unanimously to approve the resolution.

The meeting adjourned at 8:01 a.m.



**STEVEN BOSACKER**  
**Executive Director and**  
**Corporate Secretary**

**UNIVERSITY OF MINNESOTA**

**BOARD OF REGENTS**

**September 11, 1998**

A meeting of the Board of Regents of the University of Minnesota was held on Friday, September 11, 1998 at 12:06 p.m. in the Student Center West Conference Center on the campus of Southwest State University, Marshall, Minnesota.

Regents present: William Hogan, presiding; Robert Bergland, Julie Bleyhl, Warren Larson, David Metzen, Michael O'Keefe, Jessica Phillips, Thomas Reagan, Maureen Reed, and Patricia Spence.

Staff present: President Mark Yudof; Chancellor Donald Sargeant; Executive Vice President and Provost Robert Bruininks; Senior Vice President Frank Cerra; Vice Presidents Carol Carrier and Sandra Gardebring; Interim Vice Presidents Eric Kruse and Michael Martin; General Counsel Mark Rotenberg; Executive Director Steven Bosacker; and Associate Vice Presidents Jane Canney, Clint Hewitt, Robert Kvavik, Gerald Fischer, Terry O'Connor, and Richard Pfutzenreuter.

**APPROVAL OF MINUTES**

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

Litigation Review Committee - July 8, 1998  
Audit Committee - July 9, 1998  
Facilities Committee - July 9, 1998  
Faculty, Staff & Student Affairs Committee - July 9, 1998  
Educational Planning & Policy Committee - July 9, 1998  
Finance & Operations Committee - July 9, 1998  
Committee of the Whole - June 10, 1998  
Board of Regents Meeting - July 10, 1998  
Board of Regents Meeting - July 10, 1998  
Special Facilities Committee - August 13, 1998

**REPORT OF THE PRESIDENT**

President Yudof reported on his recent trip to Finland, Norway, and England. In addition to the president, other University delegates that participated were Chris Maziar, Vice President for Research and Dean of the Graduate School; Frank Cerra, Vice President for Health Sciences; Robert Kvavik, Associate Vice President; Ted Davis, Dean of the Institute of Technology; Robert Elde, Dean of the College of Biological Sciences; and Kjell Knudsen, Dean of the School of Business and Economics on the Duluth campus. The delegation was headed by Minnesota Governor Arne Carlson.

The purpose of the trip was to promote economic development and to strengthen relationships between Minnesota's higher education systems and the universities and businesses in the three countries. Highlights of the trip included a visit to the University College London (UCL) to discuss biological sciences; meetings with officials at the Universities of Helsinki and Oslo; a visit to Helsinki's University of Technology and School of Economics; a meeting with the President of the Republic of Finland; a meeting at the Health Ministry in Oslo to discuss medical cooperation; meetings in Oslo with the Minister of Trade and Industry to discuss medical cooperation; and meetings at SINTEF



Research Institute in Trondheim, which promotes public-private cooperation in medicine and engineering.

### **REPORT OF THE CHAIR**

Chair Hogan expressed appreciation to President Doug Sweetland and the staff at Southwest State University for their hospitality and hard work in hosting the Board of Regents meetings.

There are only a few more Fireside Chats left to occur and then the Board can expect a full report on the discussions.

A number of possible dates have been explored for a Board of Regents retreat with little success. As soon as a date has been finalized, information will be forwarded to the Board.

Hogan reported that he has asked Regent Bergland (as Chair of the Finance Committee) and Regent Reagan (as Chair of the Facilities Committee) to serve with him as informal advisors to Executive Director Bosacker as questions are raised by the architects designing the Board's new meeting and office space in the Gateway Center.

Executive Director Bosacker hosted the Council of Board Professional Staff in early August. The Council planned their national conference which will take place in Seattle next spring, before the AGB conference.

The Committee of the Whole and Educational Planning & Policy Committees will be addressing a number of policy issues regarding "technology transfer" and a "metropolitan higher education strategy" in the coming months.

Lastly, Hogan reported that he and Vice Chair Spence recently conducted the annual review of the Executive Director for the Board of Regents. A summary of the review will be shared with Board members in the near future.

### **RECEIVE AND FILE REPORTS**

Chair Hogan noted the receipt and filing of the Annual Campus Master Plan Conformance Report for the University of Minnesota, Crookston, University of Minnesota, Duluth, University of Minnesota, Morris, and University of Minnesota, Twin Cities; the Quarterly Grants and Contracts Report; and the Board of Regents Quarterly Policy Report.

### **GIFTS**

Associate Vice President Fischer presented the monthly list of gifts to the University of Minnesota, the University of Minnesota Foundation, the Arboretum Foundation, and the Minnesota Medical Foundation as listed in the docket material and on file in the Board Office.

Fischer reported that total gifts for FY98 was \$135 million, up 26 percent from FY97 which was the previous record for receipt of gifts.

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

### **REPORT OF THE COMMITTEE OF THE WHOLE**

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

- a) Approval of the Consent Report for the Educational Planning Committee as presented to the committee in the docket material with highlights listed below:
- Appointment of Dr. Harald H. Schmid, Director of the Hormel Institute, to serve on the Board of the Hormel Foundation for 1998-99. It was noted that this is a continuing appointment for Dr. Schmid.
  - Appointment of the following individuals to serve as members of the University of Minnesota Advisory Committee for the University Center Rochester for 1998-99: George Gibbs, Joseph Gibilisco, Marsha Hall, Carol Kamper, Steven D. Ladwig, John Mulder, Daryl Spartz, Marilyn Stewart, and Don Sudor.
- b) Approval of the Consent Report for the Finance & Operations Committee as presented to the committee in the docket material with highlights listed below:
- An allocation of \$725,000 from the general contingency in support of the operating budget of Women's Athletics to increase financial resources for women's sports.
  - Purchase of Goods/Services over \$250,000 as described in the committee minutes.
- c) Adoption of the Board of Regents Policy: *Legal Review of Contracts and Agreements*, as follows:

#### LEGAL REVIEW OF CONTRACTS AND AGREEMENTS

##### SECTION I. DEFINITION.

Subd. 1. Contract. "Contract" means any commercial contract or other agreement that creates a binding obligation upon the University.

##### SECTION II. LEGAL REVIEW.

Subd. 1. Framework of Internal Control. The general counsel shall develop and implement an appropriate framework of internal control to evaluate and protect the University's interests in the execution of contracts.

Subd. 2. Procedures and Forms. The general counsel shall develop appropriate procedures and forms, in consultation with affected vice presidential units, to implement this policy and achieve the objectives stated in the Board of Regents policy, *Internal Controls*. The procedures and forms shall ensure that:

- (1) contracts comply with applicable federal and state laws and regulations, and University policies and procedures;
- (2) contracts are properly executed by a person with delegated authority;
- (3) significant or unique legal risks have been brought to the attention of the person authorized to execute the contract;
- (4) routine contractual obligations of the University are undertaken using the appropriate legal form; and

- (5) contracts which are subject to specific approval by the Board of Regents or the president shall first be reviewed and approved as to form and legality by the general counsel.

Subd. 3. Exemption. The general counsel may exempt from individualized legal review certain routine contracts provided that an appropriate legal framework exists with respect to such contracts. Routine contracts may include, but are not limited to, personnel hiring, research, training, leases, and public service programs.

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

Hogan reported that the committee reviewed the conceptual framework for the proposed 2000-01 biennial budget request; reviewed information relating to academic partnerships between the University of Minnesota and MnSCU; and received updates on the progress of the south mall project and the status of the continued planning for the women's intercollegiate athletics soccer facility. The committee also was introduced to Sandra Gardebring, newly-appointed Vice President for Institutional Relations.

### **REPORT OF THE FACILITIES COMMITTEE**

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

- a) Approval of a recommendation from the Interim Vice President for University Services and the Treasurer and Associate Vice President for Finance, that the appropriate administrative officers are authorized to execute the appropriate documents providing for the following real estate transactions:
  1. Sale of 635 Erie Street Southeast, Minneapolis to the Motley Housing Corporation for the sum of \$66,000;
  2. Sale of 633 Ontario Street Southeast, Minneapolis to Steve Parliament for the sum of \$69,000;
  3. Sale of 644 Ontario Street Southeast, Minneapolis to Bruce Hinks for the sum of \$68,000.
- b) Approval of an amendment to the FY98 Capital Budget, as follows:
  1. Increase the budget for the women's hockey/tennis facility by \$1,700,000 to \$13,200,000.
- c) Approval of the schematic plans for the women's hockey/tennis facility and the appropriate administrative officers are authorized to proceed with the development of construction documents and construction.
- d) Approval of the schematic plans for the Early Childhood Development Center at the Crookston campus and the appropriate administrative officers are authorized to proceed with the development of construction documents and construction.

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

The committee reviewed a proposal for a ten-year lease for the Psychiatry Department at Fairview-University Medical Center, Riverside campus; reviewed two capital budget amendments relating to leasehold improvements for the North Memorial/University Family Practice Clinic Remodeling Project and the Psychiatry Department Remodeling Project; and reviewed the quarterly Capital Improvement Plan Report. A number of information items were also included in the docket materials for the committee's review.

### **REPORT OF THE FACULTY, STAFF AND STUDENT AFFAIRS COMMITTEE**

Regent Bleyhl, 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 material with highlights listed below:
  - Appointment of Philip O. Larsen as Interim Dean of the College of Agricultural, Food and Environmental Sciences and Interim Vice President for Agricultural Policy to be effective October 1998.
  - Appointment of Jeffrey Klausner as Interim Dean of the College of Veterinary Medicine, effective September 7, 1998.
- b) Adoption of the amended Board of Regents Policy: *Awards, Honors & Recognitions*, as follows:

#### **AWARDS, HONORS, AND RECOGNITION**

##### **ARTICLE 1 STATEMENT OF PHILOSOPHY**

Recognition plays an important role in every culture. In this University culture the bestowing of awards and honors not only compliments the recipients, but it adds vitality to the institution.

The honors described in this policy single out excellence. The common denominator of each award is the reinforcement of quality achievement. Implied is the philosophy that meaningful recognition must be selective, and fair, and determined with careful thought. Only a few individuals receive these awards annually but each member of the University community shares in the celebration of others' successes and thus in the benefit of a well-executed program of awards.

The University of Minnesota is committed to the policy that all persons shall have equal access to its programs, facilities, and employment without regard to race, religion, color, sex, national origin, handicap, age, veteran status, or sexual orientation.

The University of Minnesota confers a number of awards and honors on prominent local, state, national, and international persons who have achieved distinction and recognition in public service, enterprise, education and science, literature, and the arts.

ARTICLE 2  
HONORS COMMITTEE AWARDS

SECTION I. DEFINITIONS.

Subd. 1. Former Student. "Former student" shall mean any person having graduated or at least earned credits from the University of Minnesota.

Subd. 2. University Senate All-University Honors Committee (Honors Committee). "University Senate All-University Honors Committee" or "honors committee" shall mean the University Senate committee that solicits, reviews, and recommends nominations for All-University honors.

SECTION II. HONORS COMMITTEE GUIDELINES.

Subd. 1. Establishment. Awards granted by the honors committee are made on the basis of this policy and procedures determined by the honors committee for the University of Minnesota System.

Subd. 2. Nominations. All nominations must follow the procedures established by the honors committee. When the honors committee approves a nomination, it is then submitted to the president and to the Board of Regents for final approval.

Subd. 3. Disclosure Prohibited. No disclosure is to be made to the nominee while the nomination is under consideration.

SECTION III. HONORARY DEGREES.

Subd. 1. Achievement of Eminence. The honorary degree is the highest award conferred by the University of Minnesota. An honorary degree may be awarded to an individual who has achieved acknowledged eminence in cultural affairs, public service, or a field of knowledge and scholarship.

Subd. 2. Pursuit of Knowledge and Betterment of Society. The award of honorary degrees by a university is an extension of its role as the unique institution in our society devoted to the discovery, transmission, and preservation of knowledge. The award of an honorary degree constitutes recognition by this institution of distinctive achievement that has added materially to knowledge and to the betterment of society.

Subd. 3. Relationship to the University. It is the policy of the University of Minnesota to honor qualified persons within the academic community, as well as those in other arenas such as public service or enterprise. Persons receiving honorary degrees need not have received their education at, or have been otherwise associated with, this University. Honorary degrees should not be awarded solely to encourage or reward contributions to the University.

Subd. 4. Degree Titles. The University of Minnesota awards the following honorary degrees:

- (a) Doctor of Humane Letters — for cultural contributions
- (b) Doctor of Laws — for public service
- (c) Doctor of Science — for contributions to knowledge

Subd. 5. Annual Public Recognition. The awarding of honorary degrees should be an event at which the celebration of achievement is given public recognition. It is expected that several honorary degrees shall be awarded annually.

#### SECTION IV. OUTSTANDING ACHIEVEMENT AWARDS.

These awards may be conferred upon former students of the University who have attained unusual distinction in their chosen fields, professions, or public service, and who have demonstrated outstanding achievement and leadership on a community, state, national, or international level. The candidate's education at the University should represent a significant portion of the candidate's total education.

#### SECTION V. ALUMNI SERVICE AWARDS.

The Alumni Service Award may be conferred upon former students in recognition of volunteer service to the University, its schools, colleges, departments, or faculty, or to the University of Minnesota Alumni Association or any of its constituent groups. Nominations are submitted initially to the executive director of the University of Minnesota Alumni Association. After review by the Alumni Honors Committee of the alumni association, recommendations are forwarded to the honors committee.

#### SECTION VI. BUILDING NAMES.

Subd. 1. Honor. University buildings, parts thereof, and grounds may be named to honor an individual or individuals.

Subd. 2. Naming of Separate Building Parts. Separate names may be given to separate parts within a building that already bears the name of another individual with the approval of an independent committee. The approval of the honors committee is not required.

Subd. 3. Association With the University. The naming of buildings as hall or library is limited to the names of those persons who were associated with the University. A building may be named for a person still living who has left the service of the University.

Subd. 4. Prominence in a Field of Endeavor. The name selected for this purpose should be that of a person who has achieved prominence in a field of endeavor.

Subd. 5. Naming for Past Presidents. The University has a tradition of naming buildings for presidents who have served the institution. The continuance of this tradition is encouraged. When a president leaves the University, a committee comprised of representatives of the Board of Regents and the Faculty Consultative Committee will consider the naming of a building for that individual with a recommendation to be forwarded to the honors committee.

Subd. 6. Naming for Significant Financial Contribution. A building, part thereof, or grounds may also be named for a donor whose gift has significantly financed the construction of that structure or area. In order to ensure consistency in the size of gifts in relation to the size of the structure or area to be named, the University of Minnesota Foundation shall prepare guidelines to implement this policy.

#### ARTICLE 3 OTHER UNIVERSITY AWARDS

Subd. 1. Approval. The awards described in subds. 2-9 do not require action by the honors committee or approval by the Board of Regents.

Subd. 2. Certificate of Appreciation. This award may be made to any person for contributions or services at the collegiate or all-University level.

The proposal of a nominee is to be forwarded to the honors committee of the relevant unit for approval.

Subd. 3. Horace T. Morse — University of Minnesota Alumni Association Award. These awards are given on the recommendation of the University Senate Committee on Educational Policy to faculty members in recognition of their outstanding contributions to undergraduate education.

Subd. 4. Josie R. Johnson Human Rights and Social Justice Award. This award recognizes individuals who through their principles and practices exemplify a high standard of excellence in creating respectful and inclusive learning and working environments. Recipients must have made outstanding contributions to the promotion of human rights and social justice within the University community. At least one faculty or staff member and one student should receive this award per year. Nominations must be submitted according to the guidelines established by the Josie R. Johnson Human Rights and Social Justice Award Selection Committee.

Subd. 5. Naming of Chairs. Departmental chairs may be named to honor an individual. This is an administrative decision to be made with the concurrence of the faculty.

Subd. 6. Outstanding Community Service Award. This award recognizes the outstanding contributions and accomplishments of faculty, staff, or community members who have devoted their time and talent to make substantial enduring contributions to the community and to improving public life and the well-being of society. Such contributions and accomplishments must result in long-term and lasting changes for the public good and demonstrate an unusual commitment to the University and the greater Minnesota community. Nominations must be submitted according to the guidelines established by the University Outstanding Community Service Award Selection Committee through the Office of the Executive Vice President and Provost.

Subd. 7. Outstanding Contributions to Graduate and Professional Education Award. These awards are given on the recommendation of the University Senate Committee on Educational Policy to faculty members in recognition of their outstanding contributions to post-baccalaureate graduate and professional education.

Subd. 8. President's Award for Outstanding Service. This award recognizes exceptional service to the University, its schools, colleges, departments and service units by any active or retired member of the faculty or staff. Such service must have gone well beyond the regular duties of a faculty or staff member, and demonstrate unusual commitment to the University community. Nominations must be submitted according to the guidelines established by the President's Award Committee.

Subd. 9. Teaching Awards. These awards are given by some individual collegiate units. Nominating procedures are governed by the rules of each collegiate unit.

#### ARTICLE 4 REGENTS AWARDS

Subd. 1. Oversight. Awards in this section are under the purview of the Board of Regents and their presentation is handled by the executive director to the Board of Regents.

Subd. 2. Certificate of Outstanding Merit. This award is given to an individual or group of individuals in the University community to express appreciation for outstanding community service. Recipients are determined by the chair and vice chair of the Board of Regents and the president.

Subd. 3. Certificate of Recognition. This award is given to recognize significant achievement by members of the University community who have attained unusual distinction in a field of knowledge and scholarship. Recipients are determined by the chair and vice chair of the Board of Regents and the president.

Subd. 4. Distinguished International Service Award. This award was developed to be of assistance in recognizing distinguished foreign dignitaries on the occasion of their visits to the campus. Recipients are determined by the chair and vice chair of the Board of Regents and the president.

Subd. 5. Regents Award. The Regents Award may be conferred upon individuals who have contributed to the building and development of the University through significant benefactions, or who have performed exceptionally valuable and meritorious service to the University. Candidacy is not limited to graduates or former students of the University of Minnesota.

The committee that considers nominations for Regents Awards consists of the president, the executive vice president and provost, the chairperson of the Senate Consultative Committee, and three members of the Board of Regents who are appointed by the board chair. The president of the University of Minnesota Foundation serves as ex officio member. Recipients are determined by this committee.

Subd. 6. Regent Emeritus Title. The title of Regent Emeritus is bestowed upon each regent at retirement from the Board of Regents.

## ARTICLE 5 REGENTS PROFESSORS

### SECTION I. INTENT.

The special title of regents professor will be granted to a limited number of University of Minnesota faculty members selected according to the policies here stated. This title will be the highest recognition given by the University of Minnesota to a member of its faculty.

### SECTION II. SELECTION.

Subd. 1. Nomination. Nomination for such recognition must be made to the president of the University. Any person or group can make a nomination.

Subd. 2. Selection Committee. Nominees will be reviewed by a committee appointed by the president. This committee will serve at the president's pleasure and its members will be drawn from whatever sources the president deems appropriate after consultation with members of the University community. It is further assumed that provision will be made for some continuity of membership on the committee and that the committee will consult with persons from other universities when appropriate to its deliberations.



Subd. 3. Board of Regents Approval. Recommendations from the committee will be made to the president and will be taken by the president to the Board of Regents. The regents will designate those persons to receive the honorary title.

Subd. 4. Criteria. Nominees should be judged according to:

- (a) the same criteria now used by the University in judging fitness for the rank of full professor;
- (b) scope and quality of scholarly and/or artistic contributions;
- (c) quality of teaching; and
- (d) contributions to the public good.

Only nominees whose academic distinction is clearly outstanding and whose distinction is clearly recognized by the academic community locally, nationally, and perhaps internationally should be recommended for the award.

Subd. 5. Restriction on Number of Recipients. The best guarantee of the significance of this award will be careful restriction of the total number of persons receiving the award. As general procedure not more than one or two persons should be designated as regents' professors in any given year. It is further recognized that on the occasion of the establishment of the award, the regents may wish to depart from this general stipulation.

### SECTION III. MISCELLANEOUS PROVISIONS.

Subd. 1. Title of Regents Professor. The title of regents professor, once awarded, will be held by the person thus honored as long as the person retains a full-time, tenured appointment as a faculty member of the University of Minnesota. To be considered "full-time," the person must hold at least a 66 percent time appointment or be on a sabbatical or other approved leave, including phased retirement. Upon retirement or reduction of the appointment to less than 66 percent time, the faculty member will become regents professor emeritus. The person's academic field of accomplishment will continue to be part of the person's title, as for example, "regents professor of \_\_\_\_\_ (academic department or field)."

Subd. 2. Changes in Duties. Designation as a regents professor does not necessarily imply any changes in duties and responsibilities.

Subd. 3. Recognition. Persons named as regents professor will be suitably recognized in public ceremony and will receive from the University an appropriate medallion suitable for desk use and for use with academic costume.

Subd. 4. Annual Stipend. Persons named as regents professor also will receive an annual stipend from the University of Minnesota Foundation during their tenure as regents professor. The stipend will cease upon retirement, or reduction of the appointment to less than 66 percent time, excluding phased retirement.

Subd. 5. Private Support. The University welcomes funds from private donors to support regents' professor stipends. However, no endowment will be accepted to underwrite the establishment of a position of regents' professor in a given department or college.

Subd. 6. Impact on Salaries. Appointment as regents professor will not imply any particular salary level for the person receiving such an honor. However, regents professor salaries are to be determined independently,

and without reference to, their receipt of an annual stipend from the University of Minnesota Foundation.

Subd. 7. Budget Items. The budget item for a person named as regents professor will be moved to the college in which the person holds appointment, with the president maintaining oversight of regents professors' budget items.

## ARTICLE 6

### LECTURESHIPS, FELLOWSHIPS, PROFESSORSHIPS, AND CHAIRS

#### SECTION I. GENERAL PROVISIONS.

Subd. 1. Intent. The University of Minnesota seeks and welcomes private support dollars for lectureships, fellowships, professorships and chairs. Such awards contribute to the quality of the University in extremely significant ways, enabling the University to attract and retain the very best scholars in particular fields and to carry out research in important areas. By providing a continuing and reliable source of support these awards free scholars to pursue their research and teaching without the need to spend large fractions of their time in fund raising. Not only can funds be used for salary or salary augmentation, but more importantly, they can be used for graduate student stipends, secretarial support, supplies, travel to scholarly conferences, publishing expenses, and other items which are necessary to support the work and increase the effectiveness of an outstanding scholar.

Awards established under this policy might typically carry the name of the donor, of a person or institution designated by the donor, or of a person in whose name the University seeks funds to endow the award.

Subd. 2. Restriction on Use of Title. Lectureships, professorships and chairs may not include such terms as "University", "distinguished", or the title "regents professor." These titles should be conferred only by the regents of the University of Minnesota. The title regents professor will continue to represent the most outstanding members of the faculty, and granted by the regents only on the recommendation of the faculty committee charged with review of nominees' dossiers and with the concurrence of the president.

Subd. 3. Recommendations and Approvals. Proposals to establish a lectureship, fellowship, professorship or chair require approval of the executive vice president and provost after consultation with the department and college concerned and approval from the appropriate dean and the vice president for health sciences in the case of units reporting to that office. Such proposals will normally specify the conditions of the award, the activities to be supported by the award, and the amount of the endowment or the annual level of funding. As with other gifts to the University, the award and its terms and conditions must be acceptable to the Board of Regents and consistent with its policies.

#### SECTION II. LEVEL OF ENDOWMENT.

Subd. 1. Approval. The executive vice president and provost must approve the level of the endowment. The minimums required are defined in subsds. 2-4.

Subd. 2. Endowment for Chairs. Normally, chairs provide salary and fringe benefits for the recipient, staff support, travel and other expenses as the endowment may permit. A permanent chair may be established when \$1,000,000 or more has been placed in an endowment that provides in perpetuity the annual funds needed for support.

Alternatively, a chair may also be established if a minimum of \$100,000 per year of expendable funds is made available for at least ten years. In this latter case, the chair designation will be continued during the term of the support. The appointment of the faculty member holding the chair beyond that period will be governed by the Board of Regents policy, "Faculty Tenure." In the case of chairs established on a term basis, the number in a particular unit will be limited in accordance with other applicable University policies to avoid excessive dependence on nonrecurring sources of support.

The process of appointing faculty members to a named chair must conform to the search and selection procedures generally followed in the unit in which the named chair is to be placed, except as noted in Section III, Subd. 1.

Subd. 3. Endowment for Professorships. Professorships require a minimum of \$500,000 in permanent endowment or a minimum of \$50,000 per year of expendable funds for ten years. In the former case the professorship will be continued in perpetuity; in the latter case, it will be continued during the period for which support is provided. Generally, these funds supplement other support available for faculty salaries in the designated area and may be used for any purpose which enhances the quality of teaching, scholarship, or service in that field. In accepting the gift, the department or other unit must accept responsibility for providing such additional funds as may be necessary for the faculty member(s) holding the professorship to carry out the intent of the gift.

Subd. 4. Other Named Endowments and Awards. Lectureships, fellowships, scholarships or other named awards title can be used for gifts less than \$500,000 in permanent endowment or \$50,000 a year for at least ten years. Generally, these funds would be used as a supplement to a professor's salary, to provide stipends and support for fellowships, or to cover expenses incurred in a lecture series. A minimum award in this category would provide at least \$1,000 per year for ten years.

### SECTION III. DONOR SUPPORT.

Subd. 1. Accepting Donor Support. The University of Minnesota will be the sole judge of the qualifications of candidates for these awards. However, this does not preclude accepting support for a named chair or professorship from a donor for a particular University of Minnesota professor when this appointment has been approved by the department, college, and the executive vice president and provost.

Subd. 2. Coordination With Foundation Office. All contracts, proposals and negotiations should be channeled through or coordinated with the University of Minnesota Foundation Office of Development to insure that there is no conflict with other donor/proposal contracts and that the approach is satisfactory.

Subd. 3. Coordination Between Fund Raising and Academic Units. It is important that all fund raising units and academic units involved in the preparation of proposals and in cultivation of prospective donors work closely together to be sure that all parties involved are in agreement as to how the award shall operate. Insofar as possible, awards used not as salary supplements but as recognition of a particular merit or achievement, should be established as tax exempt prizes. The minimum levels specified in this policy should be reviewed at least every five years to

determine whether these levels can sustain salary support and costs associated with professorships or chairs.

**ARTICLE 7  
CONFLICT OF INTEREST**

In the event that a regent or former regent is under consideration for an award, other than regent emeritus, a special committee shall be chaired and appointed by the chair of the honors committee to consider the award. The special committee shall have final approval and include the chair of the Board of Regents, (or the vice chair if the recommended award recipient is the chair), the vice president for institutional relations, the executive vice president and provost, and the president of the University of Minnesota Foundation.

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

Bleyhl reported that the committee reviewed the committee workplan for 1998-99 and discussed proposed improvements to the life and disability insurance coverage for faculty and professional and academic staff.

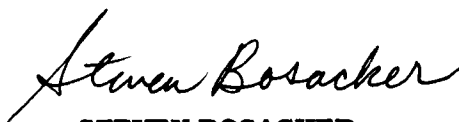
**REPORT OF THE AUDIT COMMITTEE**

Regent Larson, Chair of the committee, reported that the committee received an update on the Enterprise Systems Project; reviewed the committee's proposed workplan for 1998-99; received information on the audit of the federal awards program (A-133); engaged in a discussion relating to the Integrated Framework of Internal Control; and received information relating to a transition plan regarding the University's external auditor.

**REPORT OF THE LITIGATION REVIEW COMMITTEE**

Regent Phillips reported that the Litigation Review Committee did not meet.

The meeting adjourned at 12:25 p.m..



**STEVEN BOSACKER  
Executive Director &  
Corporate Secretary**



**UNIVERSITY OF MINNESOTA  
BOARD OF REGENTS**

**MINUTES**

**BOARD OF REGENTS MEETINGS**

**AND**

**COMMITTEE MEETINGS**

**October 7-9, 1998**

**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 7-9, 1998

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**UNIVERSITY OF MINNESOTA**

**BOARD OF REGENTS**

**Litigation Review Committee**

**October 7, 1998**

A meeting of the Litigation Review Committee of the Board of Regents was held on Wednesday, October 7, 1998, at 12:10 p.m. in Room 325, Morrill Hall.

Regents present: William Peterson, presiding; Jessica Phillips and Patricia Spence.

Staff present: Senior Vice President Frank Cerra; General Counsel Mark Rotenberg; and Executive Director Steven Bosacker.

Others present: Mark Bohnhorst and William Donohue.

**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 Wednesday, October 7, 1998, 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 12:11 p.m.



**STEVEN BOSACKER**  
**Executive Director and**  
**Corporate Secretary**

**UNIVERSITY OF MINNESOTA**

**BOARD OF REGENTS**

**Facilities Committee**

**October 8, 1998**

A meeting of the Facilities Committee of the Board of Regents was held on Thursday, October 8, 1998, at 9:52 a.m. in Room 300, Morrill Hall.

Regents present: Thomas Reagan, presiding; David Metzen, William Peterson, Jessica Phillips, Maureen Reed, and Patricia Spence.

Staff present: President Mark Yudof; Vice President McKinley Boston; Interim Vice President Eric Kruse; and Executive Director Steven Bosacker.

Student Representatives present: Tammy Koob and Jennifer Molina.

**INFORMATION ITEMS**

Vice President Kruse gave an update on the 1998-99 "Take Pride in U" initiatives, and said that the second Beautiful U Day is scheduled for October 23, 1998. Phil McDonald of Facilities Management explained that in the past year 58,000 windows on campus were cleaned, a visitor information center was opened, directional signs in pedestrian tunnels were installed, 60 storm-damaged trees were replaced, along with many other substantial improvements. A new heritage marker program has been established to build a better sense of heritage and pride. An initial 10-12 heritage markers will be placed on the Twin Cities campus and 2-4 on each coordinate campus. The number of markers will be expanded annually on each campus over the next three years. The goal is a comprehensive heritage trail by the start of the sesquicentennial celebration in 2001.

Kruse also noted the completion of the revised construction standards which establishes the University's basic minimum requirements for all facilities construction projects.

**1998-99 COMMITTEE WORKPLAN**

Vice President Kruse explained that the proposed workplan for the Facilities Committee for 1998-99 is included in the docket materials. Kruse stated that this workplan is the best projection of when items must come before the committee in order to keep on schedule to get all construction completed across the campus. Kruse stated that movement of some of these items from month to month is likely, and noted that there is a committee meeting scheduled in November, a month when the committee does not normally meet. Regent Metzen emphasized the commitment of the committee to meet as often as necessary to stay within the construction timelines.

Regent Reed said that she would like to see the Unfunded Capital Investment Update at least twice per year. Reed also requested a written report from the Master Plan Advisory Committee, perhaps six months into the new committee's work.

Regent Phillips stressed the importance of continuing discussions on a long-term transportation plan to deal with the current parking shortage on campus.

**CAPITAL BUDGET AMENDMENT  
Action**

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

On the recommendation of the Interim Vice President for University Services and the Senior Vice President for Health Sciences, the Capital Budget is amended to include the following leasehold improvement projects:

- A. Leasehold Improvements - North Memorial/University Family Practice Clinic Remodeling Project, 1020 West Broadway, Minneapolis (\$326,100)
- B. Leasehold Improvements - Psychiatry Department Remodeling Project, Fairview-University Medical Center, Minneapolis Riverside Campus (\$1,171,000)

The committee voted unanimously to recommend approval of the amendments to the fiscal year 1999 capital budget.

**CAPITAL BUDGET AMENDMENTS  
Review/Action**

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

On the recommendation of the President and the Interim Vice President for University Services, the capital budget is amended to increase the project budget for the Women's Intercollegiate Athletic Soccer Complex, Twin Cities Campus (\$2,000,000 to \$3,200,000).

President Yudof noted that the soccer complex will be built in the Gibbs Farm area, which will be considerably more expensive due to drainage and other problems. The community has agreed to help the University at the legislature by trying to secure funds to move the recreational fields to the pasture fields. If the University is not successful in raising the money, the recreational fields may be put in the original site for the soccer field, which will raise community concern.

Kruse explained that this amendment increases the budget from a \$2 million project to a \$3.2 million project. The increase can be broken down into two main components: 1) an \$800,000 construction cost increase which would have applied to the original site at Cleveland/Larpenteur; and, 2) an additional \$400,000 which is a result of having to move from the Cleveland/Larpenteur site to the site north of Gibbs Farm. Kruse noted President Yudof's intention to work with the community by accepting some additional cost of moving to a site that would meet the needs of the program and satisfy the neighborhood. Kruse explained that funding of the \$800,000 increase comes from part of the legislative appropriations of the past year, and the \$400,000 will be additional University debt.

Regent Reed asked if this amendment includes the cost of relocating the recreational fields. Kruse said that this is simply the soccer complex. The cost of the relocation of the recreational fields will come to the committee in November or December.

Regent Metzen stressed that it is very important to be clear that if the University does not come up with money at the legislature, the recreational fields will move to the current soccer site. Metzen noted that the University has a

commitment to the recreation programs and the students who are currently displaced.

The committee voted unanimously to recommend approval of the amendment to the fiscal year 1999 capital budget.

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

On the recommendation of the President and the Interim Vice President for University Services, the capital budget is amended to include in the budget the Territorial Hall Addition, Twin Cities Campus (\$4,577,000).

The committee voted unanimously to recommend approval of the amendments to the fiscal year 1999 capital budget.

#### **CAPITAL BUDGET AMENDMENT Review**

The committee reviewed the following proposed amendment to the capital budget as outlined in the docket materials;

On the recommendation of the Interim Vice President for University Services and the Chancellor for the Duluth campus, the Capital Budget is amended to include:

- A. Digital Imaging Laboratory, Duluth Campus (\$450,000)

The proposal will be on the agenda at the November 1998 meeting for action.

#### **SCHEMATIC PLANS Review/Action**

##### **Women's Intercollegiate Athletic Soccer Complex, Twin Cities Campus**

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

On the recommendation of the Interim Vice President for University Services and the Vice President for Student Development and Athletics, the schematic plans for the Women's Intercollegiate Athletic Soccer Complex are approved and the appropriate administrative officers are authorized to proceed with the development of construction documents and construction.

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

##### **Architecture Additional and Remodeling Project, Twin Cities Campus**

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

On the recommendation of the Vice President and Provost and the Interim Vice President for University Services, the schematic plans for the

Architectural Addition and Remodeling Project are approved and the appropriate administrative officers are authorized to proceed with the development of construction documents and construction.

Dean Thomas Fisher reminded the committee that at the July 1998 meeting, the committee requested that the proposal for the architecture building addition and remodeling project be re-examined with the architects to consider alternative exterior materials. The original proposal was to clad the addition in a custom concrete block, which the committee questioned. Fisher explained that two alternatives were considered: 1) the exterior done completely in stone, which would cost an additional \$900,000, and, 2) a brick and copper-clad exterior. The second alternative was chosen, and Fisher said that the faculty, staff and students are tremendously excited about the new proposal. Fisher thanked the committee and said that the request to study the options has created a solution that everyone is more happy with in the college. The copper alternative will reduce the project budget by \$200,000.

Regent Reed thanked Fisher for his creativity and hard work and said she is delighted with the outcome and astounded that the solution was \$200,000 cheaper.

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

**Institute of Technology (IT) District Chilled Water Plant and Facilities Management IT District Office/Shop, Twin Cities Campus**

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

On the recommendation of the Interim Vice President for University Services, the schematic plans for the Institute of Technology (IT) District Chilled Water Plant and Facilities Management IT District Office/Shop Project are approved and the appropriate administrative officers are authorized to proceed with the development of construction documents and construction.

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

**West Bank Office Building Parking Ramp Expansion, Twin Cities Campus**

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

On the recommendation of the Interim Vice President for University Services, the schematic plans for the West Bank Office Building Parking Ramp Expansion Project are approved and the appropriate administrative officers are authorized to proceed with the development of construction documents and construction.

In response to a question from Regent Reed, Kruse said that cost of construction is approximately \$12,000 per parking space. The revenue per year per parking space is \$60 per month, or \$720 a year.

Regent Metzen asked if discussions are continuing on the issue of light rail. Kruse said that there are University representatives involved in the light rail negotiations, and a report is scheduled to come before the committee in the next month or two.

Regent Reagan asked if free shuttle buses will be provided between parking lots and University workplaces. Kruse said that the internal and external transportation needs continue to be examined.

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

**REAL ESTATE TRANSACTION  
Action**

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

On the recommendation of the Treasurer and Associate Vice President for Finance, the appropriate administrative officers are authorized to execute the appropriate documents providing for the following real estate transaction:

- A. Ten-Year Lease for Psychiatry at Fairview-University Medical Center, Riverside Campus, 2450 Riverside Avenue, Minneapolis

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

**REAL ESTATE TRANSACTION  
Review**

The committee reviewed the following proposed real estate transaction as outlined in the docket materials;

On the recommendation of the Treasurer and Associate Vice President for Finance, the appropriate administrative officers are authorized to execute the appropriate documents providing for the following real estate transaction:

- A. Sale of Remaining 1,631.68 Acres Salt Spring Lands in St. Louis County

The proposed transaction will be on the agenda at the November 1998 meeting for action.

The meeting adjourned at 11:20 a.m.



**STEVEN BOSACKER  
Executive Director and  
Corporate Secretary**

**UNIVERSITY OF MINNESOTA**  
**BOARD OF REGENTS**  
**Faculty, Staff & Student Affairs Committee**  
**October 8, 1998**

A meeting of the Faculty, Staff & Student Affairs Committee of the Board of Regents was held on Thursday, October 8, 1998 at 9:45 a.m. in Room 300, Morrill Hall.

Regents present: Julie Bleyhl, presiding; Robert Bergland, William E. Hogan II, Warren Larson, H. Bryan Neel III, and Michael O'Keefe.

Staff present: Executive Vice President and Provost Robert Bruininks; Chancellor Donald Sargeant; Interim Chancellor Samuel Schuman; Vice Presidents Carol Carrier and Christine Maziar; Executive Director Steven Bosacker; and Associate Vice Presidents Rusty Barcelo and Jane Canney.

Student Representatives present: Heidi Frederickson and Benjamin Solomon.

**INFORMATION ITEMS**

As follow-up to a series of luncheons held in the winter and spring of 1998 with Department Chairs and members of the committee, Executive Vice President and Provost Bruininks distributed a report summarizing administrative responses to a variety of issues which Chair Bleyhl had outlined in a memorandum to the committee. Bruininks briefly discussed his report, which along with Bleyhl's memorandum, is contained in the docket materials.

Bruininks announced that the Department Chair luncheons would continue this academic year and would include faculty from the coordinate campuses.

**CONSENT REPORT**

Executive Vice President and Provost Bruininks reviewed the consent report which was included in the docket materials:

- The appointment of Richard Ziegler as Dean of the School of Medicine, University of Minnesota, Duluth.

The committee voted unanimously to recommend approval of the consent report.

**1998-99 COMMITTEE WORKPLAN**

The committee briefly reviewed its workplan for the year. Executive Vice President and Provost Bruininks commented that he and Vice President Maziar had discussed plans to meet regularly with graduate students during the year and that these meetings would help provide input for the policy discussions on graduate student issues that the committee intended to have during the year.



## **GRADUATE STUDENT ISSUES: COMPENSATION & BENEFITS**

Vice President Maziar presented information to the committee on compensation and benefits for graduate assistants at the University. Maziar based her presentation on the University's 1500 graduate assistants and teaching assistants and explained that these assistantships are a key tool in attracting the best and the brightest to the University. She noted, however, that there are over 7000 graduate students at the University and an additional 6000 in professional programs and the issues facing all the graduate students are broader than just the compensation and benefits that she would be talking about today.

Maziar highlighted the following:

- The costs for graduate assistants fall in three main categories -- cash stipend, tuition benefits, and health care benefits.
- Due to the recent improvements to the health care benefits, the University is now highly competitive in this area. The benefits include dental coverage, which is rare among other research universities.
- Compared to the Big 10 schools, the University ranks ninth in cash stipend, making the University less competitive in this area.
- The University is competitive in tuition benefits compared to other Big 10 schools and the University ranking rises when this benefit is included in the comparisons.
- The University has seen a greater erosion in the number of assistantships than other comparable institutions and has seen a more rapid decrease in the number of graduate students than peer institutions. The University has also seen a decrease in the admission yield rate (the number of students accepting admission compared to the number admitted.)
- Anecdotal evidence suggests that post-doctoral appointments have replaced graduate assistantships because it is less expensive for a department to support a post-doctoral appointment.
- The cost for benefits for graduate students has shifted toward a unit responsibility from an institution responsibility.

Maziar stated that the reasons for the lower number of graduate students could include the job market for graduates in certain disciplines, a strong economy, the increasing departmental cost of supporting assistants, and the shifting of financial resources to support post-doctoral employees. Vice President Carrier observed that there are more ways to get the teaching work of the University accomplished. Units now have the option of using a teaching assistant, or a post-doctoral employee, or professional and academic staff, such as a teaching specialist. Therefore, units are able to choose the least expensive method.

Regent Neel questioned if the growing number of post-doctoral employees was a good or bad trend. Maziar said deans across the country are struggling with this issue and questioning whether to reduce the number of doctoral students in the life sciences, as some have suggested, and move the financial support to post-doctoral staff. It is very hard to anticipate the number of doctoral students the job market will need in four or five years.

In response to a question from Regent Bergland, Maziar stated that the Twin Cities cost-of-living is higher than many other Big 10 institutions and that the cost and lack of availability of housing affects the University's competitiveness. Any efforts to increase housing for students will also benefit graduate students.

Regent O'Keefe suggested that if the University is non-competitive because of the lower cash stipend, why not make the University more competitive by increasing the cash stipend and decreasing other benefits. Bruininks stated the cash stipend is taxable and not always in the best interest of students.

Maziar stated that she intends to investigate a number of ideas to increase the competitiveness of the University, including developing paid internships for students in corporations, which would make the University better connected and provide other job opportunities. She wants to take advantage of the location of the Twin Cities to increase opportunities for professional development for graduate students. Regent Hogan suggested looking creatively at all the issues facing graduate students -- in compensation, housing, and relationships with professors -- and look long-term. Executive Vice President and Provost Bruininks agreed that creative ideas, such as the student-run design business in the Department of Human Ecology, are the correct course.

**FACULTY AND STAFF COMPENSATION  
AND BENEFITS COMPARISON**

Due to time constraints this item was postponed to the committee's next scheduled meeting in December.

The meeting adjourned at 11:20 a.m.



**STEVEN BOSACKER**  
**Executive Director and**  
**Corporate Secretary**

**UNIVERSITY OF MINNESOTA**

**BOARD OF REGENTS**

**Educational Planning & Policy Committee**

**October 8, 1998**

A meeting of the Educational Planning and Policy Committee of the Board of Regents was held on Thursday, October 8, 1998, at 1:45 p.m. in Room 300, Morrill Hall.

Regents present: Michael O'Keefe, presiding; David Metzen, William Peterson, Jessica Phillips, Maureen Reed, and Patricia Spence.

Staff present: Executive Vice President and Provost Robert Bruininks; Senior Vice President Frank Cerra; and Executive Director Steven Bosacker.

Student Representatives present: Tammy Koob and Jennifer Wagner.

**HEALTH PROFESSIONAL EDUCATION: NEW DEMAND MODEL**

Executive Vice President and Provost Bruininks stated that this discussion on health professional education is focused on the conceptual framework of a new demand model; the scope of the program, including quality and quantity issues; changing roles and responsibilities of faculty under the new model; and current and future policy and financial implications, including human resources.

Senior Vice President Cerra noted that the University of Minnesota's Academic Health Center (AHC) is one of Minnesota's most important resources and among its best investments. The AHC's faculty educates 70 percent of Minnesota's health professionals; conducts world-class research leading to major discoveries and breakthroughs; finds cures for diseases and develop new devices and drugs; advocates for and supports preventative medicine and complementary care; supports agriculture by educating veterinarians and finding solutions to serious animal-related problems; provides leadership in research and discussion of major health policy issues; and provides the highest quality patient care both at Fairview-University Medical Center and in communities across the state. Although the University is a land-grant institution, state taxpayers contribute only 20 percent of the AHC's \$453 million annual budget. AHC revenues in FY98 included 20 percent in state appropriations; 6 percent in tuition; 37 percent awarded in grants; 6 percent in gifts; and 22 percent in generated revenue, primarily clinical services.

The AHC is comprised of seven schools and colleges (School of Dentistry, School of Nursing, Medical School (Twin Cities), College of Pharmacy, School of Public Health, School of Medicine (Duluth), and College of Veterinary Medicine) that serve 5,000 students who are taught and mentored by its 1,300 faculty members.

Cerra explained that this discussion is the initiation of a dialogue that he believes will continue for several years. Changes in the health delivery system and the new Medicare legislation have created both programmatic and educational challenges for

institutions that train health professionals. In the past a substantial part of the cost of training health professionals was borne by payments to hospitals and physicians for patient care and by the federal government. Insurance plans and government agencies are now seeking to reduce their responsibility for financing the training of health professionals. Changes in the way health care is delivered is also having an impact on the education process. Other forces -- the impact of managed care on the marketplace, advancements in scientific knowledge, changing demographics, a changing health care paradigm, and new technologies -- continue to reshape American health care, affecting the ability of universities to offer high quality health professional education.

With the traditional sources of financial support for health professional education (federal revenue, clinical revenue and research funding) eroding, Minnesota has taken action to address financial challenges. Over the past three years, the AHC has initiated the following actions to reduce costs while maintaining the highest quality education and research programs: a) formed a single physician practice group to increase efficiency and service; b) merged the teaching hospital with a prominent health system; c) adopted a strategic plan to reshape the education and research organization; and, d) formulated a collaborative report, between the Senior Vice President for Health Sciences and CEOs of Minnesota's health systems, to the legislature and the commission of health regarding plans for the strategic direction and vision of the AHC. The report, due on January 15, 1999, will address workforce needs, the ongoing educational needs of health professionals, implications for existing education and training programs, and plans for input from the health community on AHC research and education programs.

The legislature and governor have supported the University through the reorganization of the AHC and the sale of the hospital, and by responding to the financial crisis by creating the Medical Education and Research Costs Advisory Committee (MERC) to determine a path for assisting clinical sites with costs. A major survey was done to collect information about costs incurred in clinic settings for the training of health care professional students. A total of \$301 million was reported as the cost of the training in clinic settings. Almost \$18 million was distributed to the 154 programs, and the pool of funding will increase to approximately \$32 million for the 1998-99 academic year.

For the fiscal year 2000-2001 biennium, the University of Minnesota seeks \$37 million in recurring funds to stabilize funding for health professional education and graduate health education. The University also supports the Minnesota Department of Health's request for \$130 million to stabilize funding for graduate health professional education, and an additional \$20 million is requested from the tobacco settlement for University research and programs on conditions primarily related to tobacco.

Regent Reed stressed that academic health centers are up against a serious money problem. In 1960, 6% of the gross domestic product (GDP) went to health care and now it is 14%. Education is still at 6%, so in this country there has been a dramatic rise in the amount of money being put toward health. Reed said that Americans have begun to equate health with illness care and the transformation that Vice President Cerra is struggling with is breaking that connection. As long as we equate health with illness care, we are on a trajectory to bankrupt the entire country. Reed stated that regarding health care, the State of Minnesota is a good place to be and said that the University and AHC are in a magnificent position to capitalize on all the change and emerge as the national leader in this transformation.

Regent Metzen thanked Cerra for his thoughtful and concise explanation of the current situation. Cerra explained that the people of the AHC want to get involved in national change because it is a commitment of the faculty and staff of health professional schools, saying, "This is their life, and it is their mission in life." Cerra added that leading the change is an appropriate role of the University. Cerra agreed with

Regent Reed that there is a willingness of all components of the care provider systems in this state -- public and private -- to solve this problem. With a willingness to put it on the table, and with the help of the legislature, all parties can work together to find a solution.

Regent O'Keefe noted that in Cerra's handout, the goal statement reads, "The University of Minnesota, working with the health care community and the federal and state governments, must assure that the state has the right types and numbers of health professionals with the right skills and training practicing in the right locations and serving the right populations of Minnesotans." O'Keefe said that he feels the goal is far less ambitious and visionary, and suggested that after today's discussion, a restatement of the goal that underscores that the University will take a leading role in changing the health delivery system for the state. Cerra said he would be delighted to make the change. Reed suggested that the goal be bolder and broader, stating that the University will strive to be a leader in change, not just of the health delivery systems, but a leader in changing health, because the delivery system is only a means to an end.

O'Keefe also asked for another briefing on this subject before spring as to what some of the strategic pieces of the efforts are, and what Cerra sees the University doing in the next three to ten years to play the leadership role. The committee agreed and Bruininks stated that they would schedule the discussion for December 1998 or February 1999.

#### **1998-99 COMMITTEE WORKPLAN**

Regent O'Keefe explained that the proposed workplan for the committee identifies a series of key and critical discussions and reviews, divided into three general categories:

- Category 1: Review, discuss, and act on complex trends and policies
- Category 2: Administrative responses dealing with issues identified by the committee during discussions of the institution's three primary missions during the 1997-98 year
- Category 3: Progress reports and updates on ongoing projects, initiatives, and critical issues

O'Keefe noted that discussions on technology transfer will begin with a report to the Committee of the Whole on the Fireside Chat Initiative, and specific policy issues relating to technology transfer will be broken down into appropriate committee discussions.

Regent Reed stressed the importance of the Category 2 items, and requested a more specific calendar so that none of the issues will get lost. O'Keefe agreed and said he will try to map out a specific plan with Regent Reed and Executive Vice President and Provost Bruininks.

Regent Phillips noted her interest in continued discussions with faculty members.

The proposed workplan is included in the docket materials.

#### **CONSENT REPORT**

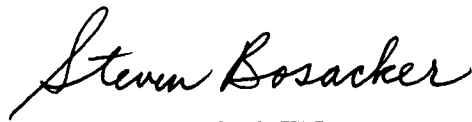
Executive Vice President and Provost Bruininks presented the Consent Report which was included in the docket materials and noted the following:

- New Programs:
  - a) Crookston Bachelor of Science in Golf Facilities and Turf Systems Management
  - b) College of Education and Human Development: Certificate Program School-to-Work
  - c) University College Certificate Program in Information Networking
- Web-based access to the University of Minnesota, Crookston Bachelor of Applied Health degree program
- Name Change:
  - Branch Experiment Stations to Research and Outreach Centers
- Biology reorganization:
  - Department of Biochemistry, Molecular Biology and Biophysics; Genetics, Cell Biology, and Development;
  - Department of Neuroscience; and
  - Department of Plant Biology.

Dean Robert Elde of the College of Biological Sciences explained that the merger proposal would create four new departments in core areas: bio-chemistry, molecular biology and biophysics; genetics, cell biology and development; neuroscience; and plant biology. The four departments would be jointly funded and administered by the College of Biological Sciences, the College of Agricultural, Food and Environmental Sciences and the Medical School. The reorganization will improve the educations of over 4,000 undergraduate students and could serve as a model for creating integrated programs in other areas at the University.

A motion was made and the committee voted unanimously to approve the Consent Report.

The meeting adjourned at 3:45 p.m.



**STEVEN BOSACKER**  
**Executive Director and**  
**Corporate Secretary**

**UNIVERSITY OF MINNESOTA**  
**BOARD OF REGENTS**  
**Finance & Operations Committee**  
**October 8, 1998**

A meeting of the Finance and Operations Committee of the Board of Regents was held on Thursday, October 8, 1998 at 1:45 p.m. in Room 238, Morrill Hall.

Regents present: Robert Bergland, presiding; Julie Bleyhl, William Hogan, Bryan Neel, and Thomas Reagan.

Staff present: President Mark Yudof; Interim Vice President Eric Kruse; Executive Director Steven Bosacker; Associate Vice Presidents Steve Cawley, Richard Pfutzenreuter, Robert Kvavik, Terrence O'Connor, and Georgina Stephens.

Student Representatives present: Heidi Frederickson and Kevin Leiran.

**CONSENT REPORT**

Associate Vice President Pfutzenreuter presented the consent report for October 1998 as found in the docket materials. Pfutzenreuter reported a general contingency balance of \$913,003 and the following expenditures of greater than \$250,000.

- \$300,000 from the general contingency to the Office of the Executive Vice President and Provost to cover an unexpected operating deficit;
- \$2,938,141 to Oracle Corporation for the purchase of database software to support the PeopleSoft Human Resources/Payroll and the PeopleSoft Student Administration systems implementation;
- \$210,000 to Prism Computer Corporation for writing specifications and designing modifications to computerized maintenance management software; and
- \$300,000 to Xerox Corporation for the purchase of Xerox copier, facsimile, and typewriter supplies to be purchased October 1, 1998 through September 30, 1999 and stocked at University Stores for use in University departments.

In response to a questions from Regent Hogan, Associate Vice President Cawley explained that by the end of December there will be a new 56K modem pool which should improve access to the pool. The costs for the modem pool are now incorporated into the telecommunication rate structure.

In response to a question from Regent Bergland, Associate Vice President Cawley stated that the enterprise system project is within budget and on time and it will meet our needs. There will be an update regarding this project in the November Audit Committee.

The committee voted unanimously to recommend approval of the consent report.

## 1998-99 COMMITTEE WORKPLAN

Associate Vice President Pfutzenreuter presented an overview of the budgeting process for the University and the 1998-99 Finance and Operations Committee workplan as found in the docket materials.

Regent Neel stated that at one time it was decided that the investment managers would come to the Finance and Operations Committee for a face-to-face meeting to discuss the University's investments. Neel asked if this decision has been changed? Pfutzenreuter responded that the intention was to evaluate how well the annual reports of the Endowment Investment Advisory Committee would meet the needs of the finance committee. However, the administration is not opposed to presentations from investment managers and can arrange for them if the committee would like such presentations. Neel explained that he believes it is important to send a signal to the managers that the Board is an active participant in its investments.

Associate Vice President Stephens suggested that this issue be discussed during the discussion on the investment process later in the meeting. The committee agreed to take that agenda item up next.

### INVESTMENT PROCESS

President Yudof stated that the purpose of proposing a revised investment process was to put in place a system that would ensure timely reports to the Board and would take the pressure of the market highs and lows off the Treasurer. In addition, the proposed Endowment Investment Advisory Committee (EIAC) will provide continuity and consistency of reporting and anticipate and respond to Board inquiries. Associate Vice President Stephens presented the recommended investment process as outlined in the docket materials.

In response to a question from Regent Bergland, Stephens explained that this proposal does not require board approval. If the committee agrees with the process then the committee would be presented with a slate of nominees for the EIAC for approval. Stephens and President Yudof added they were open to however the committee wanted to proceed.

In response to a question from Regent Reagan, Stephens stated that the president would resolve disagreements, if any, between the treasurer's recommendation and the EIAC's recommendation. Yudof added that the board should be presented with both recommendations to assess the merits of each. Bergland added that the Board would also want the president's recommendation.

Regents Reagan and Neel emphasized the significance of having face-to-face contact with the investment managers to ask questions. Stephens stated that a responsibility of the EIAC will be to meet with the investment managers on a regular cycle. She suggested that those managers with a large percentage of the University's portfolio could also meet with the committee on a regular cycle.

Regent Hogan stressed the importance of Board input on the nominating committee and involvement in the EIAC. Neel stated that the board needs to retain clear responsibility for the finances of the University.

Regent Bleyhl explained that while the Asset and Debt Management Advisory Committee performed a well-intentioned function, it was not empowered to make recommendations or decisions. She supported empowering the EIAC, at the same time underlined the importance of the Board maintaining a relationship with the major investment managers.



Yudof stated that the Board can meet with the investment managers as frequently as they have time, but his concern is between meetings. He added that there are two aspects to the Board's fiduciary obligations: the first aspect is a hands-on approach and meeting with the investment managers; the second is relying on the experts to advise the Board. Bergland expressed that while the committee should not be in the position of advising the experts, the committee should be informed regarding the investment strategies of the University's assets.

Stephens responded to several points raised by the committee. The nominating committee, which would be staffed by the treasurer, could definitely include Board members. In an effort to maintain integrity and depoliticize the nominating process, general counsel will be consulted regarding potential conflicts of interests before any problems arise.

Bergland requested that Stephens work out the details on the investment process to reflect the committee's discussion. Stephens agreed to come back to the next committee meeting with more details.

### **TOTAL OIL RESOLUTION**

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

Whereas, the Regents of the University of Minnesota recognize their fiduciary responsibility to manage the investment portfolios of the University to effect maximum returns;

Whereas, the University of Minnesota has established a strong tradition of concern for social issues in its investment policies;

Whereas, the Regents of the University of Minnesota believe that a policy of investing for maximum returns and demonstrating social concerns can be reconciled;

Whereas, the government of the United States of America has banned all future investments in Burma;

Whereas, of the foreign investments in Burma, Total Oil Co. S.A. (Total) represents about one-third;

Be It Resolved, by the Regents of the University of Minnesota, that the appropriate administrative officers be directed to avoid future investments in Total until Total suspends its operations in Burma.

Associate Vice President Stephens outlined the resolution and the history as found in the docket materials.

In response to several questions from the committee regarding the effect of adopting this type of resolution, Stephens explained that this is not the first time the Board has prohibited certain investments due to social concerns. In the early eighties, the Board adopted a resolution prohibiting investments in South Africa.

The committee voted unanimously to approve the resolution relating to investments in Total Oil, S.A..

## **QUARTERLY PURCHASING REPORT**

Associate Vice President Pfitzenreuter presented the quarterly purchasing report for the quarter ending June 30, 1998, which is included in the docket materials.

In response to a question from Regent Hogan, Karen Triplett from Purchasing Services explained that the responsibility for the targeted group business program was transferred to the Office of Equal Opportunity and Affirmative Action. Purchasing Services is working closely with the OEOAA and a report will be made to the committee in the next month or two.

### **RESOLUTION: ADMINISTRATIVE FEE ON UNIVERSITY ENDOWMENTS**

The resolution regarding an administrative fee on the University endowment fund item was deferred to the November Finance and Operations Committee agenda.

The meeting adjourned at 3:10 p.m.



**STEVEN BOSACKER**  
**Executive Director and**  
**Corporate Secretary**

**UNIVERSITY OF MINNESOTA**

**BOARD OF REGENTS**

**Committee of the Whole**

**October 9, 1998**

A meeting of the Committee of the Whole of the Board of Regents was held on Friday, October 9, 1998, at 9:00 a.m. in Room 238, Morrill Hall.

Regents present: William Hogan, presiding; Robert Bergland, Julie Bleyhl, David Metzen, H. Bryan Neel, Michael O'Keefe, William Peterson, Jessica Phillips, Thomas Reagan, Maureen Reed, and Patricia Spence.

Staff present: President Mark Yudof; Chancellor Donald Sargeant; Interim Chancellor Samuel Schuman; Executive Vice President and Provost Robert Bruininks; Senior Vice Presidents Frank Cerra and Christine Maziar; Vice Presidents Carol Carrier and Sandra Gardebring; Interim Vice President Eric Kruse; Executive Director Steven Bosacker; and Associate Vice Presidents Nancy Barcelo, Jane Canney, Robert Kvavik, Gerald Fischer, Terry O'Connor, Richard Pfutzenreuter, and Georgina Stephens.

Student Representative present: Scott Roethle.

**ANNUAL ASSET AND DEBT MANAGEMENT REPORT**

Associate Vice President Stephens presented the annual review of asset and debt management for the University of Minnesota as of June 30, 1998. The presentation also included a comparative review to other colleges and universities and a discussion about the University's risk profile.

Highlights of the report were:

- The Consolidated Endowment Funds (CEF) returned 23.0% compared to the benchmark return of 13.8% in fiscal year ending June 30, 1998. Market value of the CEF was \$536.8 million.
- The Group Income Fund (GIP) returned 5.0% compared to the benchmark return of 6.8%. This shortfall reflected high volatility in global fixed income. Market value of the GIP was \$109.3 million.
- Asset allocation remains within the policy range with domestic equity slightly higher than the target and international equity and fixed income slightly lower than respective targets reflecting the strength of the domestic equity market.
- University-issued outstanding debt was \$287.6 million and with the state infrastructure bonds, total debt was \$328.5 million.
- For a 10-year period ending June 30, 1998, the University has out-performed the college and university endowment mean as measured by Cambridge Associates.

- The University's asset allocation is somewhat more aggressive than other college and university endowments. Asset classes that might reduce risk while maintaining performance are currently being assessed.

Stephens responded to questions from committee members regarding the charts that were provided in the docket materials.

The final section of the report addressed market-timing issues for the future given the recent turmoil in the market. Stephens stressed that the timing of any significant change in asset allocation can have a tremendous impact on the long-term performance of a portfolio and it is important that change should not come as a reaction to a short-term decline in the market.

Stephens reported briefly on the oversight mechanism for asset and debt management. Currently, there is an Asset and Debt Management Advisory Committee. The administration is proposing that this advisory committee be retired and replaced with two new committees. One committee would review and provide advice on endowment investments and the second would provide guidance on debt. The intent of the two committees would be to focus more intently on improving the University's investment processes. The Finance & Operations Committee will be reviewing this proposal in the coming months.

#### **BIENNIAL BUDGET REQUEST**

President Yudof presented the University's proposed 2000-01 biennial budget request for review. The proposed request of \$1.28 billion is designed to increase the strength of the University as it enters a new century and a new millennium. It represents an increase of \$198.7 million over the adjusted base level funding of \$1,090,294. As directed by the Minnesota Department of Finance, the University's requested increase in funding was calculated from an adjusted base funding level arrived at by removing from the University's appropriation a total of \$56,192,000 of non-recurring funds. The proposal was also modeled on average tuition increases for students of three percent, with adjustments made for semester enrollment phenomena. In academic year 1999-2000, the University will change to a semester-based academic calendar which will affect both headcount and full-year equivalent enrollments.

The request was based on the five areas identified in the conceptual framework as goals for the biennium. Funding in the amount of \$95.9 million is targeted for competitive compensation. It will provide for base compensation increases to meet cost-of-living adjustments and be consistent with state agency base increases. It will ensure that compensation for all employee groups will be competitive and that funding will be available for training and developmental opportunities for faculty and staff.

To accomplish the goal of enriching the undergraduate experience, \$32.6 million has been proposed. The funding will provide for a number of opportunities including: freshmen seminars, international educational opportunities, better advising and career services, undergraduate research opportunities, technology-enhanced learning, and classroom enhancements.

Thirty-seven million dollars has been earmarked for financing health professional education. These monies are to be used to ensure that the State of Minnesota has the right types and numbers of health professionals with the right skills and training. It is to ensure that the health professionals are practicing in the right locations and serving the right populations of Minnesotans.

Funding in the amount of \$20.5 million is proposed to be used to connect the University to the community. The funds will help to build on molecular and cellular biology research to support the agriculture and health economy of the state. They will be used to address urgent issues which challenge the state's agriculture and natural resource-based industries.

To promote a climate of quality service, the University is requesting \$24.6 million that will be used to provide better service through training and recognition programs and improve ongoing maintenance, upgrading, beautification, and preservation of facilities. The monies will also be used to extend the useful life of existing building components with proper preventive and repair maintenance.

With regard to tuition, Yudof reported that tuition is modeled on an average increase in tuition rates of 3% which will generate \$11.9 million for the biennium. He noted that actual increases for students may be lower for some students and higher for others due to changes in the tuition structure. Yudof also reported that for FY98-99, revenue from the State of Minnesota funded 71% of the University's budget with tuition covering the remaining 29%. The biennial request for FY00-01 was developed so that the State of Minnesota funds will cover 74% of the budget and tuition revenues will cover 26%.

Yudof reported that he has been asked why the proposed tuition increase of 3% is higher than the cost-of-living index increase of 2.1%. Yudof said that the quality and quantity of services has increased at the University of Minnesota and the investment that is needed to support this increase is also higher. Discussions pertaining to tuition increases have raised questions relating to what the University is offering and what is a fair share for students to pay. Economic conditions in the state have also been factored into these discussions.

Regent Reed expressed concern that the amount proposed for financing health professional education may be "light" given the changing environment. Regent Spence concurred with Reed's comments adding that the University has been a leader in the nation in health profession education reform and there is a tremendous opportunity for the creation of interdisciplinary programs and curriculum development if the funding is available.

In answer to a question, it was reported that the allocation of funds for promoting quality service will bring the University to a point close to where it should be in meeting its operating and maintenance issues for the biennium.

Student Representative Roethle expressed concern about the proposed 3% increase in tuition indicating that many students cannot afford a "bigger basket of goods." Several of the goals outlined in the request highlight student satisfaction, greater diversity, and improved retention and graduation rates. An increase in tuition of 3% will work against those goals. He would support a 2% increase as the Minnesota Student Association has endorsed.

Provost Bruininks responded that faculty and staff care deeply about restraining the growth of tuition and will make every possible attempt to keep it down. Financial aid both through the state and federal governments are available for students as well as a through a number of scholarship programs at the University.

The biennial request will be on the agenda for action at the November 1998 meeting of the Board.

## COMPACTS STATUS REPORT

Provost Bruininks presented a report on the 1997-98 compact process and outcomes. Thirty-one major University units participated in the compact process. A compact is a jointly-written management agreement between the campus/college/support unit and the administration that addresses the strategic issues and priorities of the unit. The philosophy of the compact process is to improve alignment of broad University goals with the directions, investments, actions, and results of campuses, colleges, and service units. It is intended to create an atmosphere of collegiality, peer relationships, and a focused discussion of the unit's and the University's mission, values, and priorities and to promote decentralized authority, responsibility, and accountability. A number of goals were established to support the process that ultimately will provide for the implementation of an ongoing process that will improve management of University resources and public accountability. Priorities set for the 1997-98 compact process included: advancing academic excellence; expanding educational access; achieving diversity; connecting the University to the community at large; and promoting a climate of quality service. Bruininks provided examples of actions including new investments that have been made or are proposed for each priority area. A copy of the individual compact report for each unit was provided for the Board's review and is on file with the docket material in the Board office. Individual compact reports are also available on the Worldwide Web.

Bruininks reported on the areas that need improvement in the compact process and noted the following emphases that will be placed on the FY98-99 process:

- Increased alignment of broad systemwide and campus goals, directions and resources (human and fiscal);
- Increased emphasis on service improvement goals, priorities, and performance measures, for both the academic and support units;
- Continued focus on diversity of students, faculty, and staff;
- Expanded discussions of interdisciplinary directions, including selected compacts for broad initiatives;
- Strengthened focus on data profile and performance measures (i.e., outcomes);
- Continued emphases on unit planning, communication, and consultation strategies;
- Creation of expanded strategies for stimulating outreach;
- Expanded focus on all-funds resource strategies within an Incentives for Managed Growth (IMG) framework; and
- Creation of enrollment and academic staffing plan/strategy.

Board members expressed support for the compact planning process and for the quality information provided in the individual unit reports.

In answer to a question, Bruininks reported that it is important that the University have good measures to monitor and evaluate its performance. The Board can expect an annual institutional performance report that will include multiple measures.

The meeting adjourned at 11:38 a.m.



**STEVEN BOSACKER**  
Executive Director and  
Corporate Secretary

**UNIVERSITY OF MINNESOTA**

**BOARD OF REGENTS**

**October 8, 1998**

A meeting of the Board of Regents was held on Thursday, October 8, 1998, at 4:07 p.m. in Room 238, Morrill Hall.

Regents present: William Hogan, presiding; Robert Bergland, Julie Bleyhl, David Metzen, H. Bryan Neel, Michael O'Keefe, William Peterson, Jessica Phillips, Thomas Reagan, Maureen Reed, and Patricia Spence.

Staff present: President Mark Yudof; Executive Vice President and Provost Robert Bruininks; Senior Vice President Frank Cerra; Vice President Christine Maziar; General Counsel Mark Rotenberg; Executive Director Steven Bosacker; and Associate Vice President Gerald Fischer.

Others present: Mark Bohnhorst, William Donohue, Lyndell King, Thomas Schumacher, and Jeffrey Vigl.

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 Thursday, October 8, 1998, in Room 238, Morrill Hall, for the purpose of discussing attorney-client privileged matters.

The Board of Regents voted unanimously to approve the resolution.

The meeting adjourned at 4:09 p.m.



**STEVEN BOSACKER**  
**Executive Director and**  
**Corporate Secretary**

**UNIVERSITY OF MINNESOTA**

**BOARD OF REGENTS**

**October 9, 1998**

A meeting of the Board of Regents of the University of Minnesota was held on Friday, October 9, 1998 at 11:40 a.m. in Room 238, Morrill Hall.

Regents present: William Hogan, presiding; Robert Bergland, David Metzen, H. Bryan Neel, Michael O'Keefe, William Peterson, Jessica Phillips, Thomas Reagan, Maureen Reed, and Patricia Spence.

Staff present: President Mark Yudof; Chancellor Donald Sargeant; Interim Chancellor Samuel Schuman; Executive Vice President and Provost Robert Bruininks; Senior Vice President Frank Cerra; Vice Presidents Carol Carrier, Sandra Gardebring, and Christine Maziar; Interim Vice President Eric Kruse; Executive Director Steven Bosacker; and Associate Vice Presidents Nancy Barcelo, Jane Canney, Robert Kvavik, Gerald Fischer, Terry O'Connor, 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:

Audit Committee - September 10, 1998  
Facilities Committee - September 10, 1998  
Faculty, Staff & Student Affairs Committee - September 10, 1998  
Committee of the Whole - September 11, 1998  
Board of Regents Meeting - September 11, 1998  
Board of Regents Meeting - September 11, 1998

**REPORT OF THE PRESIDENT**

President Yudof's report focused on the University's efforts to build a greater sense of community through the development of a more "student friendly" campus environment that ensures that all students experience a high quality of campus life and through development of educational programs that are responsive to students' needs and aspirations. Improving the campus environment through the creation of a physical campus that is technologically advanced, attractive, and user friendly and improving the relationships with the communities that surround the Twin Cities campus are also ways in which a greater sense of community can be achieved.

Yudof reported that during the past month he participated in "Move-in Day" involving 400 volunteers who helped new students move into their dorm rooms. A freshman convocation was held September 23, 1998, the first such campus-wide gathering since 1969, to welcome the class of 2002. Approximately 2,800 first-year students participated.

Relating to improving the physical campus environment, a visitor information center has been located on the east bank that is staffed during business hours and university events. For after-hours information, there is a walk-in kiosk with maps and campus phones installed adjacent to the center. In addition, October 23, 1998 has been designated as Beautiful U Day. Events scheduled for the day will include efforts for a campus-wide clean up, the placing of 5 or 6 "heritage markers" at selected sites to mark



historic importance on the main campus, and demolition of the East River Road parking ramp.

In an attempt to improve relationships with the greater community, Yudof has requested Vice President Gardebring to devote some attention to this issue. She has already met with the Cedar Riverside Business Association and the West Bank Community Coalition. She is also working with the Capital Oversight Group to identify points in the capital budget development process when communities and neighborhood groups should be contacted and their reactions/suggestions sought.

#### **REPORT OF THE CHAIR**

Chair Hogan reported that the Board will hold a full-day retreat on Friday, November 13, 1998 in downtown Minneapolis. The regular monthly meetings will all be held on Thursday, November 12, with a special Facilities Committee meeting to be held late on the afternoon of November 11.

The final three fireside chats have been scheduled. At the November 1998 Board meeting, Edson Spencer (co-chair of the initiative) will present a brief summary to the Board regarding the information culled from the chats. In addition, Vice President Christine Maziar is scheduled to present information on the "commercialization of technology," which will utilize input received during the chats.

Lastly, a conference was recently held relating to doing business with South African countries. President Yudof provided opening remarks for the conference. Thirteen ambassadors from all of the countries of South Africa were at the conference. The possibility of conducting a follow-up session to this conference held at the University of Minnesota is being discussed.

#### **RECEIVE AND FILE REPORTS**

Chair Hogan noted the receipt and filing of the Quarterly Board of Regents Policy Report.

#### **GIFTS**

Associate Vice President Fischer presented the monthly list of gifts to the University of Minnesota, the University of Minnesota Foundation, the Arboretum Foundation, and the Minnesota Medical Foundation as listed in the docket material and on file in the Board Office.

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

#### **REPORT OF THE COMMITTEE OF THE WHOLE**

Regent Hogan, Chair of the committee, reported that the committee reviewed the annual Asset and Debt Management report; reviewed the University's proposed 2000-01 biennial budget request; and reviewed a status report on the compact planning process.

#### **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 to the committee in the docket material with highlights listed below:

- Name Changes:

Biomedical Engineering Institution to change its name to the Department of Biomedical Engineering.

Branch Experiment Stations changed to the following:

Southern Research and Outreach Center - Waseca  
Southwest Research and Outreach Center - Lambertson  
West Central Research and Outreach Center - Morris  
Northwest Research and Outreach Center - Crookston  
North Central Research and Outreach Center - Grand Rapids

- Expanded Access to Existing Degree Program

Web-based access to the University of Minnesota-Crookston Bachelor of Applied Health.

- New Programs

- a) Bachelor of Science in Golf Facilities and Turf Systems Management, University of Minnesota Crookston;
- b) College of Education and Human Development: Certificate Program School-to-Work; and
- c) University College Certificate Program in Information Networking.

- Biology Reorganization - four new departments

- 1) Department of Biochemistry, Molecular Biology, and Biophysics
- 2) Department of Genetics, Cell Biology, and Development
- 3) Department of Neuroscience - Medical School
- 4) Department of Plant Biology

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

O'Keefe reported that the committee also engaged in a discussion relating to a new demand model in health professional education and reviewed the committee's 1998-99 workplan.

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

Regent Bergland, 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 material with highlights listed below:

- An allocation of \$300,000 from general contingency to the Office of the Executive Vice President and Provost to cover an unexpected operating deficit.
- Purchase of goods/services over \$250,000 as described in the committee minutes.

- b) Approval of a resolution relating to future investments in Total Oil Co. S.A., as follows:

WHEREAS, the Regents of the University of Minnesota recognize their fiduciary responsibility to manage the investment portfolios of the University to effect maximum returns;

WHEREAS, the University of Minnesota has established a strong tradition of concern for social issues in its investment policies;

WHEREAS, the Regents of the University of Minnesota believe that a policy of investing for maximum returns and demonstrating social concerns can be reconciled;

WHEREAS, the government of the United States of America has banned all future investments in Burma;

WHEREAS, of the foreign investments in Burma, Total Oil Co. S.A. (Total) represents about one-third;

BE IT RESOLVED, by the Regents of the University of Minnesota, that the appropriate administrative officers be directed to avoid future investments in Total until Total suspends its operations in Burma.

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

Bergland reported that the committee also reviewed the 1998-99 committee workplan; reviewed the quarterly Purchasing Report; and engaged in a discussion relating to the University's investment process.

**REPORT OF THE FACILITIES COMMITTEE  
August 13, 1998**

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

- a) Approval of a recommendation of the President and the Interim Vice President for University Services, that the schematic plans for the Jackson Hall renovation be approved.
- b) Approval of a recommendation of the President and the Interim Vice President for University Services, that the schematic plans for the Peters Hall renovation be approved.

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

Reagan reported that the committee also reviewed information relating to design guidelines for the following: the molecular and cellular biology building; the Ford Hall renovation; and the Murphy Hall renovation.

**REPORT OF THE FACILITIES COMMITTEE  
October 8, 1998**

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

- a) Approval of a recommendation of the President and the Interim Vice President for University Services, that the FY99 Capital Budget be amended to include the following leasehold improvement projects:
  - 1. Leasehold improvements -- North Memorial/University Family Practice Clinic Remodeling Project, 1020 West Broadway, Minneapolis (\$326,100);
  - 2. Leasehold improvements -- Psychiatry Department Remodeling Project, Fairview-University Medical Center, Minneapolis Riverside Campus (\$1,171,000).
- b) Approval of a recommendation of the President and the Interim Vice President for University Services, that the FY99 Capital Budget be amended as follows:
  - 1. Increase the budget for the Women's Intercollegiate Athletic Soccer Complex, Twin Cities Campus (\$2,000,000 to \$3,200,000).
  - 2. Include in the budget the Territorial Hall Addition, Twin Cities Campus (\$4,577,000).
- c) Approval of a recommendation of the President and the Interim Vice President for University Services, that the schematic plans for the Women's Intercollegiate Athletic Soccer Complex are approved and the appropriate administrative officers are authorized to proceed with the development of construction documents and construction.
- d) Approval of a recommendation of the President and the Interim Vice President for University Services, that the schematic plans for the Architectural Addition and Remodeling Project are approved and the appropriate administrative officers are authorized to proceed with the development of construction documents and construction.
- e) Approval of a recommendation of the President and the Interim Vice President for University Services, that the schematic plans for the Institute of Technology (IT) District Chilled Water Plant and Facilities Management IT District Office/Shop Project are approved and the appropriate administrative officers are authorized to proceed with the development of construction documents and construction.
- f) Approval of a recommendation of the President and the Interim Vice President for University Services, that the schematic plans for the West Bank Office Building Parking Ramp Expansion Project are approved and the appropriate administrative officers are authorized to proceed with development of construction documents and construction.
- g) Approval of a recommendation of the Treasurer and Associate Vice President for Finance, that the appropriate administrative officers are authorized to execute the appropriate documents providing for the following real estate transaction:
  - A. The 10-year lease for psychiatry at Fairview-University Medical Center, Riverside Campus, 2450 Riverside Avenue, Minneapolis.

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

The committee also reviewed the 1998-99 committee workplan; reviewed an amendment to the FY99 capital budget relating to a digital imaging laboratory on the Duluth campus; reviewed details for a proposed sale of the remaining acres of Salt Spring Lands in St. Louis County, Minnesota; and reviewed a number of information items contained in the docket material.

In response to a question from Regent O'Keefe, Interim Vice President Kruse reported that a report will be given to Board members on a quarterly basis that will provide information on timelines and expenditures relating to the FY99 capital request.

#### **REPORT OF THE FACULTY, STAFF AND STUDENT AFFAIRS COMMITTEE**

Regent O'Keefe, Vice 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 material with highlights listed below:
  - Appointment of Richard Ziegler as Dean of the School of Medicine, University of Minnesota, Duluth effective October 12, 1998. .

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

O'Keefe reported that the committee continued its discussion relating to the committee workplan for FY99; reviewed information relating to graduate student issues (compensation and benefits); and reviewed a number of information items contained in the docket material. The agenda item pertaining to a comparison of faculty and staff compensation and benefits was deferred until the November 1998 meeting.

#### **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 reported that the Litigation Review Committee met on Wednesday, October 7, 1998 to discuss attorney-client privileged matters.

The meeting adjourned at 12:05 p.m..



**STEVEN BOSACKER**  
Executive Director &  
Corporate Secretary