

**UNIVERSITY OF MINNESOTA
BOARD OF REGENTS**

MINUTES

BOARD OF REGENTS MEETINGS

AND

COMMITTEE MEETINGS

**March 3, 1998
March 11-13, 1998**

Office of the Board of Regents

220 Morrill Hall



UNIVERSITY OF MINNESOTA

BOARD OF REGENTS

Minutes of the Board of Regents Meetings
and Regents Committee Meetings

March 3, 1998
March 11-13, 1998

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UNIVERSITY OF MINNESOTA

BOARD OF REGENTS

Litigation Review Committee

March 3, 1998

A meeting of the Litigation Review Committee of the Board of Regents was held on Tuesday, March 3, 1998, at 8:00 a.m. in Room 325, Morrill Hall.

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

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

Others present: William Donohue and Keith Dunder.

**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 Tuesday, March 3, 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 8:01 a.m.



STEVEN BOSACKER
Executive Director and
Corporate Secretary

UNIVERSITY OF MINNESOTA

BOARD OF REGENTS

Audit Committee

March 11, 1998

A meeting of the Audit Committee of the Board of Regents was held on Wednesday, March 11, 1998, at 3:00 p.m. in the Board Room, 238 Morrill Hall.

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

Staff present: President Mark Yudof; Executive Vice President and Provost Robert Bruininks; Senior Vice President Frank Cerra; Executive Director Steven Bosacker; Associate Vice Presidents Terry O'Connor and Donald Riley; and Director of Audits Gail Klatt.

Student Representatives present: John Cahoy and Blessing Rugara.

ANNUAL EXTERNAL AUDITOR'S MANAGEMENT LETTER

John Scheffler of Deloitte & Touche distributed the report to management for the year ended June 30, 1997.

Scheffler explained that in planning and performing the audit of the combined financial statements of the University of Minnesota, Deloitte & Touche considered the University's internal control structure in order to determine the auditing procedures they needed to perform. The purpose of these procedures, however, is not to provide assurance on the internal control structure, but to render an opinion on the combined financial statements of the University. The management letter is intended to communicate any material weaknesses identified during the audit as well as other control matters warranting management's attention.

Scheffler stated that no material weaknesses were found. The audit did note, however, other internal control, accounting, administrative or operating matters under two main captions: 1) information systems; and 2) other internal control, accounting, operating and administrative matters.

Scheffler noted that these findings and observations are consistent with issues identified in reports issued by the University's Department of Audits and previously discussed with University management and the Audit Committee.

With respect to the general computer control environment at the University, Scheffler noted several issues:

1) The approach of the year 2000 presents significant issues for many financial, information, and operational systems. Many systems in use today may not be able to interpret dates after December 31, 1999. The University has not yet completed a campus-wide year-2000 plan which identifies all the University's applications and their

interfaces, and it is not clear which department or organization is ultimately responsible for monitoring the progress toward year-2000 compliance.

2) The University should consider adopting a formal campuswide application development and customized implementation methodology which can be utilized for all development projects, regardless of application or platform. Adequate change control procedures are necessary to reinforce strategic directions and assist in managing the University's information technology infrastructure in a consistent manner.

3) Disaster recovery plans have not been completely developed and implemented.

4) Lack of a comprehensive network security plan may leave the University vulnerable to disclosure of information to inappropriate personnel.

5) Passwords allowing access to the College and University Financial System (CUFS) are generated and assigned by the financial systems support department and can be changed only by the security administrator. Users do not have the capability to change their passwords. Separate sign-on procedures for the CUFS application and the mainframe system allow users to access other users' identification numbers, resulting in compromised passwords and user violations.

In response to a question from Regent Hogan, Scheffler stated that while the responses from management seem reasonable and appropriate, he cannot yet indicate whether or not they will be successful.

President Yudof stated that he was most concerned by the matter of security and said that Associate Vice President Riley has assured him that he has a high degree of confidence in security systems with the University's student records.

Executive Vice President and Provost Bruininks added that the issue of security comes up in nearly every audit. There will be a thorough assessment and a plan in place by July 1, 1998. Work is being done to correct the problems, not only in existing campus systems, but also as the enterprise systems applications are developed.

Regent Larson stated the year-2000 issue has been a concern of the committee for some time, and asked what senior administrator is ultimately responsible to ensure that proper progress is being made for year-2000 compliance. Bruininks said that the chief information officer for the University would be primarily responsible, but it is a shared responsibility across administration. Bruininks stated that he is confident that the year-2000 problem will be solved in all central systems as well as in key systems at the college level. It is at the faculty level where he expects the most problems, because there are research projects and databases that go back many years. A survey is currently being conducted throughout the campus to identify such vulnerabilities.

President Yudof added that the oversight organization for the enterprise systems is a major accountability mechanism for the year-2000 problems. As it is set up, the Executive Vice President and Provost, the Senior Vice President for the Academic Health Center, and the Senior Vice President for Finance & Operations lead this group, of which the Auditor is a member. There is a reporting structure up to them, and ultimately the president and vice presidents report to the Board on the progress being made.

With respect to other internal control, accounting, operating and administrative matters, Scheffler noted four issues for recommended efficiencies:

1) The University's year-end closing procedures need to be refined. By improving the quality of information and year-end procedures, the University will enhance its internal control structure.

2) As the University expands its research activities, the amount of sponsored research revenue will increase. Formal policies and procedures should be developed regarding collection efforts and revenue-monitoring.

3) Because the University accounts for revenue primarily on a cash basis throughout the year, analysis of historical data regarding uncollectible accounts is not performed. The University should perform and maintain an analysis of the actual collections and write-offs on a historical basis and evaluate the reasonableness of allowance percentages currently used.

4) Deloitte & Touche recommends that the University consider implementing a new fixed asset system which would significantly improve the internal control structure, streamline the current process, and reduce the staff time involved in controlling and accounting for fixed assets. In addition, the University should review its depreciation policy for applicability and consistency and make changes to ensure compliance.

Regent Larson noted that in the report, Scheffler said that the issues highlighted had already been included in prior Department of Audits reports. Larson asked if the University reacted appropriately. President Yudof explained that these are all real problems, although not material weaknesses. While the problems cannot be solved overnight, processes are being developed through a tightly controlled management structure. Associate Vice President Riley stated that these problems are issues of rapid response. With staffing shortages, the University has been as proactive as possible through education and survey work. Riley noted that the University is further ahead on these issues than the state or federal government.

PRESIDENT'S RESPONSE TO MANAGEMENT LETTER

President Yudof responded to the report and management letter of Deloitte & Touche for the year ended June 30, 1997.

In response to Scheffler's report on the University's general computer control environment, Yudof noted that a survey of collegiate units is being conducted to identify systems within the University which are high-priority systems for year-2000 corrective action. Contingency plans have been developed for student systems, human resource/payroll systems, and the CUFS system. The Office of Information Technology (OIT) is in the process of developing a standard system development methodology to provide adequate change control procedures. The expected completion date is July 1, 1998. OIT is also in the process of developing a comprehensive disaster recovery plan. A network security plan is being developed to identify all critical systems and sensitive data at the University. After completion of the project, OIT will configure network hardware and software resources to provide controls to differentiate systems and data. A system link which synchronizes user log-in between the University's mainframe computer and the CUFS general ledger system has been developed. This solution was implemented in November 1997.

Accounting Services will review and refine the year-end closing procedures. Changes will include clarification of closing instructions and coordination with larger operating units within the University which are more likely to have material year-end payables and expenditures. In addition, the survey used to estimate vacation liability will be updated.

The Office of the Controller has implemented or will implement a number of improvements to sponsored accounts receivable processes, resulting in improved valuation of sponsored accounts receivable, reduced risk of accepting grants from sponsors who are not able to meet their commitments, and a clearer definition of the roles and responsibilities for collecting and writing off uncollectible sponsored accounts

receivable. The University will also review its depreciation policy for fixed assets and make changes in procedures to ensure compliance.

Yudof noted that he takes the Integrated Framework of Internal Control (IFIC) very seriously and it continues to guide institutional decision-making in every area.

INFORMATION ITEMS

Associate Vice President O'Connor reviewed the information items and noted the following:

- A contract has been negotiated with the firm Loder Drew & Associates, Inc. (LDA) to perform a recovery audit of the University's accounts payable system. LDA will review the accounts payable records to identify credits, overpayments and duplicate payments. The audit will be performed on a contingency fee basis where a percentage of actual recoveries will be earned by LDA. In addition to the recovery audit services, LDA will analyze the accounts payable process and make recommendations for improvement.

CONSENT REPORT

Associate Vice President O'Connor stated that there were no items requiring committee approval in the consent report.

INTERNAL AUDIT UPDATE

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

Two audits were issued relating to the year-2000 issue. Klatt noted that this issue continues to be a high priority. An audit relating to CUFS compliance was performed, and Klatt noted she was very pleased with the outcome. Timely actions were taken and the system is in place and ready to go. An audit of year-2000 compliance for decentralized systems was also completed. Progress is being made, but it is very important to stay on top of this issue to assure that all systems will be ready by the year 2000.

Klatt stated that the University has received a request for information from the Office of Administration of the State of Minnesota on how, as an internal audit function, the University is dealing with the year-2000 issue. Klatt explained that she has responded to the request and the response has generated a number of phone calls from other state agencies asking for advice on how to proceed. Klatt noted that they have been asked to make presentations on how the University is approaching the issue.

The Department of Audits has been requested to do selected special reviews on behalf of the President. Klatt reminded the committee that this issue was discussed at the September 1997 meeting, and Klatt told the committee that she would come back and report if and when these requests came about and if they had an impact on the department's budget and ability to complete the audit plan. At this point, the requests have not had any such impact. They were in areas that had already been included in the plan and simply required some modification of timing.

BOARD OF REGENTS POLICY: INTERNAL CONTROLS

Director of Audits Klatt reviewed a proposed Board of Regents Policy: Internal Controls. Klatt explained that the recommended policy communicates the Board's expectations concerning the University's internal control environment and incorporates the concepts of the integrated framework of internal control (IFIC) which was endorsed by the president in January 1996.

The Audit Committee Charter had been under review for several months to incorporate the integrated framework philosophy into the committee's oversight responsibilities. During the review process, the balance between the operation function of the administration and the policy function of the audit committee came into question. The solution was to draft a Board of Regents Policy on Internal Controls which establishes the Board's specific control expectations for the administration, and keeps the Audit Committee Charter written in such a way to grant the committee the oversight authority to ensure that the expectations are fulfilled.

The policy will be back for approval at the May 1998 meeting.

BOARD OF REGENTS POLICY: AUDIT COMMITTEE CHARTER

Director of Audits Klatt reviewed proposed amendments to the Board of Regents Policy: Audit Committee Charter. The recommended amendments to the policy more clearly articulate the Audit Committee's role as suggested in the Integrated Framework of Internal Control (IFIC).

A motion was made and seconded and the committee voted unanimously to recommend approval of the amended Board of Regents Policy: Audit Committee Charter.

The meeting adjourned at 4:07 p.m.



STEVEN BOSACKER
Executive Director and
Corporate Secretary

UNIVERSITY OF MINNESOTA

BOARD OF REGENTS

Educational Planning & Policy Committee

March 12, 1998

A meeting of the Educational Planning and Policy Committee of the Board of Regents was held on Thursday, March 12, 1998, at 9:00 a.m. in Room 238, Morrill Hall.

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

Staff Present: Executive Vice President and Provost Robert Bruininks; Chancellor David Johnson, Vice President Mark Brenner; Executive Director Steven Bosacker; and Associate Vice President Jane Canney.

Student Representatives Present: Tammy Koob and Kristin Vathauer.

**POLICY & PROGRAM REVIEW:
CRITICAL ISSUES IN RESEARCH**

Regent Reed informed the committee that they will discuss the critical issues in research this month and in April. The questions submitted by the Regents prior to the meeting have been distributed to the presenters and will help frame their comments. She thanked the committee members for working their way through the readings and told them there would be no additional readings for April.

Executive Vice President and Provost Bruininks said the presentations were subdivided into two areas. For this month the committee will explore the nature of research at the University and other universities, and the critical national trends. In April the focus will be on the management and organizational aspects of research, including technology transfer. Bruininks introduced presenters Vice President Mark Brenner, Vice Provost Norma Allewell, Professor Victor Bloomfield and Professor Leonard Kuhl.

Brenner told the committee that nationally research and development funding has been declining. Decreases are seen in defense and in basic research. Increases are seen within institutions who, because the cost of research is rising faster than grant funds, now must spend 8 to 10 cents for every dollar received. On the federal level increased funding is only available through the National Institutes for Health (NIH). Most research money at the University comes through a national peer review process. It is a highly competitive process which is resulting in high quality applications, but fewer than 15% of them are funded.

The University is seeing a three to four percent growth in research funding. Brenner believes this funding should be growing faster. Bruininks suggested that reorganizing people to compete for cross-disciplinary grants would accomplish faster growth. Currently most University research grants come to individuals, not to interdisciplinary teams.

There is both synergy and tension between the University's national position as a research institution and its land-grant mission to serve the people of Minnesota, Allewell told the committee. It is expensive to compete nationally for both students and faculty, but the University must maintain its high national standards in order to fulfill its land-grant mission. She cautioned that the University must continue to support basic research because this research is the underpinning of applied research. Applied research is easier to argue for because there is a direct connection between it and industry.

Allewell said the University's research agenda is set by the a number of groups --- the legislature, the Board of Regents, the President, the administration, and individual faculty members who decide what areas they wish to investigate. Regent Metzen suggested that it is really the faculty who drive the research, and optimally there is alignment among all the groups which then creates a clear vision. Brenner added that the creative energy of the students is also a major component.

Reed asked how the Regents could be sure an agenda was being set with so many being involved in agenda-setting. Bloomfield said national priorities help because that is where money is available. Institutional priorities then can give structure, such as hiring faculty to strengthen certain research areas. As another example of how the University can give structure, Allewell explained that the University has been known as a place for individual researchers and has almost the highest rate of individual grants in the country. The University must seek greater funding through cross-disciplinary grants and can set that as a priority.

In evaluating the quality of the University's research efforts, we can rely in part on external reviewers and national rankings, Allewell said. However, there are critical measures such as scholarship, research and artistic accomplishments that are harder to measure.

Bloomfield told the committee that the faculty want support from the Regents in two areas -- first to help develop the best programs, and second, to empower faculty. Bloomfield said he is slightly more optimistic than when he wrote "The Future of the Research University." His optimism is the result of the growth in research funding at the University, even though it is slight, and that the state seems more aware of the importance of the University to the state.

Bloomfield said American research universities are unique in the world and it is the dynamic relationship between faculty and students at these institutions that leads to creativity in research. To measure success, Bloomfield suggested tracking the number of graduate students attracted to the University and where they are placed after receiving their degrees, the prominence of the faculty, and the amount of grant dollars awarded. He believes the University should focus on research that makes long term improvements to the human condition, and cautioned that too often people outside the University seek help to solve short term problems. Since in research it takes 30 years from discovery to practical use, focusing on short-term problem solving is counter-productive.

Bloomfield suggested the Regents need to develop high standards for the University to follow and to monitor performance. The goal should be to get more University programs ranked in the top ten in the country. He added that the University should move resources to the highest priorities and put funding behind cross-disciplinary research.

Allewell expressed concern that the campus split between Minneapolis and St. Paul hurts the University, especially in inter-disciplinary approaches. She suggested that better connections would greatly benefit the University and thinks there might be a way to do it through private funding.

Kuhi told the committee that great faculty equals great students equals a great university equals the highest quality. To have great faculty he said the University needs to work in four areas -- recruitment, retention, recognition, and retirement/rejuvenation. He recommended:

- hiring upcoming leaders in breakthrough fields,
- having the courage to hire people better than ourselves,
- providing competitive salaries, excellent facilities, and research support, and
- being willing to take risks.

Kuhi also encouraged altering the faculty salary structure to reward merit.

Kuhi expressed his belief that since the national rankings are based in part on visibility, Minnesota modesty hurts the University. Bruininks agreed that the University needs to get its message out better. Regent Phillips suggested the public needs a better understanding of the role of research and that personalizing the message would help.

Metzen stated competitiveness is important, but salary is not necessarily the most important issue. The culture of the entire University must be attractive.

In response to a question from Student Representative Koob, Brenner said the University recruits great graduate students through identifying students, providing fellowships, personal contact, and funds at the department level. Kuhi thinks these approaches work for students who apply, but there is a need for other ways to identify great students who are applying to top research universities, but not to the University of Minnesota.

Reed asked whether, as a public university, we need to ask the public what it expects. Allewell said that explaining the research role is difficult because so much basic research does not lead to tangible results, but serves as the underpinning of other research. Student Representative Vathauer suggested that the Extension Service is a vital link in communicating research information to the people of the state.

Reed questioned if the University is doing everything possible to encourage cross-disciplinary work. According to interviews Kuhi is conducting, faculty are concerned that the incentives for managed growth (IMG) program will hamper research. Deans believe the opposite, that IMG will enhance interdisciplinary work because deans have the authority to resolve inter-departmental issues among themselves. Brenner stated that there is no clear answer to the IMG question, and it needs to be watched carefully over the next few years.

Reed announced that the discussion on research would continue next month, focusing on management, organization, and technology transfer. Regent Spence asked that part of the presentation next month include feedback from industry on the openness of the University's facilities to industry.

CONSENT REPORT

There were no items reported.

INFORMATION ITEMS

Vice Provost Swan reported on technology enhanced learning initiatives for February-June 1998, the Council on Higher Education accreditation, and initiatives

available through the Committee on Institutional Cooperation, as included in the docket materials.

The meeting adjourned at 11:25 a.m.

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

STEVEN BOSACKER
Executive Director and
Corporate Secretary

UNIVERSITY OF MINNESOTA

BOARD OF REGENTS

Finance & Operations Committee

March 12, 1998

A meeting of the Finance & Operations Committee of the Board of Regents was held on Thursday, March 12, 1998, at 9:10 a.m. in Room 300, Morrill Hall.

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

Staff present: President Mark Yudof; Executive Vice President and Provost Robert Bruininks; Chancellor Donald Sargeant; Executive Director Steven Bosacker; Vice President Mark Brenner; Associate Vice Presidents Eric Kruse, Terry O'Connor and Georgina Stephens.

Student Representatives present: John Cahoy and Kevin Leiran.

CONSENT REPORT

Associate Vice President Stephens stated that there were no items included in the consent report for committee approval.

REORGANIZATION OF FINANCE & OPERATIONS

President Yudof distributed an interim organization chart for Finance and Operations and noted that this chart was precipitated by the resignation of Senior Vice President Jackson. Yudof stated that he has been considering realigning the organizational structure for some time and said that the interim chart will be used for the next three to four months until the position of Senior Vice President is filled. In the interim, the duties of Senior Vice President for Finance and Operations is being divided into two positions: Interim Vice President for Finance (Terry O'Connor) and Interim Vice President for Operations (Eric Kruse). Yudof said he would be interested in Board reaction and advice on an organizational structure for the future.

The committee expressed support for the structure and Yudof's selections for the interim positions. Regent Reagan noted that something needed to be done from the standpoint of workload and potential conflicts of interest. Reagan congratulated Yudof on laying his plan out to the faculty in advance.

Regents Bergland and Bleyhl noted that the Faculty, Staff and Student Affairs Committee approves these positions, so it would not be appropriate for this committee to formally approve the plan.

Regent Larson expressed concern regarding reporting lines of the Director of Audits. Regent Bergland agreed that the Director of Audits must be autonomous in bringing violations or recommendations in policy to either the Board or the president as appropriate without having those recommendations being filtered. Bergland noted, however, that while the line between the Director of Audits and the Audit Committee cannot be compromised, the president should be able to ask the Director of Audits to be involved in special assignments.

BOARD OF REGENTS POLICY: ENDOWMENT FUND

Associate Vice President Stephens reviewed the proposed Board of Regents Policy: Endowment Fund. It has been recommended that the policies on investment of endowment fund and investment objectives and spending of endowment funds be amended and incorporated into one endowment fund policy.

In response to a question from Regent Hogan regarding the monitoring of investments and investment performance done by the committee, Stephens explained that President Yudof has requested a report on the investment process, which addresses questions such as: What do we look at? When do we look at it? When do we raise issues to the Board? This report is forthcoming and will provide the basis for how the committee wants to move forward.

Regent Neel noted his desire to have the University's investment managers come before the committee annually to report on their performance. Stephens explained that the investment managers meet with the Asset Debt Management Advisory Committee on an annual basis. Neel stressed the importance of having the managers come before the Board to look the members in the eye and report on their performance.

Regent Larson stated that he would like to be educated on the social and political issues related to the University's investments. Stephens said that at this time, other than United States policy, the University does not put any restrictions on their managers regarding where they can invest, nor are there any constraints with regard to social concerns. The University has a social concerns committee that is charged with raising those types of concerns and making recommendations. Larson requested that a member of the social concerns committee speak to the Board annually. Bergland agreed, but as an information item only.

The policy will be before the committee for approval at the April 1998 meeting.

QUARTERLY PURCHASING REPORT

Associate Vice President Stephens and Karen Triplett, Director of Purchasing Services, reviewed the Quarterly Purchasing Report for the second quarter of the fiscal year (October, November, December 1997) which was included in the docket materials.

The FY98 year-to-date total for all purchases (construction, goods and services, and professional services) is \$241,517,563, a 20% increase over the comparable period in FY97. Stephens noted that the increase occurred across all types of purchases, with the largest increases occurring in general operating supplies and construction.

Two Regents' policy violations occurred during the second quarter. The average number of violations in FY97 was five. Improved controls relative to Regents' policy

violations were instituted in June 1997 and are the likely cause of the decrease in violations.

QUARTERLY MANAGEMENT REPORT

Associate Vice Presidents Stephens and 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 December 31, 1997.

The University's December 31, 1997 balance sheet continued to reflect the impact of the transfer of the University of Minnesota Hospital and Clinics to Fairview Health System. Cash increased \$48 million primarily as a result of a one-time transaction including receipt of Fairview proceeds. Investments increased \$51 million due to market value appreciation. These increases were offset by a \$97 million decrease in net investment in plant (fixed assets) reflecting the transfer of University Hospital and Clinic assets to Fairview.

Revenues and additions for the six months ended December 31, 1997 were up \$82 million. The major factors were an \$11 million increase in tuition and fees as a result of increases in both tuition rates and enrollment, increased state and federal appropriations from the legislature (\$78 million), increases in sales of educational activities (\$8 million), and higher sales of auxiliary enterprises (\$10 million) due to increased external sales volumes. These increases were offset by a \$19 million decrease in realized gains and market value adjustments to investments, due to a stronger market in the first six months of FY97 than in the first six months of FY98. Expenditures and deductions for the period increased \$72 million from the same period in the prior year. The increase is due principally to scheduled salary and benefit increases and reflects \$19 million in increased expenditures for steam plant renovations, utilities, and debt service.

The University's long-term investments totaled \$711.0 million at the end of December. The largest portion, the consolidated endowment fund (CEF), at \$475.9 million, had a negative return of 1.8% for the quarter and positive returns of 6.1% and 21.7% for the six-month and one-year periods, respectively. While the quarter slightly lagged the benchmark, the six-month and one-year returns exceeded the benchmarks. The group income pool (GIP), at \$189.8 million, had a slightly negative return of .3% for the quarter and positive returns of 1.6% and 2.1% for six months and one year.

Cash and temporary investments of \$451.9 million represented the temporary investment pool (TIP) of \$353.5 million, which is the working capital of the University. Assets related to indebtedness of \$98.4 million, are the funds maintained primarily in debt service reserve funds and unexpended bond proceeds. TIP yields for the quarter, six months and one year have been 5.9%, 5.9% and 6.0%, respectively, consistently exceeding the 13-week Treasury bills.

Debt issued by the University is unchanged at \$291.5 million. The state infrastructure bonds (1/3 of state-issued bonds) totaled \$40.4 million, leaving the University with total debt of \$331.9 (excluding capitalized leases). Moodys upgraded the University's rating in December to Aa2 from Aa3.

In response to a question from Regent Bergland regarding the market drops in the last quarter, Stephens stated that the emerging markets crisis in Asia may have had an impact. Even though most of the University's managers were not heavily invested in Asia, the crisis had a ripple effect throughout the global market. When looking at the one-year or longer term returns, the University has had excellent performance and the administration is not concerned about their managers. Through January 1998, the markets are up and the performance of all of the University's managers are up.

Stephens noted that a global manager had a tough quarter and a tough year, having invested in the wrong markets and the wrong securities. She is not concerned, however, because this was a one-year performance. When looking at them over a three-year or five-year basis, they have definitely added value to the portfolio.

Regent Reagan agreed that we shouldn't overreact to a blip, but he thinks that those are the times when the manager should come to the Board and explain, noting that the Board usually sees the managers during the good times.

INVESTMENT PROGRAM REVIEW

Associate Vice President Stephens and George Pendergast of Cambridge Associates presented information on the University's investment program. The full report is included in the docket materials.

Stephens stated that compared to other endowments, the University's allocation to domestic and international equities is higher than most. Among domestic equity managers, Alliance has consistently outperformed its large cap peers over a five-year period. Small cap allocation has been disappointing, with lower returns at higher levels of risk. International and emerging market managers have equaled or outperformed their peers over the five-year period. Diversification of investment style to capture the breadth of the market needs improving. Domestic and global fixed income programs have outperformed peers and benchmarks over a five-year period.

Regent Reagan noted that several years ago the committee was asked to boost the percentage of foreign investments from the previous ceiling of 20% and asked what percentage the University currently has in foreign markets. Stephens explained that the target allocation for international is 30%. The range is 20-40%. The actual allocation as of December was 23.9%. Stephens explained that in the past five years there has been a push to get investors to increase their international allocation with the thought that these markets run in cycles and it is time for international markets to come to a head. In the past five years international markets have lagged behind domestic, but when looking at the long-term perspective, at some point you want to be invested in these markets.

In response to a question from Regent Neel, Pendergast stated that given the University's allocation which is a little higher than most institutions, he feels very comfortable with where the University is. Over the 15-year domestic bull market, the allocation may have hurt, but not significantly. If the committee looks out a generation or two on these endowment funds, you will see that the University of Minnesota is in a great position.

Regent Bleyhl asked if the committee should be reviewing and reconsidering the current asset allocation. Stephens stated that you probably would not want to go back and change your asset allocation because that is the long-term strategy, but there are ways to look at managers and styles of investing that may be tracked closer to the index. Bleyhl suggested that the Asset and Debt Management Committee revisit the issue from time to time.

In response to a question from Regent Bergland, Pendergast stated that he believes that the problems in East Asia will not be a problem in the United States. The American economy is so strong that, while there may be a small ripple effect, research indicates that we are way past the danger point.

In response to a question from Regent Bergland, Pendergast stated that all things considered, he thinks the University's investments are in very good shape.

QUARTERLY ASSET AND DEBT MANAGEMENT REPORT

Associate Vice President Stephens presented a review of the Quarterly Report on Asset and Debt Management for the quarter ending December 31, 1997, which was included in the docket materials. Stephens noted that much of this report was discussed during the discussions in the Quarterly Management Report and the investment program review.

Because of a shortage of time, Stephens stated that if members have any questions after having reviewed the report, she would be happy to meet with them and answer questions in detail.

INFORMATION ITEMS

Executive Vice President and Provost Bruininks explained that the University of Minnesota Supercomputing Institute is conducting a new competitive bid process to purchase supercomputing equipment in replacement of an expiring two-year contract with Minnesota Supercomputer Center, Inc.

A faculty committee was charged to: a) identify the major computational resources and services required for the Supercomputing Institute to meet the needs of its research community; b) develop a request for proposals that allows the University to ascertain the best prices for the needed resources and/or choose between alternative scenarios on the basis of cost; and c) evaluate the proposals and recommend the resources and services that should be purchased.

In response to a question from Regent Hogan, Professor Donald Truhlar, director of the Supercomputing Institute, explained that the three options for replacement were to buy new computers, purchase time from a service provider who owns the computers, or to lease the computers. Although leasing is quite often the best alternative, the committee concluded that the best overall, long-term value for the University would best be achieved by a purchase of equipment rather than a purchase of service units or a lease.

Bruininks noted that the administration will conduct a thorough review of resources for supercomputing and campuswide academic computing which they anticipate will be completed by September 1998.

The meeting adjourned at 11:30 a.m.



STEVEN BOSACKER
Executive Director and
Corporate Secretary

UNIVERSITY OF MINNESOTA

BOARD OF REGENTS

Facilities Committee

March 12, 1998

A meeting of the Facilities Committee of the Board of Regents was held on Thursday, March 12, 1998, at 2:15 p.m. in Room 238, Morrill Hall.

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

Staff present: Chancellor Donald Sargeant; Vice Presidents Michael Martin and Thomas Swain; Executive Director Steven Bosacker; and Associate Vice Presidents Clint Hewitt, Eric Kruse, and Georgina Stephens.

Student Representatives present: Tammy Koob and Kristen Vathauer.

INFORMATION ITEMS

Associate Vice President Georgina Stephens reported that the University will be entering into a land lease with the Minnesota Center for Agricultural Technology at the West Central Agricultural Experiment Station at Morris. The lease involves 15 acres at \$382/acre per year for 15-20 years. Terms of the lease include development of the land over a number of years.

CAPITAL BUDGET AMENDMENTS

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

On the recommendation of the President, the capital budget is amended to include increases for the following projects:

- A. Glensheen Roof Replacement, Duluth Campus
Original estimated project costs: \$310,000
Increase in project costs: \$380,000
Revised estimated project costs: \$690,000
Funding for increase: Friends of Glensheen, Minnesota Historical Society,
and Duluth Campus resources
Estimated completion date: November 1998

- B. Beef Research Facility, North West Experiment Station, Crookston
Original estimated project costs: \$150,000
Increase in project costs: \$250,000
Revised estimated project cost: \$400,000
Funding for increase: Northwest Experiment Station internal and
reallocated funds, Northwest Experiment Station insurance settlement
funds, and gift funds
Estimated completion date: July 1998

- C. University Dance Center, Twin Cities Campus
Original estimated project costs: \$1,585,000
Increase in project costs: \$2,715,000
Revised estimated project costs: \$4,300,000
Funding for increase: operations and maintenance funds, and gifts
Estimated completion date: March 1999

Associate Vice President Kruse presented information on the three capital budget projects as found in the docket materials. Dean Steven Rosenstone provided the committee with a history of the dance program and the significant honors it has achieved.

In response to a question from Regent Peterson regarding the Glensheen project, Vice Chancellor Greg Fox stated that there is a bill in the Minnesota House of Representatives to fund additional capital improvements at Glensheen for \$750,000. If the roof is funded as identified in the docket materials, then the money from the Legislature would be used for other necessary capital improvements at Glensheen.

In response to questions from Regent Reagan regarding the Beef Research Facility, Larry Smith, Director of the Northwest Experiment Station, explained that the facility would be used for trials on feedlot beef in conjunction with the Animal Science Department of the College of Agriculture, Food, and Environmental Sciences. Dean Mike Martin explained that there is a strong connection between the agriculture programs on the St. Paul campus and the Crookston campus, for example they share faculty members.

Regent Reed requested information on the feedback received from the community regarding the Dance Center. Tom Trow, Director of Community and Cultural Affairs for the College of Liberal Arts, explained that CLA took the project to the community in two steps. First, to the business association and then to the neighborhood caucus. Both groups unanimously approved the project.

Regent Metzen expressed concerns that the Board hasn't received a comprehensive plan for the West Bank that establishes it as an arts district. He stressed the importance of a comprehensive plan for the district to prevent haphazard placement of buildings. Kruse explained that while today's presentation will focus specifically on the Dance Center, there will be a comprehensive district plan, as an outcome of the master plan, for the West Bank presented at a future meeting. Regent Spence clarified that this Dance Center is consistent with the existing master plan. Rosenstone added that the West Bank has already been established as a district for arts programs. This plan moves a piece (the Dance Center) from the East Bank to a logical location on the West Bank (near other arts programs). The Dance Center will join Ted Mann Concert Hall, Rarig Center (home of the Department of Theater and Arts), and Ferguson Hall (home to the School of Music).

The committee voted unanimously to recommend approval of the amendments to the fiscal year 1998 capital budget.

SCHEMATIC PLANS

University Dance Center, Twin Cities Campus

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

On the recommendation of the President, the schematic plans for the University Dance Center, Twin Cities Campus are approved and the appropriate administrative officers are authorized to proceed with the development of construction documents and construction.

Joan Soranno, design architect from the firm Hammel, Green, and Abrahamson presented the schematic plans for the Dance Center. The Center will have a performance theater, two rehearsal studios, and space for classrooms and faculty offices and consist of 18,000 square feet of finished space. The Center will be a gateway to the arts programs and represent a bridge between the community and the West Bank. As a result, the design also includes a series of public spaces and a pathway to the river. Concurrent with the master plan and in agreement with the community, 5th Street will be vacated and closed.

In response to a question from Regent Peterson, Soranno explained that each rehearsal studio consists of 2,000 square feet and the seating capacity for the dance theater is 125.

Regent Phillips complimented the design and felt that it represented a step towards the cohesive look that the Legislature has requested the University to achieve.

Regent Reed questioned whether being consistent with the master plan was enough to ensure good design decisions. Associate Vice President Hewitt explained that the master plan, in its current form, provides policies and principles that give clear direction and ensure overall continuity. The plan is written in very clear terms. The next step is to develop an implementation plan for the master plan. An implementation proposal will be presented to the Board next month and will lay out who is involved in the process to ensure compliance with the master plan. Another planning phase is to go from the general master plan to developing a docket of precinct plans. As building projects are developed, there is an opportunity to develop the more specific precinct plans. The implementation process being developed will clearly lay out how the Board is involved earlier in capital projects.

In response to a question from Regents Phillips, Kruse stated that there was no plan at this time for a tunnel connection to or from the dance center.

Metzen stated that the key is to visualize what the campus should be in 20 years and everything we build should fit with the overall concept. Hewitt agreed that that type of planning is essential. Regent Reagan suggested that this issue be scheduled for a future meeting.

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

REAL ESTATE TRANSACTION

Sale of Property at Larpenteur and Cleveland Avenues, St. Paul

The committee reviewed a proposal to sell 6.03 acres at Larpenteur and Cleveland Avenues in St. Paul for the sum of \$248,800. The property was sold to the Ramsey County Historical Society for use by the Gibbs Farm. The sale price meets the average appraised value. If the Ramsey County Historical Society sells the property in the future, the University has the right of first refusal to purchase the land.

OTHER BUSINESS

Regent Reagan requested that Associate Vice President Hewitt provide the committee with an update on development of the south mall. Hewitt explained that there are three issues being address. First, selecting the South Mall Committee members and preparing a charge for the Committee. Dean Thomas Fischer has been selected to chair the committee. Second, reviewing the design teams for the individual projects. And third, reviewing the design proposals from Kent Greenberg and evaluating the budget.

Regent Reed requested that with future capital budget amendments the committee receive information regarding how the capital budget is affected by these changes and what are the implications. Spence added that it would be valuable to know how the funds for the capital projects flow.

The meeting adjourned at 3:20 p.m.

Steven Bosacker

STEVEN BOSACKER
Executive Director and
Corporate Secretary

UNIVERSITY OF MINNESOTA

BOARD OF REGENTS

Faculty, Staff & Student Affairs Committee

March 12, 1998

A meeting of the Faculty, Staff & Student Affairs Committee of the Board of Regents was held on Thursday, March 12, 1998, at 2:15 p.m. in Room 300, Morrill Hall.

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

Staff present: Executive Vice President and Provost Robert Bruininks; Senior Vice President Frank Cerra; Chancellor David Johnson; Vice President Carol Carrier; Executive Director Steven Bosacker; and Associate Vice Presidents Nancy Barcelo and Jane Canney.

Student Representatives present: Maureen Sheehan and Andrew Toftey.

INFORMATION ITEMS

Executive Vice President and Provost Bruininks introduced Dr. Harold A. Miller, Dean of University College for the past 27 years. Miller recently announced his intention to retire on June 30, 1998. Members of the committee commended Miller and thanked him for his years of dedicated service.

Bruininks reviewed the information items included in the docket materials and noted the following:

- The proposed committee agenda for the balance of the year is included in the docket.
- The Office of the Registrar and the Office of Planning and Analysis have provided information on enrollment statistics for Fall Quarter 1997. Copies of the report were distributed to the committee and are on file in the board office.

CONSENT REPORT

Executive Vice President and Provost Bruininks distributed a revised consent report. Two proposed personnel actions are included in the report:

- The proposed appointments of Eric Kruse as Interim Vice President for Operations and Terry O'Connor as Interim Vice President for Finance. The appointments are effective March 9, 1998, are subject to Board

approval, and will continue until permanent vice presidents begin their appointments.

- The proposed appointment of Steven Yussen as Dean of the College of Education and Human Development, effective September 1, 1998.

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

BOARD OF REGENTS POLICY: AWARDS, HONORS AND RECOGNITION

Executive Vice President and Provost Bruininks reminded the committee that the proposed amendments to the awards, honors and recognition policy were reviewed at the February 1998 committee meeting.

This proposal merges separate guidelines and policies from the past and adds two new awards: 1) an outstanding service award for contributions made to the University of Minnesota; and, 2) the Josie R. Johnson Human Rights and Social Justice Award. A detailed description of the awards is included in the docket materials.

A motion was made and seconded and the committee voted unanimously to recommend approval of the Board of Regents Policy: Awards, Honors and Recognition.

ACADEMIC SEARCH GUIDELINES

Executive Vice President and Provost Bruininks, Vice President Carrier, and Julie Sweitzer, Acting Director of the Office of Equal Opportunity and Affirmative Action, provided an update on the new search guidelines and processes for academic and professional searches at the University.

In an effort to face the competitive challenge in recruiting the most qualified faculty and staff in a tight employment market, the University has proposed academic selection guidelines which will:

- decentralize decision-making, authority and accountability for the recruiting and appointment of academic personnel at the college, campus or administrative unit level;
- ensure that the college, campus or administrative unit make progress in meeting diversity goals, as reflected in critical measures and unit compacts;
- optimize the use of University resources by aligning the complexity of the selection procedures with the level of the position to be filled;
- value current faculty and staff, and provide them with opportunities for growth and advancement inside the institution; and,
- prepare staff who routinely assist hiring authorities in the hiring process to implement these guidelines with consistency and competence.

In response to a question from Regent Bergland, Sweitzer stated that the new guidelines reinforce the University's current commitments toward diversity.

In response to a question from Regent Neel, Carrier explained that approximately 300 searches are done each year, and 80-100 of these annual searches are for faculty members. Carrier stated that training is vital to improving the process and suggested

that search committee chairs should go through a training process before they sign on to chair a search.

Carrier noted that specific information as it relates to staff hiring will be brought to a future committee meeting.

COMMUNITY SERVICE AWARD

Chair Bleyhl reminded the committee that when the Board of Regents Policy on Honors and Awards was reviewed at the February 1998 meeting, members suggested the possibility of developing a community service award that would recognize the significant contribution of faculty, staff, students and members of the non-University community who contribute to the improvement of public policy and quality of life at the state, local, national, and international level. An award of this nature would serve to emphasize the importance the University places on individual and public civic responsibility.

Bruininks said that he envisions the proposed award as a way to upgrade the focus on outreach and community service. Bruininks suggested that if there is an annual ceremony recognizing the efforts of someone, it might be nice to bring the person who was directly affected by the work of the person being honored as well to make it a community celebration as well as a University recognition.

Bleyhl suggested that members of the committee pass along comments and ideas to Provost Bruininks to be incorporated into a proposal for review at the May 1998 meeting.

The meeting adjourned at 3:30 p.m.



STEVEN BOSACKER
Executive Director and
Corporate Secretary

UNIVERSITY OF MINNESOTA

BOARD OF REGENTS

Committee of the Whole

March 13, 1998

A meeting of the Committee of the Whole of the Board of Regents was held on Friday, March 13, 1998, at 9:15 a.m. in Room 238, Morrill Hall.

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

Staff present: President Mark Yudof; Chancellor David Johnson; Executive Vice President and Provost Robert Bruininks; Senior Vice President Frank Cerra; Acting Vice President Tom Swain; Executive Director Steven Bosacker; and Associate Vice Presidents Jane Canney, Robert Kvavik, Eric Kruse, and Terry O'Connor.

Student Representative present: Blessing Rugara.

RECOGNITION: McKNIGHT LAND GRANT PROFESSORS

Recognition was given to the 1998-2000 recipients of the Distinguished McKnight University Professorship Award. The award honors and rewards the highest-achieving faculty at the University of Minnesota who have recently attained full professor status. The recipients are:

C. Daniel Frisbie
Chemical Engineering

Rachel Kuske
Mathematics

Andre' Lardinois
Classical and Near Eastern Studies

Eric Munson
Chemistry

Martha Tappen
Anthropology

Donna Whitney
Geology and Geophysics

REPORT OF EASTCLIFF COMMITTEES

The report of the Eastcliff committees was delayed until the April 1998 meeting.

QUARTERLY FACULTY CONSULTATIVE COMMITTEE REPORT

Victor Bloomfield, Chair of the Faculty Consultative Committee, presented the committee's quarterly report. He highlighted a number of issues that the faculty governance system will focus on during 1998. They are:

- Health care coverage
- Issues facing the Academic Health Center
- Importance of maintaining and increasing the quality of the faculty
- Policy issues relating to the use of non-tenured and part-time faculty
- Intellectual future of the University
- Policy development
- Continued good relations with the Board of Regents.

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

INTRODUCTION OF CHRISTINE MAZIER

President Yudof introduced Christine Mazier, newly-appointed Vice President for Research and Dean of the Graduate School. Ms. Mazier's appointment is effective June 1, 1998.

STUDENT INFORMATION SYSTEMS PRESENTATION

Executive Vice President and Provost Bruininks, Associate Vice President Kvavik, and Mr. Michael Handberg presented information relating to the Student Systems Project.

As a component of the Enterprise systems, the Student Systems Project is key to the University's plan to improve quality and decentralize services. The project is essential to the long-term strategy of reducing the cost and scope of administration. The new student system will provide powerful planning, time, and resource management tools for students, faculty, and staff. It will create support services that are student-centered and based on supporting student academic goals. Students will have the ability to self-initiate many routine administrative tasks and have 24-hour access to accurate information that will support academic decision-making regarding degree progress and program information. Faculty will have web access to class lists, student profiles, on-line grade reporting, and notification of key events such as up-to-date student records relating to admissions, financial aid, scholarship information, test scores, class schedule, and grade point averages. Associate Vice President Kvavik noted that the model system has been recognized by the American Productivity and Quality Center as one of the most innovative conceptualizations in the country.

Through use of the World Wide Web, Michael Handberg provided a demonstration of how the new system will work for students. The system has been operating for almost a year and since its startup, the number of "hits" on the website has grown from approximately 13,000 a month to 3.3 million recorded in October 1997, indicating an enormous demand for information.

Kvavik noted that the new system will also mean a shift in the roles that staff will play. Staff roles will evolve from providing information and performing transactions to a greater emphasis on service and problem solving, facilitating, advising, and support of students. As the new systems are put in place, staff functions will be reconsidered in the respective offices.

In answer to a question from Regent Bergland, Kvavik reported that the model system can be made available to other higher education systems, particularly MnSCU, with the purchase of the PeopleSoft system and a negotiated agreement with IBM.

Regent Neel asked about access to the system. Kvavik responded that anyone who has access to a computer with a modem can get into the system. The University is also exploring use through the county extension offices, the libraries, and other public arenas.

Handberg noted that the system will apply to all University of Minnesota campuses. The coordinate campuses are currently in the process of being connected.

Regent Larson asked about education and training programs for faculty. Kvavik responded that people have to be prepared to utilize the system if it is to be successful. Training and communication programs are being developed and will be available shortly. Kvavik added that faculty participation is voluntary at this time, however, he is confident that when individuals see the product, they will want to be a participant.

Student Representative Rugara asked if the system will offer published professor/course evaluations. Bruininks reported that the University Senate recently adopted a University-wide course evaluation system. It is possible that the results of the course evaluations can be published on the web with the course inventory. He added that while the Minnesota Data Privacy Act requires that course evaluations be released on a voluntary basis by faculty, he believes that most faculty will participate enthusiastically.

Regent Larson asked that the Board be provided with periodic updates on the use of the new system.

MODELS OF VIRTUAL UNIVERSITIES

President Yudof introduced the discussion relating to models of virtual universities. The goal of this series of presentations is to provide the Board with information to aid policy decisions relating to "virtual education."

This presentation will build on the February discussion of the Minnesota Virtual University (MVU) by comparing and contrasting it to other "virtual" institutions with similar missions. He emphasized that there is not a proposal before the Board at this time. The focus of this discussion will be on the mission, goals, delivery methodologies, and current status of program development at other institutions.

Vice Provost Ann Hill Duin provided a comparison on major developments regarding virtual universities around the country. Data was provided about the California Virtual University, the Western Governor's University, and the Michigan Virtual Automotive College.

With regard to the Minnesota Virtual University, Duin reported that it will serve as a customer-driven gateway to Minnesota higher education with the focus primarily on adult learners. Points of distinction of the MVU are that it: 1) is not a new

university; 2) includes business and industry as partners; 3) includes the Internet System for Education and Employment Knowledge (ISEEK); 4) includes on-line library services for the entire state through MnLINK; and 5) it shares a technological infrastructure (IBM/University of Minnesota partnership) for student support services.

The MVU poses a number of policy issues for the University of Minnesota relating to tuition, residency requirements, and financial aid. With regard to faculty, there are policy issues relating to development and training, competency-based learning, workload, and promotion and tenure issues. There are issues relating to the University's land-grant mission, intellectual property, and technological infrastructure that will have to be addressed. President Yudof provided a few examples:

- Distance learning courses can easily be blended with traditional residential courses, however, if the faculty is not expanded there will be fewer residential courses on campus.
- If a faculty member takes on an additional distance instruction course, how will the faculty member be rewarded?
- Will an additional distance instruction course have an effect on the faculty member's research activities and service activities?

The issues mentioned above represent an introduction to the difficult policy choices that will have to be made by the Board in the future.

Bruininks stated that the MVU is about a number of things. It is about partnerships with private institutions, with the private sector and, most importantly, with MnSCU. It is also about access. The new student information system will serve as a front door into the higher education offerings in the state of Minnesota. This effort will place the full range of higher education learning resources at the fingertips of all Minnesotans in every part of the state. The University's involvement should be about enhancing learning and performance rather than making classes universally accessible throughout the world. Not all of the University's colleges will participate with equal levels of intensity. There will have to be some targeted choices.

Bruininks also commented that human beings do learn effectively through technology, however, there is also a desire for human contact. Research may find that it will be necessary to combine and blend all kinds of instruction to meet the needs of individuals wanting to learn.

Bruininks concluded saying that the MVU clearly poses a number of serious educational policy issues. It is important to note that the Legislature requested the University to undertake this planning initiative and the University will have to report back to the Legislature in the next biennial session. The University is poised to address the issues thoughtfully and productively.

In response to a question, Duin reported that college planning meetings are being held to define specialized areas where the University can best serve unmet needs through distance education.

Regent Reed asked about the sociological impact of intensive distance learning on Minnesota and the University and if it is comparable to the impact of educating veterans after World War II or the influx of women into higher education in the past forty years. Bruininks responded that he believes that distance learning will have a tremendous impact on society and how it affects daily living. The impact of distance

learning will also provide an opportunity for universities to engage in research on the ethical dilemmas that are created through the advances in technology.

The meeting adjourned at 11:30 a.m.

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

STEVEN BOSACKER
Executive Director and
Corporate Secretary

UNIVERSITY OF MINNESOTA

BOARD OF REGENTS

March 12, 1998

A meeting of the Board of Regents was held on Thursday, March 12, 1998, at 4:00 p.m. in Room 238, Morrill Hall.

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

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

Others present: William Donohue and Tracy Smith.

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, March 12, 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 4:01 p.m.



STEVEN BOSACKER
Executive Director and
Corporate Secretary

UNIVERSITY OF MINNESOTA

BOARD OF REGENTS

March 13, 1998

A meeting of the Board of Regents of the University of Minnesota was held on Friday, March 13, 1998 at 11:31 a.m. in Room 238, Morrill Hall.

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

Staff present: President Mark Yudof; Chancellor David Johnson; Executive Vice President and Provost Robert Bruininks; Senior Vice President Frank Cerra; Acting Vice President Tom Swain; Executive Director Steven Bosacker; and Associate Vice Presidents Jane Canney, Eric Kruse, Robert Kvavik, and Terry O'Connor.

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 - February 3, 1998
Faculty, Staff & Student Affairs Committee - February 12, 1998
Facilities Committee - February 12, 1998
Educational Planning & Policy Committee - February 12, 1998
Finance & Operations Committee - February 12, 1998
Committee of the Whole - February 12, 1998
Board of Regents Meeting - February 12, 1998
Board of Regents Meeting - February 13, 1998

REPORT OF THE PRESIDENT

President Yudof highlighted a number of new initiatives relating to undergraduate education currently being pursued. A freshman convocation is proposed to start with the Fall term 1998 and will be bracketed by a commencement at the time of graduation. The purpose will be to emphasize the academic mission of the University and to give a sense of class identity. Other initiatives that are currently underway are: campus-wide enhancement of writing requirements; expansion of residential college capacity; freshman seminars; and enhanced and integrated career development services available throughout a student's four-year career. Daytime gathering and study space in residence halls; expanded opportunities for service learning through internships; and expanded internet connections to student services and campus information are being explored as enhancements for commuter students.

Yudof reported on a proposal to restructure the Office of Finance and Operations. With the resignation of Senior Vice President Jackson, he is recommending that the responsibilities of that office be split with Terrence O'Connor serving as Interim Vice President for Finance and Eric Kruse serving as Interim Vice President for Operations until alternative models for the office have been explored and a final recommendation is made.

A "Windows on the U" project that will involve the painting or replacement of windows and doors of up to 35 buildings on the Twin Cities campus is planned for the coming year. Additional information will be provided to the Board in the next month.

Yudof also talked about the importance of the arts and humanities at the University of Minnesota. He noted that while recent attention has been paid to other University priorities relating to technology, media, research, and outreach, the arts and humanities are the cornerstone of a liberal arts education. A slide in national rankings is reflecting an erosion of support in these areas and the University is in the process of developing plans to address rebuilding in the arts and humanities.

REPORT OF THE CHAIR

Chair Hogan reported that the first fireside chat was held with a productive discussion. Board members will be invited to attend one of the upcoming chats.

The Board of Regents appoints six members to the Fairview University Medical Center Board of Trustees as terms expire. A nomination committee needs to be appointed to forward recommendations on appointments that will expire in May. The following Regents have been asked and agreed to serve on the nomination committee: Maureen Reed (Chair), Robert Bergland, and H. Bryan Neel.

Regent Metzen has agreed to serve on the NCAA Athletics Certification Committee. The committee will be examining policies and actual practices of Men's and Women's athletics to affirm that departments are in accord with the operating principles of the NCAA in four areas: governance/rules compliance; academic integrity; fiscal integrity; and equity.

A number of Regents will be attending the national conference of the Association of Governing Boards in Nashville in mid-April. Travel plans should be made with the Board office.

The Board will review the University fiscal year budget at the May meeting. A public budget forum will be held on Thursday, May 28 from 10 a.m. to 12 noon at the Theater in Coffman Union to receive input on the budget proposal.

Lastly, a meeting has been scheduled with the President and Regents Hogan, Larson, and Spence to review the President's workplan in preparation for the annual presidential assessment later this year.

RECEIVE AND FILE REPORTS

Chair Hogan reported that there were no receive and file reports this month.

GIFTS

Linda Berg, Vice President, University of Minnesota Foundation, presented the monthly list of gifts for January 1998 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. Berg reported that from July 1, 1997 to January 31, 1998, the University has received \$58.2 million in gifts and pledges, representing a significant increase over the recordbreaking 1996-97 year.

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 quarterly Faculty Consultative Committee report and reviewed presentations relating to the Student Information System and the Minnesota Virtual University. There were no action items in the committee this month.

REPORT OF THE EDUCATIONAL PLANNING & POLICY COMMITTEE

Regent Reed, Vice Chair of the committee, reported that the committee engaged in a discussion relating to critical issues in research as part of the policy and program review and reviewed a number of information items as included in the docket material.

REPORT OF THE FINANCE & OPERATIONS COMMITTEE

Regent Bergland, Chair of the committee, reported that the committee reviewed information regarding the President's proposal to restructure the Office of the Senior Vice President for Finance and Operations; amendments to the Board of Regents Policy: Endowment Fund; the quarterly purchasing report; the quarterly management report; and the quarterly asset and debt management report. The committee also received a presentation on the University's investment program and reviewed a number of information items.

REPORT OF THE FACILITIES COMMITTEE

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

- a) Approval of a recommendation relating to an amendment to the FY98 Capital Budget, as follows:
 1. Increase the budget for the following projects:
 - A. Glensheen Roof Replacement, Duluth Campus (\$310,000 to \$690,000) (FY98 Capital Budget, June 1997)
 - B. Beef Research Facility, North West Experiment Station, Crookston (\$150,000 to \$400,000) (FY96 Capital Budget, June 1995)
 - C. University Dance Center, Twin Cities Campus (\$1,585,000 to \$4,300,000) FY98 Capital Budget, June 1997).
- b) Approval of a recommendation from the President and Senior Vice President for Finance and Operations, that the schematic plans for the University Dance Center project are approved 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.

Reagan reported that the committee also reviewed information relating to the proposed sale of land at Larpenteur and Cleveland Avenues in St. Paul to the Ramsey County Historical Society and reviewed a number of information items.

REPORT OF THE FACULTY, STAFF & STUDENT AFFAIRS COMMITTEE

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

- a) Approval of the Faculty, Staff & Student Affairs Committee Consent Report as presented to the committee and listed below:
 - Appointment of Steven J. Yussen as Dean of the College of Education and Human Development effective September 1, 1998.
 - Appointment of Eric Kruse as Interim Vice President for Operations effective March 9, 1998.
 - Appointment of Terry O'Connor as Interim Vice President for Finance effective March 9, 1998.
- b) Adoption of the amended Board of Regents Policy: Awards, Honors & Recognition, 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. 2-7 do not require action by the honors committee or approval by the Board of Regents.

Subd. 2. 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. 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. Award for Outstanding Contributions to Graduate and Professional Education. 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. 5. Teaching Awards. These awards are given by some individual collegiate units. Nominating procedures are governed by the rules of each collegiate unit.

Subd. 6. 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. 7. 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. 8. 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.

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

Subd. 4. Regents 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. 5. Regents 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. 6. Regents 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.

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. Upon retirement, phased 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, phased retirement, or reduction of the appointment to less than 66 percent time.

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 subds. 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 also reviewed information relating to academic search guidelines and a proposed community service award. The committee also reviewed a number of information items.

REPORT OF THE AUDIT COMMITTEE

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

- a) Adoption of the Board of Regents Policy: Audit Committee Charter, as follows:

AUDIT COMMITTEE CHARTER

Subd. 1. Organization. The Audit Committee of the Board of Regents shall be a permanent committee consisting of six members of the Board of Regents. The members of the Audit Committee shall be appointed by the chair of the Board of Regents recognizing the need for continuity of membership from year to year.

Subd. 2. Purpose. The Audit Committee is to assist the Board of Regents in discharging their oversight responsibilities by:

- (1) promoting the development of an effective and continuously improving control environment, in concert with the administration, to achieve the institution's objectives through an appropriate system of risk assessment and internal controls;

- (2) overseeing the University's integrated framework of internal controls and risk assessment practices to assure that the administration executes the provisions of the Board of Regents policy "Internal Controls;"

(3) serving as an informed voice on the Board of Regents and other standing committees by relaying the audit perspective when related issues are brought before those committees; and

(4) providing a direct channel of communication to the Board of Regents for the independent public and internal auditors.

Subd. 3. Duties. Specific duties of the Audit Committee include the following.

(a) Nomination of Public Accountant. To recommend a contract with independent public accountants for the annual audit of the University. The nomination of public accountants shall be approved by the Board of Regents. The public accountants report directly to the Board of Regents through the Audit Committee.

(b) Charter Amendments. To recommend changes in the Audit Department charter to the full board for approval.

(c) Department Appointment and Budget. To recommend approval of the appointment or removal of the director of audits and any material revisions to internal audit plans or budget.

(d) Audit Plans. To review the annual audit plans of the director of audits and the independent public accountants, including the degree of coordination. The committee may request the performance of supplemental reviews or other audit procedures.

(e) Advisory Services. To review with management at the beginning of each year their plans for engaging the independent public accountant in management advisory services. This should consider the type of services that may be rendered and the projected fees.

(f) Annual Review of Public Accountant. To meet with the independent public accountants and the director of audits to review the results of their annual work. This should include:

(1) a review, in advance of final issuance, of the proposed formats and wordings of the annual financial report, including the financial statements, footnotes, and statistics;

(2) a timely review of the disposition of previously issued recommendations; and

(3) a meeting with the director of audits and the independent public accountant, without any representatives from administration present.

(g) Report to Board. To report the results of the committee's activities to the full Board of Regents.

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

Reed reported that the committee also reviewed the annual external auditor's management letter and response from the President; a proposed Board of Regents' Policy: Internal Control; and information items.

REPORT OF THE LITIGATION REVIEW COMMITTEE

Regent Peterson reported that the Litigation Review Committee met on March 3, 1998 to discuss attorney-client privileged matters and there were no actions taken at the meeting.

The meeting adjourned at 11:56 a.m.



STEVEN BOSACKER
Executive Director &
Corporate Secretary

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**UNIVERSITY OF MINNESOTA
BOARD OF REGENTS**

MINUTES

BOARD OF REGENTS MEETINGS

AND

COMMITTEE MEETINGS

**April 2, 1998
April 9, 1998
April 15, 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

April 2, 1998
April 9, 1998
April 15, 1998

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UNIVERSITY OF MINNESOTA
BOARD OF REGENTS
Litigation Review Committee
April 2, 1998

A meeting of the Litigation Review Committee of the Board of Regents was held on Thursday, April 2, 1998, at 3:05 p.m. in Room 325, Morrill Hall.

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

Staff present: President Mark Yudof; Senior Vice President Frank Cerra; Acting Vice Presidents Terry O'Connor and Thomas Swain; General Counsel Mark Rotenberg and Executive Director Steven Bosacker.

Others present: Mark Bohnhorst, Robin Dittman, William Donohue, and Thomas Tinkham.

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

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

RESOLVED, that on the recommendation of the President and as provided by Minnesota State Statute 471.705, Subd. 1d, a non-public meeting of the Board of Regents' Litigation Review Committee be held on Thursday, April 2, 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 3:06 p.m.



STEVEN BOSACKER
Executive Director and
Corporate Secretary

UNIVERSITY OF MINNESOTA

BOARD OF REGENTS

Educational Planning & Policy Committee

April 9, 1998

A meeting of the Educational Planning and Policy Committee of the Board of Regents was held on Thursday, April 9, 1998, at 8:45 a.m. in Room 300, Morrill Hall.

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

Staff Present: Executive Vice President and Provost Robert Bruininks; Vice Presidents McKinley Boston and Mark Brenner; Interim Vice President Terry O'Connor; General Counsel Mark Rotenberg; Executive Director Steven Bosacker; Associate Vice Presidents Nancy Barcelo and Jane Canney.

Student Representatives Present: Tammy Koob and Kristen Vatthauer.

**POLICY & PROGRAM REVIEW:
OVERVIEW OF UNIVERSITY PROGRAMS
AND INVESTMENTS IN RESEARCH**

Regent O'Keefe introduced the topic, noting that this was the second committee discussion devoted to research at the University. Executive Vice President and Provost Bruininks told the committee the presentation would focus on how the University manages the research enterprise, an undertaking that represents \$350 million of the institution's annual budget. Bruininks introduced presenters Dr. David Hamilton, Director of Grants Management and Vice President Mark Brenner.

Hamilton reported that the new Grants Management Project intends to provide a mechanism so that principal investigators who are responsible for grants can manage the grants electronically from anywhere in the world. To ensure proper oversight and compliance with federal regulations through the new mechanism, the University must educate users regarding their responsibilities, prevent overdrafts and other violations electronically, and provide both positive and negative incentives. According to Hamilton, the new process faces challenges to control expectations (the speed of the new process, for example), to communicate effectively, and to change the culture of the work environment. The risks to success include the loss of computer personnel who are very much in demand, the lack of acceptance by faculty or staff, the pressures on the budget, and increasing work load as more related projects are identified.

In response to a question from O'Keefe, Bruininks reported that the project was developed through pilot trials and over 2,000 individuals at the University have been trained. Brenner noted that this new electronic mechanism will be a national model and he expects other institutions will want to copy it since the federal government is moving to electronic receipt of grant applications. The electronic system is also allowing for the creation of an "expertise" database that will include thousands of University

faculty and be available broadly to the science community and businesses in Minnesota and throughout the world.

Regent Phillips asked for clarification on how this project will affect the University's exceptional status with the National Institutes of Health (NIH). Brenner reported that having a new computer system is not sufficient. Rather the NIH will make site visits and expect to see a change in the culture of accountability across the University.

Brenner provided the committee with information on the direct and indirect costs of research, defining direct costs as those identifiable with a specific project and indirect costs as those, such as facilities and administration, that benefit the whole institution. He stated that the new vernacular replaces the term "indirect costs" with facilities and administrative costs.

Brenner reported that federal regulations require that the University have a disclosure statement defining the institution's practice of direct and indirect charges. The University adopted such a policy in August 1996. Currently, the University is under-recovering its indirect costs, said Brenner, and possible policy changes are under discussion.

Professor Victor Bloomfield noted that the issue of indirect costs causes real tension among faculty, administration and funders. Funders, like the NIH and the National Science Foundation (NSF), treat the same costs differently, which adds to more frustration for faculty, said Bloomfield.

In response to a comment from Regent Spence on the cost of research, Brenner stated that the University's rates are below the national average and are in the middle of those charged by public universities. Regent Reed questioned if the University knows, in a comprehensive way, what businesses want from the University and if the University is meeting those requests. Bruininks replied that the University is streamlining processes through decentralization. He suggested, however, that business concerns about research at the University may have less to do with costs and more to do with who owns the intellectual property that results from research. Spence suggested that the University will gain an understanding of business needs through the fireside chats the Board is currently hosting with Minnesota business representatives. She asked what the University could do to generate business development. Bruininks stated the University can build partnerships and organize for development, but must be cognizant of the ethical issues involved with intellectual property. Brenner noted the University has been involved with business development, with six start-up enterprises last year and a total of 16 over the past three years.

KEY ISSUES OF UNDERGRADUATE, GRADUATE AND PROFESSIONAL EDUCATION

Regent O'Keefe explained that staff had provided a list of topics the committee had considered during the discussions on teaching and learning: undergraduate, graduate and professional education. He asked the committee members if they wanted further discussion on any of these items and if any topics were missing. The committee listed the key issues, in the context of the priorities of the University.

- Underprepared students
- Career & academic advising
- Balance between the teaching, research and service missions
- Preparing students for work (working in a team)
- Teaching assistants' preparation
- Staff development

- Access and quality
- Corporate-sponsored research
- Technology transfer
- Undergraduate Research Opportunities Programs (UROP)
- Role of technology in teaching
- Preparing students for postgraduate study, or preparing students for work. What is the right balance.
- Interdisciplinary research

The committee decided to postpone for later the following topics: balance between the teaching, research and service missions; corporate-sponsored research; technology transfer; interdisciplinary research. Regent Reed suggested a written report on the UROP Program would be appropriate, rather than a presentation. Metzen agreed, expressing that the committee needs to be sensitive to staff time and use it wisely. O'Keefe recommended the committee discipline itself to focus on policy. It was agreed that a list of the remaining teaching and learning topics would be sent to the committee members to prioritize.

O'Keefe asked the committee's advice on whether to make a presentation to the Committee of the Whole. The committee discussed making a presentation sometime in the future. It was suggested, however, to inform and advance the issues in a useful way with the Committee of the Whole, and not just to simply report the issues.

Student Representative Vathauer reported that the next committee meeting in June would be the last for her and asked if there was any information she and Student Representative Koob could provide the members. O'Keefe thanked her and suggested that in June they give their perspective on the issues heard by the committee this past year.

CONSENT REPORT

The committee voted unanimously to approve the Consent Report, which included name changes for various degrees in the College of Education and Human Development and in the Graduate School, as printed in the docket materials.

INFORMATION ITEMS

Regent Reed referred to page 12 in the Educational Planning & Policy Committee docket materials and suggested committee members consider why crucial issues facing higher education in the 21st century were ranked so differently by political leaders and higher education leaders. She wondered which group's opinion mattered the most and whether the committee should be concerned about the disparity. A brief discussion followed.

The meeting adjourned at 10:52 a.m.



STEVEN BOSACKER
Executive Director and
Corporate Secretary

UNIVERSITY OF MINNESOTA
BOARD OF REGENTS
Finance & Operations Committee

April 9, 1998

A meeting of the Finance & Operations Committee of the Board of Regents was held on Thursday, April 9, 1998, at 10:05 a.m. in Room 238, Morrill Hall.

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

Staff present: President Mark Yudof; Executive Vice President and Provost Robert Bruininks; Acting Vice Presidents Mark Brenner and Terry O'Connor; Executive Director Steven Bosacker; and Associate Vice President Georgina Stephens.

Student Representatives present: John Cahoy and Kevin Leiran.

INFORMATION ITEMS

Vice President O'Connor stated that there were no information items to be brought before the committee this month.

CONSENT REPORT

Vice President O'Connor reviewed items in the consent report for committee approval, which was included in the docket materials and is on file in the Board Office.

O'Connor reminded the committee that at the March 1998 meeting, they were briefed on the Supercomputing Institute's competitive bid process to purchase a 272-processor 604e IBM SP supercomputer with 204GB of memory for \$3.7 million. Because this is a purchase of goods/services over \$250,000, it requires Board approval.

Regent Larson stated that after the extensive discussion last month, he felt comfortable and made a motion to approve the resolution. The motion was seconded, and the committee voted unanimously to recommend approval of the consent report, including the purchase of a 272-processor 604e IBM SP supercomputer for \$3.7 million.

BOARD OF REGENTS POLICY: ENDOWMENT FUND

Associate Vice President Stephens presented the proposed Board of Regents Policy: Endowment Fund and reminded the committee that this policy was reviewed at the March 1998 meeting. The policies on investment of the endowment fund and investment objectives and spending of endowment funds have been amended and incorporated into one endowment fund policy.

Stephens noted that changes have been made to the proposed policy since its review last month. At the suggestion of Regent O'Keefe, language has been added to put limits on the use of futures and options by the University's investment managers as indicated in the following subdivision of the policy.

Subd. 7. Futures and Options. Trading in futures is authorized. Trading in options is limited to the purchase of options and the sale of covered options only. Other strategies using options may be employed only if each specific strategy is formally approved by the Board of Regents. Up to 10 percent of the endowment may be committed to futures and options.

In response to a question from Regent Bergland, Stephens stated that she is comfortable with the added language and the controls that it puts in place.

Regent O'Keefe explained that options are a tool which can be used in very conservative ways to enhance returns modestly, but they are also capable of being used in extremely high risk ways. O'Keefe said he felt a simple authorization to use options was an abrogation of the Board's fiduciary responsibility. Because the key to solid investing is the understanding of the risk, O'Keefe said that the suggested language limits the use of these instruments, but opens the door for managers to bring the strategies to the Board for explanation and possible approval.

Regent Larson thanked O'Keefe for bringing his expertise and knowledge of futures and options to the committee.

In response to a question from Regent Neel, Stephens stated that compared to other institutions, the University of Minnesota's investment policy is slightly more aggressive because of the 80% equity allocation between domestic and international. Neel stated that he is comfortable with being slightly more aggressive because the concept embraces long-term investments which ride out various market cycles.

A motion was made and seconded, and the committee voted unanimously to recommend approval of the Board of Regents Policy: Endowment Fund, with the changes recommended by Regent O'Keefe and distributed at the meeting.

The meeting adjourned at 10:35 a.m.



STEVEN BOSACKER
Executive Director and
Corporate Secretary

UNIVERSITY OF MINNESOTA

BOARD OF REGENTS

Committee of the Whole

April 9, 1998

A meeting of the Committee of the Whole of the Board of Regents was held on Thursday, April 9, 1998, at 1:30 p.m. in Room 238, Morrill Hall.

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

Staff present: President Mark Yudof; Chancellors David Johnson and Donald Sargeant; Executive Vice President and Provost Robert Bruininks; Senior Vice President Frank Cerra; Vice President McKinley Boston; Interim Vice Presidents Eric Kruse and Terry O'Connor; General Counsel Mark Rotenberg; Executive Director Steven Bosacker; and Associate Vice Presidents Rusty Barcelo, Robert Kvavik, Richard Pfitzenreuter, and Georgina Stephens.

Student Representative present: Andrew Toftey.

Chair Hogan called the meeting to order and acknowledged the hard work of the president relating to the 1998 Minnesota legislative session and congratulated him on the amount designated for the University's appropriations.

HONORS COMMITTEE NOMINATIONS

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.

CONSENT REPORT: FACULTY, STAFF & STUDENT AFFAIRS COMMITTEE

Executive Vice President and Provost Bruininks reported there were no items contained in this month's consent report for the Faculty, Staff & Student Affairs Committee.

CAPITAL BUDGET AMENDMENTS

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

On the recommendation of the President, the fiscal year 1998 capital budget is amended to incorporate the following budget amendments and the appropriate administrative officers are authorized to award contracts and proceed with design and construction of the projects providing that required board approvals on schematic plans are obtained:

- A. Moos Tower Laboratory 5-245 Remodeling Project, Twin Cities Campus
Estimated project costs: \$185,200
Funding: Medical School's indirect cost recovery funds
Estimated completion date: June 1998
- B. Environmental Remediation Project at Shoreview Property
Estimated project costs: \$1,200,000
Funding: University Internal Loan Fund
Estimated completion date: July 1998
- C. Natural Resources Research Institute (NRRI) - 2nd Floor Laboratory Remodeling (Chemical Extractive Pilot Plant), Duluth Campus
Estimated project costs: \$500,000
Funding: FY99 Budget Allocation from Central Reserve Fund to be repaid by UMD by the year 2002
Estimated completion date: October 1998

Interim Vice President Kruse presented information on the three capital budget projects as found in the docket materials.

With reference to the environmental remediation project at the Shoreview property, Regent Reed asked if the University is absolved of further responsibility for remediation after it receives a letter of no action. Associate Vice President Stephens responded that it does relieve the University of any further responsibility.

In response to a question relating to the NRRI Institute remodeling, it was noted that the funding for the project is proposed from a future budget allocation due to timing issues. Associate Vice President Pfitzenreuter reported that this is a rare instance and that such an action is typically not requested on a project with funding to be provided out of a future budget.

The committee voted unanimously to recommend approval of the resolution.

REAL ESTATE TRANSACTIONS
Sale of 6.03 Acres at Larpenteur and Cleveland Avenues
Sale of 229.03 Acres of Salt Spring Lands

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

On the recommendation of the President, the appropriate administrative officers are authorized to execute the appropriate documents providing for the following real estate transactions:

- A. Sale of 6.03 Acres at Larpenteur and Cleveland Avenues, St. Paul, to the Ramsey County Historical Society (for Gibbs Farm) for the sum of \$248,800.
- B. Sale of 229.03 Acres of Salt Spring Lands in Lake Vermilion Area, St. Louis County, to United States Forest Service for the sum of \$220,000.

Associate Vice President Stephens presented background information on the two items and the committee voted unanimously to recommend approval of the real estate transactions.

REPORT OF EASTCLIFF COMMITTEES

Tom Meyer, Chair of the Eastcliff Technical Advisory Committee (ETAC) and Regent Spence, Chair of the Friends of Eastcliff Committee, reported on the recently updated "mission, membership, & responsibilities" statements for the two committees.

Meyer provided a brief history of Eastcliff noting that it was donated to the University in 1958. Since that time it has played a unique role among University of Minnesota buildings in that it has served both as a public facility for events and meetings and as the private residence of the University's presidents. In 1997, there were 100 public events that involved 5,200 individuals.

In 1988, the Board of Regents established the Eastcliff Advisory Committee (which is now the Eastcliff Technical Advisory Committee, ETAC) to oversee a comprehensive plan for the maintenance and development of Eastcliff. In 1990, a sister committee (the current Friends of Eastcliff Committee) was established as the fundraising arm for Eastcliff. A recent revision to the mission statements of both committees clarifying the responsibilities was recently completed. A copy of the revised statements were included in the docket materials.

Meyer provided a brief update on the improvements that have been completed through the work of the ETAC since 1994. In June 1997, the Board approved \$640,000 for improvements to Eastcliff that included painting and interior renovations, installation of an elevator, and upgraded electrical, mechanical, and security systems. A capital request will be made in the future for roof replacement and carriage house improvements. Meyer noted that with replacement of the roof, most of the major capital work will be accomplished.

Regent Spence reported on the Friends of Eastcliff Committee indicating that the mission statement has been refined to state that the committee's mission is to raise funds for financing projects associated with Eastcliff that are classified as "enhancement" projects intended to retain the architectural integrity of the house or to supplement the interior furnishings. Since 1993 the committee has raised approximately \$800,000 in gifts and pledges. Some of the projects completed include: remodeling the front entry to make it handicapped accessible; landscaping; installing residential laundry space; and replacing moldings on the main floor. The committee has established an endowment (Legacy Fund) that will ultimately ensure there is a permanent source of funding for Eastcliff.

The revised committee guidelines provide for a clearer working relationship between the Friends of Eastcliff Committee and ETAC. With the chair of ETAC serving on the Friends of Eastcliff Committee, good communication between the two committees is assured. A brochure on the work of the committee is published annually that outlines projects underway and recognizes the donors. Lastly, an archives is being established to maintain historical documentation on Eastcliff.

In answer to a question, it was reported that after all deferred maintenance has been completed, the annual capital cost of routine maintenance on the house and grounds is roughly estimated to be between \$40,000 to \$50,000 a year.

Regent O'Keefe stated that there is a need to develop a strategy that funds, on a current basis, future capital needs of Eastcliff.

COMPACTS REPORT: INTEGRATION OF ACADEMIC, CAPITAL & OPERATING BUDGET PLANS

President Yudof presented information on the compact planning process, the process which has been put in place this year designed to formulate agreements between colleges, support units and the administration that delineate directions, respective responsibilities, investments and allocations, and mutual expectations for accountability. It is hoped that implementation of the compact planning process will serve as an aid in finding ways to simplify and improve current planning processes and develop a greater spirit of cooperative planning and discussion between the colleges, support units, and central administration.

The compacts will detail unit performance and productivity data, programmatic priorities, mutual expectations for improved performance, agreements on academic directions and investments, and resource commitments. The compacts will be annual, written public documents that will reflect programmatic directions and budgetary and performance agreements.

Executive Vice President & Provost Bruininks reported that the compact planning process is a substantial change from planning processes in the past. The philosophy of the process is fourfold:

- Create an atmosphere of collegiality, peer relationships, and a focused discussion of a unit's and the University's mission, values, and priorities.
- Promote decentralized authority, responsibility, and accountability.
- Move from a model that depends on regulation to one that focuses on accountability and outcomes.
- Integrate the incentives for managed growth principles into planning and budgeting, including use of multiple revenue streams to address priorities, rewards for increased productivity, and shared responsibility for jointly addressing issues and priorities.

In addition to implementing a common, integrated planning and budgeting process for the University, it is anticipated that the new process will engage faculty, staff, and students in local-level decisionmaking; develop standards of excellence for each unit and the institution as a whole; and create a shared University plan through assessment of strategic issues, priorities, and directions. Bruininks provided a hypothetical compact as an example of what the actual document will look like for a college or unit.

Brunininks reported on the schedule during this first year of the process. The final documents will not be available until late May, therefore, this academic year there will not be a *University Plan* delivered to the Board as called for in the agenda guidelines. Instead, the final summary of the compact planning process with college and unit specific information will be presented to the Board in October 1998. Thereafter, the administration will present a comprehensive document that integrates academic and fiscal planning each fall. This document will replace the current *University Plan*.

In answer to a question from Regent Neel, Bruininks reported that it is the intent that information relating to auditing, financial management and program reviews be integrated into a unit's compact.

Regent O'Keefe asked that when the compacts are presented to the Board in October, information be provided indicating how the priorities within the compacts relates to the mission, values, goals, and priorities of the University.

BUDGETING AND PLANNING FRAMEWORK: CHANGING PRINCIPLES AND SHARED RESPONSIBILITY

President Yudof led the discussion relating to the budgeting and planning framework for the FY99 University budget. Like the compact process, the budgeting process seeks to decentralize and share authority for academic directions, resources and responsibility for expenditures and investments. It is believed that the compact planning process, combined with the recently implemented incentives for managed growth (IMG) will give the University an opportunity to direct resources toward units generating revenue and at the same time spread the responsibility to cover cost increases over all units, not just central administration.

Yudof talked about management strategies that were developed to achieve decentralization with accountability. He described how the expansion of collegial discussions; support for the IMG; administrative reorganization; and frequent consultation with the Dean's Council, students, staff and consultative committees will play major roles as part of the management strategy.

With regard to the FY99 operating budget, Yudof provided diagrams describing University revenues and expenditures for the all funds budget; centrally distributed and attributed revenues; a conceptual model for revenue distribution; revenue sources supporting academic and support units; changes in centrally distributed revenues from FY98 to FY99; and resources available to meet expenditure needs for FY99.

Yudof presented the following budget principles proposed to guide the FY99 budgeting process:

- Resource allocation decisions must be made through the compact planning and budget process involving the shared participation of deans, faculty, staff, and students.
- All resources must be used to address new needs and increased costs.
- Compensation must address the need to improve the competitiveness of faculty and staff salaries.
- Funding sources for compensation is a shared responsibility between central and local units.
- Tuition increases will (1) be sensitive to financial restraints on students and families at the undergraduate level, (2) continue to move toward a single undergraduate rate on each campus, and (3) provide professional programs with the ability to adjust tuition to market conditions.
- Units must be rewarded for increasing their productivity in their research, teaching and outreach programs.
- Future budget strategies must support continuity in unit resources and permit the institution to share in overall revenue growth for investment in interdisciplinary and critically important academic priorities.

Regent Metzen expressed support of the President's comments but cautioned that there is tremendous cultural change contained in the proposed processes. It is important to be flexible and to continue to build trust as the new process proceeds.

Regent Reed added that the compact process will not be successful unless the budgeting and planning framework is successful. There has to be parity with the allocation of expenses and revenues as decentralization takes place.

Hogan concluded that it is important to remember that change takes time. The Board is aware that this process will not be completed in the near future and is supportive of the President's report.

MASTER PLANNING IMPLEMENTATION

Executive Vice President & Provost Bruininks introduced the agenda item relating to master planning implementation. Through a variety of measures the University is undertaking efforts to coordinate academic planning into alignment with capital planning and the budgeting process.

Interim Vice President Kruse talked about how campus development is implemented through integration of academic, physical, and financial planning. He defined "campus development" as the process of manifesting programmatic, academic and operational needs into physical form; framed by the compact agreements, the Capital Improvements Advisory Committee (CIAC) budgeting process, and implemented in accordance with the principles and policies of the Campus Master Plan. Kruse briefly reviewed campus development principles: 1) create an integrated process; 2) ensure improvements made to the campus comply with the spirit and intent of the master plan; 3) ensure that the capital project design and implementation are done in an efficient, timely and coordinated process; and, 4) keep the Executive Committee and the Board fully informed during the capital project design process. He reviewed information on roles and responsibilities relating to the strategic planning and compact process, the CIAC and the Master Plan Advisory Committee, and how the three factions mesh to provide for integrated campus planning. Flow charts were provided to clarify roles. Associate Vice President Hewitt described how the master plan, strategic planning and capital budget development, and project delivery processes combine to provide an overall campus development process.

Regent Metzen thanked the presenters for the information presented and emphasized the importance of the Board being made aware of amendments to projects as they are made. Hewitt responded that the process provides for approval by the Board of changes to projects. Additionally, an annual report will reflect any changes that are not in conformity with the master plan.

President Yudof cited three points that are important to him relating to master planning:

1. Each building needs to be defined for its space and how it fits into the overall plan for the University.
2. The Board of Regents must be informed of projects early in the design process.
3. There needs to be cooperation and interaction between the Master Planning Advisory Committee and Facilities Management.

It was noted that the annual master plan compliance report is scheduled as a receive and file report on the June agenda.

QUARTERLY ENTERPRISE SYSTEMS UPDATE

Executive Vice President & Provost Bruininks, Associate Vice President Kvavik, and Steven Cawley, enterprise project coordinator presented the quarterly update on the enterprise systems project. Bruininks reported that the purpose of the presentation was to provide a progress report on the management, the strategies for managing and evaluating the projects and the approach to be used for reporting on progress in the future.

Kvavik reported that the enterprise systems project will provide the tools for decentralized management and local-level decision-making, accountability, and responsibility. The new student and human resource systems will provide powerful planning as well as time and resource management tools for students, faculty and staff. The final product will be an integrated human resource and student system with powerful analytical and resource management tools that will have a major impact on the way the University conducts its business.

Kvavik reported on the status of the project budget to date. Approximately \$38 million was authorized with a contingency of \$4.3 million for this project. It is anticipated that there will be a \$1 million deficit for FY98 which will be carried over into next year. Kvavik explained that hiring and retaining personnel has been a growing problem, forcing a shift of work scheduled for this year into next year. It is possible that this shift will cause an expenditure of \$2-3 million over the original budget. A second reason that costs may be increased is that equipment is anticipated to be more expensive than originally planned, given scale and capacity requirements. He cautioned, however, that these figures are not firm. As soon as the budgeting process is complete a revised budget will be presented to the Board.

Kvavik reported that there are a number of factions providing oversight of the project that include the Audit Department, Executive Committee, Policy Oversight Committee and outside consultants. He reviewed the role that each faction plays in the process. Expanding on the audit approach, Kvavik reported that it was developed in consultation with project management. The audits are planned to correspond with project milestones, there is an audit commitment through the life of the project, and it is adjustable based on project management decisions.

Kvavik briefly reviewed the risk factors and provided a schedule showing the weighted importance of each risk factor. He summarized the risk factors currently facing the project relating to software and hardware decisions, successful completion of July milestones, and personnel hiring and retention issues. The quarterly update in July will include a report on meeting the first major milestones, a full budget update that will include FY98 expenditures, an initial periodic audit assessment, and recommendations from outside consultants and the policy oversight committee.

Regent Hogan stated that he would like to see correction plans presented as updates are provided to the Board. Kvavik responded that the Board will be provided with the information necessary for choices to be made on the project as it proceeds.

The meeting adjourned at 4:35 p.m.



STEVEN BOSACKER
Executive Director and
Corporate Secretary

UNIVERSITY OF MINNESOTA

BOARD OF REGENTS

April 9, 1998

A meeting of the Board of Regents of the University of Minnesota was held on Thursday, April 9, 1998 at 4:35 p.m. in Room 238, Morrill Hall.

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

Staff present: President Mark Yudof; Chancellors David Johnson and Donald Sargeant; Executive Vice President and Provost Robert Bruininks; Senior Vice President Frank Cerra; Vice President McKinley Boston; Interim Vice Presidents Eric Kruse and Terry O'Connor; General Counsel Mark Rotenberg; Executive Director Steven Bosacker; and Associate Vice Presidents Rusty Barcelo, Robert Kvavik, 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:

- Litigation Review Committee - March 3, 1998
- Audit Committee - April 11, 1998
- Faculty, Staff & Student Affairs Committee - March 12, 1998
- Facilities Committee - March 12, 1998
- Educational Planning & Policy Committee - March 12, 1998
- Finance & Operations Committee - March 12, 1998
- Board of Regents Meeting - March 12, 1998
- Committee of the Whole - March 13, 1998
- Board of Regents Meeting - March 13, 1998

REPORT OF THE PRESIDENT

President Yudof reported on the conclusion of the 1998 Minnesota State Legislature and the status of the University's request. While no action is final until adjournment and gubernatorial action, it appears as though the University of Minnesota will receive funding for every priority requested. The single phrase that best describes the impact of the legislative and gubernatorial actions is "a new renaissance," signifying a rebirth for the University of Minnesota. Yudof expressed thanks to the Governor for his early and consistent support; to the legislative leaders and members for their endorsement of where the University is heading; and to the thousands of University supporters who mounted the broadest and most successful campaign in the history of the University of Minnesota.

Yudof also reported that the University of Minnesota has provided support to communities in southern Minnesota that were recently devastated by some of the worst tornadoes in state history. Efforts have been focused on tasks where the University can do the most good. Personal contributions of non-perishable food items, cleaning supplies, school goods, and money have been made. For the Gustavus Adolphus College community, crews of volunteers have been mobilized to assist in special areas such as computer repair, restoration of books and artwork, and clean-up of hazardous waste

and laboratory materials. The Minnesota Extension Service has also developed a communication plan to facilitate recovery efforts.

Lastly, Yudof noted that on March 26, the University of Minnesota Men's basketball team won the National Invitation Tournament.

An ice cream social will be held May 6 on Northrop Mall to celebrate the championship.

REPORT OF THE CHAIR

Chair Hogan reported that the Board had lunch with the University of Minnesota Alumni Association National Board of Directors this month and thanked Margaret Carlson, Director of the Alumni Association for the productive discussion that occurred.

He reminded members of the Board that nominations for trustees of the Fairview University Medical Center are due into the Board Office by Wednesday, April 15. The nominees will be acted on at the May meeting of the Board.

Four members of the Board and Executive Director Bosacker have registered for the upcoming Association of Governing Boards conference in Nashville, Tennessee.

The presidential assessment committee met with President Yudof regarding the president's first workplan.

Lastly, a Board retreat is scheduled for April 29. He reported that the Board Office is in the process of securing a facilitator and he would like input from Board members regarding the agenda.

RECEIVE AND FILE REPORTS

Chair Hogan noted the receipt and filing of the Quarterly Board of Regents Policy Report. Regent O'Keefe commented on the proposed revisions to the Board Operation and Agenda Guidelines policy scheduled for revision in the fall. He hopes that the Board members will have an opportunity to provide input relating to the revisions to that policy. Executive Director Bosacker assured Board members that would be the case.

GIFTS

Associate Vice President Gerald Fischer presented the monthly list of gifts for February 1998 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 recommendation from the President that the FY98 capital budget be amended to incorporate the following budget amendments and the appropriate administrative officers be authorized to award contracts and proceed with design and construction of the projects providing that required board approvals on schematic plans are obtained:
- A. Moos Tower Laboratory 5-245 Remodeling Project, Twin Cities Campus (\$185,200)
 - B. Environmental Remediation Project at Shoreview property, Shoreview, Minnesota (\$1,200,000)
 - C. Natural Resources Research Institute (NRRRI) - 2nd Floor Laboratory Remodeling, (Chemical Extractive Pilot Plant), Duluth Campus (\$500,000).
- c) Approval of a recommendation from the President that the appropriate administrative officers are authorized to execute the appropriate documents providing for the following real estate transactions:
- A. Sale of 6.03 acres at Larpenteur and Cleveland Avenues, St. Paul, to the Ramsey county Historical Society (for Gibbs Farm) for the sum of \$248,800.
 - B. Sale of 229.03 acres of Salt Spring Lands in Lake Vermilion Area, St. Louis County, to United States Forest Service for the sum of \$220,000.

The committee voted unanimously to approve the recommendations of the Committee of the Whole.

Hogan reported that the committee also received a report from the Eastcliff Technical Advisory and Friends of Eastcliff committees; engaged in discussions relating to the compact system of planning and master planning implementation; reviewed information relating to the budgeting and planning framework; and received an update on the enterprise systems.

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 Educational Policy & Planning Committee Consent Report as presented to the committee in the docket material with highlights listed below:
- Name change of the Master of Education degree in Physical Education to the Master of Education degree in Applied Kinesiology in the School of Kinesiology and Leisure Studies.
 - Discontinuation of the following degrees:
Master of Arts (M.A.) degree in Mathematics
Certificate of Specialist in Education in two fields:
 - General Curriculum Supervision
 - Mathematics Education

- Program name changes:
 - Master of Science (M.S.) degree program in Health Services Research Policy to Health Services Research, Policy, and Administration
 - Ed.D. degree program in Educational Administration to Educational Policy and Administration
 - Master of Arts (M.A.) degree program in Educational Psychology at Duluth to Counseling Psychology
 - Master of Arts (M.A.) degree in Public Affairs to a Master of Public Policy (M.P.P.) degree
 - Master of Science (M.S.) degree in Science and Technology Policy to Science, Technology, and Environmental Policy.

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

O'Keefe reported that the committee also received an overview of University programs and investments in research as part of the committee's policy and program review; reviewed key issues of undergraduate, graduate & professional education; and reviewed a number of information items.

REPORT OF THE FINANCE & OPERATIONS COMMITTEE

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

- a) Approval of the Finance & Operations Committee Consent Report as presented to the committee in the docket material, including the purchase of goods and services over \$250,000, as follows:
 - To IBM U.S. Marketing and Services for a 272-processor 604e IBM SP supercomputer with 204 GB of memory for \$3,715,000.
- b) Adoption of the amended Board of Regents Policy: Endowment Fund, as follows:

ENDOWMENT FUND

SECTION I. INVESTMENT OBJECTIVES.

Subd. 1. Overall Objectives. The overall objectives for the endowment funds are:

- (1) to preserve the inflation adjusted value of the fund; and
- (2) to maximize total return (income plus capital appreciation) with a goal of at least 500 basis points annually above inflation (as measured by the Consumer Price Index) over three-to-five year trailing periods.

Subd. 2. Investment Manager Objectives. The objectives for the investment managers of the funds will be:

- (1) to exceed the performance of appropriately-established benchmarks of various indices; and
 - (2) to rank in the top quartile of performance of similarly managed funds.
- Both objectives are to be effective over three to five year trailing periods.

SECTION II. DEFINITIONS.

Subd. 1. Alternative Investments. "Alternative investments" shall mean equity mutual funds, venture capital, real estate, or other limited partnerships.

Subd. 2. Senior Administrative Officer. "Senior administrative officer" shall mean the senior vice president of finance and operations or the treasurer.

SECTION III. ASSET ALLOCATION GUIDELINES.

Subd. 1. Domestic Equities. The long-term target allocation for domestic equities shall be 50 percent. The strategic allocation range around this target shall be 40-60 percent.

Subd. 2. Foreign Equities. The long-term target allocation for foreign equities shall be 30 percent. The strategic allocation range around this target shall be 20-40 percent. Approval of the Asset and Debt Management Advisory Council is required whenever the strategic allocation for foreign equities is greater than 35 percent.

Subd. 3. Fixed Income. The long-term target allocation for fixed income shall be 20 percent. The minimum allocation to fixed income shall be 10 percent.

Subd. 4. Alternative Investments. Within the limits defined in subdivisions 1 and 2, up to 15 percent of the endowment may be invested in alternative investments. Each new investment is to be reported to the Board of Regents.

Subd. 5. China Direct Investment. Within the limits defined in subdivisions 2 and 4, up to 5 percent of the endowment will be targeted for direct investment in China or China-related markets.

Subd. 6. Emerging Markets Debt Investment. At the direction of the senior administrative officer, fund managers are authorized to participate in emerging markets debt.

Subd. 7. Futures and Options. Trading in futures and options is authorized.

Subd. 8. Short Selling of Securities. Short selling of securities is allowed for up to 10 percent of the endowment funds.

Subd. 9. Securities with No Public Market. No investments shall be made in securities with no public market, other than venture capital, real estate or other limited partnerships, unless specifically authorized by the Board of Regents.

Subd. 10. Management Control. No investments are allowed for the purpose of exercising management control.

Subd. 11. Fund Manager Limit. A maximum of 20 percent of the endowment may be invested by any one fund manager. The senior administrative officer shall make adjustments to a portfolio if a fund manager exceeds this limit for 12 consecutive months.

Subd. 12. Calculations of Limits. Calculations of all percentage limitations shall be done on a market value basis.

SECTION IV. SPENDING GUIDELINES.

Subd. 1. Distribution Level. Endowment fund distributions for expenditures for current operations will be at an annual level approximately 5-6 percent of average market value on a three-year trailing

basis. Distributions will be made on a total return basis taking into account capital appreciation as well as income.

Subd. 2. Contingency Level. If the University's endowment fund return at the end of any calendar quarter is below 9.5% for the corresponding three, four, or five year trailing period, the senior administrative officer shall reduce the spending rate by 25 basis points on the earliest of the next January 1 or July 1, and again in six months. At which point, 5% of the three-year trailing average market value will be available for spending purposes.

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

Bergland reported that the committee also reviewed a number of information items.

REPORT OF THE FACILITIES COMMITTEE

Regent Hogan reported that the committee did not meet this month.

REPORT OF THE FACULTY, STAFF & STUDENT AFFAIRS COMMITTEE

Regent Hogan reported that that the committee did not meet this month.

REPORT OF THE AUDIT COMMITTEE

Regent Hogan reported that the committee did not meet this month.

REPORT OF THE LITIGATION REVIEW COMMITTEE

Regent Phillips reported that the Litigation Review Committee met on April 2, 1998 to discuss attorney-client privileged matters and there were no actions taken at the meeting.

The meeting adjourned at 5:05 p.m.



STEVEN BOSACKER
Executive Director &
Corporate Secretary

UNIVERSITY OF MINNESOTA

BOARD OF REGENTS

Litigation Review Committee

April 15, 1998

A meeting of the Litigation Review Committee of the Board of Regents was held on Wednesday, April 15, 1998, at 9:03 a.m. in Room 325, Morrill Hall.

Regents present: William Peterson, presiding. Jessica Phillips and Patricia Spence participated via telephone. Board Chair William Hogan also participated via telephone.

Staff present: General Counsel Mark Rotenberg and Executive Director Steven Bosacker.

**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, April 15, 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 9:04 a.m.



STEVEN BOSACKER
Executive Director and
Corporate Secretary

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**UNIVERSITY OF MINNESOTA
BOARD OF REGENTS**

MINUTES

BOARD OF REGENTS MEETINGS

AND

COMMITTEE MEETINGS

May 7-8, 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

May 7-8, 1998

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UNIVERSITY OF MINNESOTA

BOARD OF REGENTS

Audit Committee

May 7, 1998

A meeting of the Audit Committee of the Board of Regents was held on Thursday, May 7, 1998, at 8:05 a.m. in the Board Room, 238 Morrill Hall.

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; Executive Director Steven Bosacker; Interim Vice President Terry O'Connor; and Director of Audits Gail Klatt.

Student Representative present: John Cahoy.

Regent Larson noted that the committee would suspend formal meeting protocol in an effort to improve dialogue.

BOARD OF REGENTS POLICY: INTERNAL CONTROLS

Director of Audits Klatt reviewed a proposed Board of Regents policy, *Internal Controls*, which was discussed at the March 1998 meeting. Klatt reminded the committee that the recommended policy communicates the Board's expectations concerning the University's internal control environment and incorporates the concepts of the integrated framework of internal control (IFIC).

A motion was made and seconded and the committee voted unanimously to recommend approval of the new Board of Regents policy, *Internal Controls*.

ANNUAL INTERNAL AUDIT PLAN

Director of Audits Klatt explained that the development of the annual audit plan is based on information gathered from a formal risk assessment, identification of emerging areas of risk, and discussions with University officials. The proposed 1998-99 internal audit plan includes cycled audits for thirty University units, coverage of the enterprise systems project, Year 2000 readiness, capital construction activities, and Universitywide reviews.

Klatt noted that during the information-gathering process, she and her staff have observed a dramatic change in the recognition of risk awareness and risk management by people within the institution. Instead of hearing that there are problems and being asked for solutions, people are telling the Department of Audits their concerns and the steps taken to mitigate risks, and then requesting an assessment of their work. The level of recognition throughout the institution is a major cultural

change and is an indication that the concepts on which the integrated framework is built are being realized.

Bruininks stated that Klatt's leadership and the Department of Audit's involvement in major projects as they are created and implemented has contributed to changing the culture.

In response to a question from Regent Neel, Klatt stated that the Fairview system does not have an internal audit function and they rely completely on their external auditors for any control assessment that is done. The Department of Audits has remained engaged with the Fairview system, doing work in contract management and participating on combined task forces and discussions regarding medical education and research expenditures. In response to a question from Regent Bergland, Klatt said that the Fairview arrangement has many benefits in terms of the management of the hospital and its activities. All the issues relating to medical education and research, however, have not yet been resolved.

Regent Reed suggested that at a future meeting, the committee may want to think about what observations should be made to determine when the IFIC has penetrated into other areas of the institution.

In response to concerns from the committee, Klatt explained that with the size of this year's capital request and inquiries from members of the legislature about accountability for the capital request, it was determined that the Department of Audits should establish a program to carry out construction auditing during the time that the capital request is being implemented. Issues addressed during construction auditing include: how bids are awarded, adherence to contracts, monitoring stipulations on use of minority contractors, compliance with other state laws and regulations, assurance of payment according to terms of the contract, adherence to completion dates, and looking at the overall wrap-up process.

Regent Neel asked if the reduction to the internal audit resources as a result of the president's administrative cost reduction initiative would have a severe impact on the department's ability to successfully complete their work. Klatt explained that the reduction resulted in the loss of one position which equates to approximately 1500 hours of audit work. The Department of Audits allocates approximately 70% of its resources to completion of the annual work plan. From that, 12% covers contemporary risk projects (e.g., the enterprise project, the capital improvement exercise, Year 2000), leaving 59% of the resources for departmental audits and cycled audit coverage. Klatt said the department is in a good position to accommodate the reduction and the contemporary risk projects because they knew the enterprise systems projects were coming and because over the past few years, the department has been aggressively looking at the University's highest risk units and processes.

Regent O'Keefe said he wanted to go on record to suggest that as a Board, the Regents must push the president and the institution to see that construction contracts come in "on time, or sooner, and under cost" because this is a huge investment by the people of the State of Minnesota. O'Keefe noted that the other critical project on the table right now is the enterprise project because it is such a complex set of systems. Klatt explained that there is a very comprehensive program in place for monitoring and auditing the enterprise projects, and each operational component will be assessed individually. Twenty-one specific projects have been identified for review over the next 18-24 months.

EXTERNAL AUDIT PLAN

John Scheffler, Deloitte & Touche, gave an overview of the external audit plan which was provided in the docket materials. Scheffler noted that he has also reviewed and discussed the internal audit plan with Director of Audits Klatt.

The principle areas that Deloitte & Touche has identified as presenting a greater-than-normal audit risk include: receivable allowances; investments; fixed assets; accounts payable and accrued liabilities; litigation; accounting and reporting issues; federal award programs; information systems; and significant transactions. An elaboration of each issue is included in the docket materials.

Regent Hogan expressed concern that the external auditors are not examining the broader issues assumed by the integrated framework of internal control, and asked how the external auditors can move away from thinking of audit in only financial terms. Scheffler explained that the transformation to a risk-based approach of auditing has been happening over the past 10-15 years. A greater reliance on the internal auditor can help the external auditor free up time which would have been spent examining low-risk issues. Teaming with the internal auditor allows the external auditor to devote more time to value-added auditing.

Regent Larson noted the importance of utilizing resources in the most efficient manner and asked Scheffler if he thought the University was on the right path. Scheffler stated that he does feel the University is heading in the right direction, and noted the importance of continued updates on the Year 2000 issue and the enterprise systems project.

In response to a question from Regent Larson, Scheffler said he would be happy to invite Deloitte & Touche's national director of higher education to a future meeting to give a national view of what is being done in terms of audit functions at other higher education institutions.

SEMI-ANNUAL CONTROLLER'S REPORT

Controller Terry O'Connor presented the Semi-Annual Controller's Report to provide information regarding activities in the controller's office.

The University is going to pursue FICA (Federal Insurance Contributions Act) tax refunds. Previously, student employees had FICA taxes withheld from their wages if they were enrolled for less than six credits or they worked more than 20 hours a week. In January 1998, the IRS issued a clarification that says students are exempt from FICA taxes if they are enrolled for at least six credits at an undergraduate level or four credits at the graduate level, regardless of the number of hours worked. The University will file for tax refunds for the years 1995, 1996, and 1997. All student employees during the three-year period will be notified, which will give the University the right to file for tax refunds to get all of the employer-paid FICA back and to file on the students' behalf for their refunds.

A common paymaster program has been implemented for the University of Minnesota Physicians (UMP) with respect to faculty-physician clinical compensation. Estimated annual FICA savings will be approximately \$1 million. Dual payroll processes will also be eliminated.

The controller's office is coordinating a multi-disciplinary team to ensure the University's compliance with the new IRS reporting requirements resulting from 1997 federal legislation enacting education tax credits and student loan interest deductions. Specifically, the University must report to the IRS and taxpayers the amount of tuition

and student loan interest payments received, which O'Connor estimates will be 60,000 additional information returns on an annual basis.

Other issues being addressed are accounting procedure changes for restricted state specials and building/capital appropriations; accounting group productivity improvement; and payroll department team-building.

The meeting adjourned at 9:20 a.m.



STEVEN BOSACKER
Executive Director and
Corporate Secretary

UNIVERSITY OF MINNESOTA

BOARD OF REGENTS

Facilities Committee

May 7, 1998

A meeting of the Facilities Committee of the Board of Regents was held on Thursday, May 7, 1998, at 9:45 a.m. in Room 300, Morrill Hall.

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

Staff Present: President Mark Yudof; Interim Vice Presidents Terrence O'Connor and Eric Kruse; Vice President McKinley Boston, Executive Director Steven Bosacker; and Associate Vice President Georgina Stephens.

Student Representative present: Kristen Vathauer.

INFORMATION REPORT

Interim Vice President Kruse presented the information report for May 1998 as found in the docket materials.

President Yudof noted the significant work ahead for the Facilities Committee, especially considering the requirement of finishing most capital projects by June 30, 2002. Streamlining the process by which we construct buildings is essential to successful and timely completion of the projects.

The committee discussed options to coordinate the building efforts. Yudof suggested hiring an outside firm to serve as an Executive Project Manager. The committee generally agreed, but requested that the options be kept open. The committee requested that all options be evaluated and brought back to the committee.

The committee will receive quarterly updates on the progress of all capital projects.

CAPITAL BUDGET AMENDMENT

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 Operations, the fiscal year 1998 capital budget is amended to increase the budget for the project as follows.

Minnesota Library Access Center Project
Original estimated project costs: \$41,350,000
Increase in project costs: \$3,300,000
Revised estimated project costs: \$44,650,000
Funding for increase: Library Resources & Central Reserves
Estimated completion date: August 1999
Schematic plans: approved by Board

The committee voted unanimously to recommend approval of the amendment to the fiscal year 1998 capital budget.

SCHEMATIC PLANS

Amundson Hall Molecular Materials Addition and Renovation 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 Operations and contingent upon Board approval of the FY 1999 Capital Budget, the schematic plans for the Amundson Hall Molecular Materials Addition and Renovation Project are approved and the appropriate administrative officers are authorized to award contracts and proceed with the design and construction.

Interim Vice President Kruse presented an overview of the project as found in the docket materials. Tom Kukulski, Engineer, Symmes Maini & McKee Associates, presented the schematic plans for the project.

In response to a question from Regent Reed, Kukulski explained that the addition will look like it belongs to the existing building. The addition will have the same brick, windows, and lines.

Regent Metzen expressed his concerns that this building doesn't appear to flow with the surrounding buildings. He questioned why the curtain wall on the exterior of the existing building differed from the addition. Kukulski explained that in order to maintain energy requirements and performance standards, they were unable to replicate the design. Kukulski added that alternative designs were eliminated from consideration because of the need to maximize wall space for laboratory use. Metzen expressed his desire to evaluate alternative designs and analyze the cost-benefits of an improved design. Kruse added that Amundson Hall is comprised of two different construction types and the design of the addition needs to blend with both.

Regent Peterson stated that, given the limitations of the existing building, the design of the addition flows very well.

Regent Reed clarified that, given the relative attractiveness of the two building designs, it was decided to match the more attractive Mines and Metallurgy West Wing rather than the main portion of Amundson Hall. Kukulski added that the design will also blend with the adjacent Lind Hall.

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

Walter Digital Technology Center/Science and Engineering Library

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 Operations and contingent upon Board approval of the FY 1999 Capital Budget, the schematic plans for the Walter Digital Technology Center/Science and Engineering Library Project are approved and the appropriate administrative officers are authorized to award contracts and proceed with the design and construction of the project.

Interim Vice President Kruse presented an overview of the project as found in the docket materials. William Beyer, Stageberg Beyer Sachs, Inc, presented the schematic plans for the project.

In response to a question from Regent Peterson, Beyer explained that the exterior of the addition will blend well with the existing exterior, however, State historical preservation guidelines prohibit a building addition to appear as if it was original.

Regent Reed requested that the Master Plan impact statement in the docket materials be amended to "require" the architect to continue to pursue a design for the addition that builds upon the forms, features, proportions, and symmetrical character of the original facade. Unlike the addition to Amundson Hall, the stakes are high for this addition. Reed expressed that since Walter is not on the historical registry yet, the University should explore designing the exterior as close to the original building as possible. Kruse said he would look into the timing of the project and address Reed's concerns to the degree possible. Regent Metzen stated that the University should not look at the buildings in isolation, but rather how this design will flow with the other buildings on the mall.

In response to a question from Reagan, Kruse explained that the building is connected by tunnels, and the administration will continue to consider building connections during capital work.

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

Women's Intercollegiate Athletic Softball Complex

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 Operations and contingent upon Board approval of the FY 1999 Capital Budget, the schematic plans for the Women's Intercollegiate Athletic Softball Complex Project are approved and the appropriate administrative officers are authorized to award contracts and proceed with the design and construction of the project.

Interim Vice President Kruse presented an overview of the project as found in the docket materials and the schematic plans.

In response to a question from Regent Metzen, Women's Athletic Director Chris Voelz explained that, although they explored dual use options, it would be difficult to accommodate other activities due to the unique characteristics and turf of a softball diamond. Clinics and camps, however, will be conducted on this field as well.

In response to parking concerns from Student Representative Vathauer, Kruse explained that the 4th street parking ramp and other surface parking is convenient to the facility.

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

REAL ESTATE TRANSACTIONS

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

On the recommendation of the President, the appropriate administrative officers are authorized to execute the appropriate documents providing for the following real estate transactions:

Sale of property located at West Central Experiment Station, Morris

Description: 33.3 acres

Purchaser: Riley Brothers Partnership

Selling Price: \$262,582 in the form of land and cash

Use of Proceeds: for the purchase of land for the West Central Experiment Station

Reason: exchange of property

Purchase of property adjacent to the West Central Experiment Station, Morris

Description: 50 acres

Seller: Riley Brothers Partnership

Purchase Price: \$186,709 in land

Source of Funds: property exchange

Reason: exchange of property

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

GATEWAY PROJECT UPDATE

Interim Vice President Kruse provided the committee with an update on construction of the Gateway Center as found in the docket materials. Kruse reported that construction on the Center is on schedule. The parking garage will be presented for committee review and approval in June.

In response to questions from Regent Phillips regarding parking in general, Kruse explained that there are plans to build structured parking facilities, both under and above ground. The cost is approximately \$1,000 per space for surface lots, \$10,000 per space for ramps, and \$12,000-15,000 per space for garages. Parking at Gateway will be a 300 space garage with a mix of hourly and contract parking.

Regent Reagan informed the committee that Executive Director Bosacker looked at a number of boardrooms in the metropolitan area to find something that should closely match the Board of Regents' needs. Bosacker will arrange an opportunity for the committee to see the Metropolitan Airports Commission meeting room as an example of a design for this board's consideration.

CAPITAL PROJECT DESIGN GUIDELINES PROCESS

Interim Vice President Kruse provided the committee with an overview of the capital project design guidelines process as found in the docket materials.

Regent Reed expressed her appreciation for the guidelines. The guidelines establish clearly that this Board is concerned that the projects conform to the master plan.

Regent Metzen requested that in addition to this information, it would be helpful

to the committee to know when a project deviates from the master plan and why. Kruse explained that a Master Plan Advisory Committee is being assembled with members from inside and outside the University community.

The meeting adjourned at 11:38 a.m.

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

STEVEN BOSACKER
Executive Director and
Corporate Secretary

UNIVERSITY OF MINNESOTA

BOARD OF REGENTS

Faculty, Staff & Student Affairs Committee

May 7, 1998

A meeting of the Faculty, Staff & Student Affairs Committee of the Board of Regents was held on Thursday, May 7, 1998, at 9:45 a.m. in the Board Room, 238 Morrill Hall.

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

Staff present: Executive Vice President and Provost Robert Bruininks; Senior Vice President Frank Cerra; Chancellors David Johnson and Donald Sargeant; Acting Vice President Carol Carrier; Executive Director Steven Bosacker; and Associate Vice Presidents Nancy Barcelo and Jane Canney.

Student Representatives present: Maureen Sheehan and Andrew Toftey.

INFORMATION ITEMS

Executive Vice President and Provost Bruininks reviewed the information items included in the docket materials and noted the following:

- Donald R. Riley, Associate Vice President and Chief Information Officer, has accepted a position as Associate Vice President and Chief Information Officer at the University of Maryland. Riley's resignation is effective April 30, 1998, but he will remain on staff as a special assistant to the Executive Vice President and Provost through June 30, 1998.

Steven Cawley has been appointed Interim Associate Vice President and Chief Information Officer effective May 1, 1998. A national search for a permanent CIO will begin next fall.

- Results of the General Accounting Office report, *Higher Education: Students Have Increased Borrowing and Working to Help Pay Higher Tuitions*.

Regent Hogan asked if there is concern about finding a new CIO. Bruininks said that the University of Minnesota is very competitive in the areas of salary, reputation, innovation and quality of work. A search committee will be assembled in the fall, and a national search firm may be engaged. Bruininks expects the hire announcement to be made by late winter quarter or early spring. Regent Bleyhl noted the importance of having a new agenda for the office of information technology in place by the time of the hire.

CONSENT REPORT

Executive Vice President and Provost Bruininks distributed a revised consent report which included the following personnel action:

- The proposed appointment of Donna Peterson as Interim Vice President for Institutional Relations. The appointment, pending Board approval, is effective May 1, 1998, and will continue until a permanent vice president is selected.

The committee voted unanimously to recommend approval of the Consent Report. A copy of the consent report is on file in the Board Office.

PROMOTION AND TENURE RECOMMENDATIONS

Executive Vice President and Provost Bruininks introduced the promotion and tenure recommendations which were included in the docket materials. Bruininks explained the process used to determine the recommendations. Acting Vice President Carrier and Vice Provost Robert Jones highlighted information from of this year's process.

Carrier explained that the promotion and tenure process is a long and stressful one. Candidates start to prepare the summer before they are reviewed. Throughout the next nine months, a number of reviews and votes are conducted. There were 151 cases reviewed this year. Ninety-four percent of those reviewed had a positive action taken.

Carrier noted that because this is such a critical process, department chairs are getting more training and instruction on the process and how they can support candidates.

In response to a question from Regent Bergland, Jones explained that there are a number of initiatives in place that will make a significant difference in the University's ability to retain faculty of color. For the first time this year, the percentage of faculty of color exceeded 10 percent.

Student Representative Sheehan asked if there are statistics on faculty of color broken down by campus. Carrier explained that it was not included in the docket materials but she would provide it to the Board.

A motion was made and seconded, and the committee voted unanimously to recommend approval of the promotion and tenure recommendations.

BOARD OF REGENTS POLICY: TUITION

Executive Vice President and Provost Bruininks explained that the current policy on tuition calls for undergraduate rates of tuition to be the same for all undergraduate students on each campus by the academic year 1998-99. The Board of Regents made the decision to equalize lower and upper division undergraduate tuition rates in order to promote the retention of upper division students who, as a general rule, are often receiving less financial aid from the University and fewer dollars in support from their families than are freshmen and sophomores. While the intent and goal of this subdivision of the policy remains, the administration is recommending a longer phase-in period for implementation of the equalization of tuition for lower and upper division students. Changing the implementation date to no later than 2000-2001 would allow an additional two year phase-in period which would in turn allow for a less dramatic, more gradual increase in the lower division tuition rate.

In addition to the above noted change, the administration is recommending that the tuition policy language be amended to conform to the current administrative structure by changing the titles of the responsible senior officers.

In response to a question from Regent Hogan, Peter Zetterberg, Director of the Office of Planning and Analysis, explained that in order to equalize tuition rates, the freshman rates will be higher; however, he does not believe it will affect enrollment of non-residents. The advantage of extending the phase-in period of equalized rates is that the tuition increase from year to year will be smaller. While equalization won't change the University's ability to recruit non-resident students, it will greatly improve our ability to retain them, especially from the sophomore to junior year.

Student Representative Toftey asked why scholarships, fellowships and student aid statistics show a decrease in expenditures when tuition rates are rising. Zetterberg stated that the decline in expenditures is because the University is employing fewer graduate students as research and teaching assistants. The greatest dollar expenditure for reported University financial aid is both tuition waivers and tuition remission benefits for teaching assistants and research assistants. Zetterberg stated that the University has been increasing funding for its existing scholarship programs, both at the central and college level.

Toftey noted that the Presidential Outstanding Scholarship program is a two-year award, and suggested that, since statistics show that family financial support decreases by the third year, it would be helpful to make the scholarships available for the junior and senior years. Zetterberg stated that this has been discussed, but the lack of funding has not yet made it possible.

Bruininks added that the issue of scholarship aid is critical and the University must do better to raise the level of scholarship support for undergraduate, graduate and professional students.

Regent Hogan requested that the Board receive a thumbnail sketch of what the long-term effects of the increases of in-state and out-of-state tuition levels will be, not only for the Twin Cities, but the coordinate campuses.

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

BOARD OF REGENTS POLICY: RETIREMENT AND TERMINAL LEAVES

Executive Vice President and Provost Bruininks stated that since 1982, the University has been offering a phased retirement program to allow senior faculty to phase in their retirement over a period of time. The program structure, benefits p 267

267package, and eligibility criteria has varied depending upon the needs of the institution and the faculty. The current policy now stipulates that such phased retirement agreements may last up to five years and during the phase-out period faculty may reduce their percentage of appointment to as low as 25 percent time. A health care subsidy is available to faculty on phased retirement who are working 50 percent time or more. No health care subsidy exists once the phased period is over and the individual retires.

Vice President Carrier explained that the phasing out aspect of retirement has been very popular for faculty members who are considering retirement because they can phase out over a five-year period. Because the issue of health care benefits is so important to faculty members when considering retirement, the administration is recommending two enhancements to the current policy: 1) increasing eligibility for subsidized health benefits prior to actual retirement by allowing faculty on the phased

subsidy, and, 2) provision of subsidized medical and dental coverage for retired faculty for up to 48 months or until the last day of the month in which the employee becomes eligible for Medicare, whichever occurs first with a minimum subsidy of 24 months.

Seventy-nine people have entered into phased or enhanced phased retirement agreements with the University since 1995. All individuals currently on phased retirement agreements who have not yet retired as well as all new individuals signing phased retirement agreements with the University would be eligible for the proposed upgrades.

Bruininks explained that the enhancements to the phased retirement program will be a great benefit to the University because there is predictability in budgeting. Phased retirement allows faculty members to maintain an active engagement in the academic life of their department or college, and the University has the benefit of keeping talented people engaged in academic life during the transition period. Bruininks stated that the benefits will far outweigh the costs. Bruininks said he is not enthusiastic about buyout retirement plans because the transition costs to the University are high and it can be a stressful transition for students and colleagues when recruiting new faculty members.

Regent Neel expressed his support for the proposal and noted that most faculty members are highly productive, and if they say they are going to go 50% time, the institution is still likely to get 75% or more from these employees.

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

The meeting adjourned at 11:15 a.m.



STEVEN BOSACKER
Executive Director and
Corporate Secretary

UNIVERSITY OF MINNESOTA

BOARD OF REGENTS

Committee of the Whole

May 7, 1998

A meeting of the Committee of the Whole of the Board of Regents was held on Thursday, May 7, 1998, at 2:00 p.m. in Room 238, Morrill Hall.

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; Vice Presidents Christine Maziar and McKinley Boston; Interim Vice Presidents Eric Kruse and Terry O'Connor; General Counsel Mark Rotenberg; Executive Director Steven Bosacker; and Associate Vice Presidents Rusty Barcelo and Clint Hewitt.

Student Representative present: Maureen Sheehan.

CONSENT REPORT: EDUCATIONAL PLANNING & POLICY COMMITTEE

Executive Vice President & Provost Bruininks presented the consent report for the Educational Planning & Policy Committee, noting the following item for approval:

- Approval of the reappointment of the following individuals to the Arboretum Foundation Board of Trustees for a three-year term: Ralph Bashloum, Lloyd Brandt, and Patrick Rowland.

It was noted that there is still one vacancy for a new appointment. Candidates are currently being evaluated and a recommendation will be presented for approval at the June 1998 meeting.

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

CONSENT REPORT: FINANCE & OPERATIONS COMMITTEE

Executive Vice President and Provost Bruininks distributed a revised consent report which contained the following purchase of goods and services over \$250,000 for approval:

- BioRad Corporation for the purchase of a photon confocal microscope for use by researchers in Cell Biology and Neuroanatomy at an estimated cost of \$252,000. BioRad bought the rights for selling the microscope from Cornell University and has exclusive rights in making this instrumentation. BioRad is the only source for this technology. This is a negotiated purchase with the sole manufacturer at a 25% discount off list.

- D&K Wholesale Drugs to purchase pharmaceuticals for use by Boynton Health Service clinics. The contract is for one year at an estimated \$1,500,000. This is a multistate contract awarded to the best proposal.
- Gateway 2000 for a contract to purchase portable computers through December 2001 for use by students in the College of Veterinary Medicine at an estimated cost of \$972,000. This is an award to the best proposal.
- Minnegasco to provide gas delivery services for a long-term fixed negotiated discount from the full tariff annual rate of \$900,000. This contract was selected over several other options because it combines cost effectiveness with low risk to the University.
- Nationwide Papers for copy paper for stocking and resale to University departments by University Stores. The contract is for one year with four annual options to renew. The first year volume is estimated at \$640,940. This is an award to the low bidder.
- Unisource for recycled copy paper for stocking and resale to University departments by University Stores. The contract is for one year with four annual options to renew. Volume is estimated at \$501,650 through August 31, 1999. This is a multi-state contract awarded to the low bidder.
- Viking Press for the purchase of printing and mail preparation for the University College catalog and response postcard for 1998-99 at an estimated cost of \$273,623. This is an award to the best proposal.

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

APPOINTMENT OF REGENTS' PROFESSOR

A motion was made and seconded and the committee voted unanimously to recommend approval of the recommendation of the Regents' Professor Nominating Committee.

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 March 31, 1998 for the Board of Regents Office, the Office of the President, and Eastcliff Maintenance are hereby approved.

SOUTH MALL UPDATE

Interim Vice President Kruse and Associate Vice President Hewitt presented an update on the progress of the south mall project.

Kruse reviewed the proposed south mall project team organization to ensure oversight and support of the high level design and construction activity for this project.

The organization of the project team consists of the president and executive committee, the Associate Vice President for Facilities Management, an executive manager, a master planning consultant, the South Mall Advisory Committee, and seven project teams. A dean or vice president is identified to ensure oversight and responsibility for each project team. Each project team will have an owner representative from Facilities Management responsible for the management of the design and engineering consultants, construction contracting, and coordination of the University functions. There is also a program representative for each project team. A schematic of the organization structure is included in the docket materials.

Kruse reviewed the timeline for the south mall projects beginning in May 1998 with completion estimated for August 2000. He explained that the projects are scheduled concurrently which should ensure success in completing the projects according to the timeline.

Hewitt addressed the urban design process. Ken Greenberg, the urban design consultant, will review the design concepts and be involved in developing urban design guidelines to ensure that the designs are consistent with the master plan.

Regent Phillips urged that students be a part of the process as they are the primary stakeholders of the projects.

In answer to a question from Regent O'Keefe, Kruse explained that the design guidelines will be developed by the urban design consultant with counsel from the South Mall Advisory Committee. Once the guidelines are developed, the seven projects will be operated as individual projects, however, it is recommended that one firm be appointed to serve as the owner representative for all of the projects to ensure consistency of the guidelines. The guidelines will be presented to the Board for approval in December 1998.

Regent Bergland asked about relocation space for individuals during the construction period. Kruse responded that a plan is being developed to relocate individuals around the campus.

In response to a question from Regent Larson with regard to environmental impact studies, Hewitt reported that the University has a responsibility to ensure that any environmental issues are addressed.

Bergland asked if there is an agreement with the Minneapolis Park Board with regard to these projects. Hewitt responded that there is no specific contract with the Minneapolis Park Board, however, a member of the park board will be serving on the advisory committee.

It was also noted that the individuals who will be served by the new buildings, will be represented on the individual project teams.

QUARTERLY FACULTY CONSULTATIVE COMMITTEE REPORT

Victor Bloomfield, Chair of the Faculty Consultative Committee (FCC), presented the committee's quarterly report. He highlighted the issues that the FCC consider to be the most important to the faculty and the University.

Faculty salaries continue to be the number one priority for faculty. While the FCC appreciates the efforts of the Board and administration which have resulted in the delivery of significant increases for the 1997-98 academic year, it cautions that "the job is not done." A preliminary analysis of the results of the 1997-98 increases suggest that the University made some, but unfortunately slight, progress. The FCC stresses that

faculty salaries must remain the highest priority of the University if the University is to remain an outstanding institution in the country.

Other issues of major concern to the FCC are the salaries of professional and administrative staff; the creation of an academic advisory committee for the Twin Cities campus; support provided to faculty; and the effects of the implementation of incentives for managed growth.

Bloomfield reported that while the committee has a number of concerns, the FCC is approaching the issues with guarded optimism. The actions taken by the Board and the administration over the last year have led to a significant increase in confidence that everyone is working toward the same goals. The FCC looks forward to continued effective cooperation and shared governance in the future.

The committee engaged in a discussion regarding the various issues related by Professor Bloomfield. Chair Hogan complimented Professor Bloomfield for his work as chair during the past year.

MINNESOTA VIRTUAL UNIVERSITY-TECHNOLOGY INITIATIVES

Executive Vice President & Provost Bruininks introduced the discussion regarding technology initiatives relating to the Minnesota Virtual University. This presentation is intended to build on the February and March discussions providing the Board with information to aid in making policy decisions relating to virtual education.

Vice Provost Ann Hill Duin reported that the Minnesota Virtual University (MnVU) is a customer driven gateway to Minnesota higher education. MnVU will increase access to Minnesota higher education and will maximize the efficiency of statewide higher education in four areas: marketing, access, holding and routing of transcripts (credit bank), and performance assessment. With the present level of funding (Phase One), MnVU will develop a college catalog and course schedule.

The catalog will have a course inventory of credit courses associated with academic programs as well as continuing education and custom service courses. Individuals will be able to search by program or course title, program or course description, institution or geographic area, mode of delivery, etc.

The Technology Enhanced Learning (TEL) Initiative currently underway is part of the University of Minnesota's preparation for teaching and learning in these new environments. On May 20, 1998, a TEL Conference and Exhibit will be held at Coffman Union. Seventy-five TEL projects will be showcased, 20 innovation awards will be presented, and special sessions will focus on training faculty and staff in the use of innovative technologies in teaching and learning. In addition, 29 TEL small grants and 17 TEL projects identified through the college compact planning process are now underway in colleges and campuses systemwide.

Bruininks added that a goal of this effort is to build the capacity of the University of Minnesota for its faculty and students. Training and development of faculty and staff play a major role in the initiative. Investments have been made in the Digital Media Center, in the education development systems affiliated with the Minnesota Extension Service, and at the University of Minnesota Crookston to aid in the training and development efforts. Investments will also have to be made to upgrade classrooms to accommodate the technology needs that are required.

In response to a question from Regent Spence, Duin reported that strategic plans have been prepared for the next three years that will require requests for funding.

Regent Hogan asked if the administration is confident that the policy issues surrounding the virtual university concept are being addressed. Duin responded that the policy issues are being reviewed and discussed. There are a number of issues that need to be addressed with regard to the partnership programs that relate to tuition, financial aid, residency requirements, credit banks, and learning portfolios.

Regent O'Keefe asked that a workplan be developed on how issues are identified, how the issues will be addressed, and which issues will be before the Board for discussion. Bruininks indicated that he anticipates that a proposal will be prepared for the Board in the next two to three months.

UNDER-PREPARED STUDENT & GENERAL COLLEGE REPORT

Executive Vice President & Provost Bruininks introduced the discussion relating to two reports: *The Report of the Task Force on Under-prepared Students* and *The Report of the External Review Committee of the University of Minnesota General College*. This discussion is intended to provide the Board with an overview of the current status relative to the General College strategic planning and development process and will address policy issues surrounding the institution's longer-term strategy for General College and the provision of education to students who are academically under-prepared for college level course work.

Dean David Taylor addressed *The Report of the External Review Committee of the University of Minnesota General College*. The review was conducted in response to a request from the Board of Regents for a taskforce to identify and assess programs designed to assist under-prepared students at the University of Minnesota. The review process began with an extensive self-study by the college, a review of the self-study by members of the external review committee, and a campus visit by the committee. The topics reviewed by the committee included: overview, mission, curriculum, assessment, research, the faculty, the student experience, college organization, and governance.

Taylor reported that the committee concluded that General College has and will continue to play an important role within the University and the state of Minnesota. It is the center of programs dedicated to student access, learning, and support. The General College is an academic community poised to assume national research leadership in developmental and multicultural education. Recommendations were submitted for each of the topics reviewed in the spirit of what it will take for the college to fully realize its mission and establish its place within the larger University community. Taylor highlighted four of the most important recommendations contained in the report:

- A commitment from the University to provide a period of stability for planning and program implementation.
- Commitment to enacting a systematic plan for assessing student learning, including providing a faculty position to support assessment activities.
- Providing senior faculty leadership for research activities in the fields of developmental and multicultural education.
- Commitment to a thorough review of the curriculum and its delivery including the necessary faculty development needed to support implementation of the curriculum.

Professor Shirley Garner, Chair of the Task Force on Under-Prepared Students, reviewed a summary of the *Report of the Task Force on Under-Prepared Students*. The task force considered various types of under-prepared students and elected to focus its report

on academically under-prepared students defined as those whose scores on standard admission criteria are lower than the score needed for automatic admission. The committee's deliberations concluded with the following recommendations:

1. The Regents and President should affirm the importance of admitting a diverse student population, in order to fulfill the University's missions of including the range of the state's constituencies and of generating and disseminating new knowledge.
2. The Regents and President should affirm the University's responsibility to include the range of the state's constituencies, continually renewing the linkage between the University and the community.
3. The Regents and the President should affirm their support for admitting under-prepared students as part of the mission and responsibility described above.
4. The Executive Vice President and Provost should assign responsibility for analyzing the success of admitted, under-prepared students, so as to identify and enhance effective measures.
5. The President should allocate resources or secure additional funding for this crucial part of the University's work.
6. The Regents and the President should continue to work closely with the MnSCU leadership, cooperating to enhance service to under-prepared students.

In response to a question from Regent Reed regarding the type of under-prepared student the University is seeking to serve, Garner noted that "the notion of diversity in the University is not fixed but continually changes." She continued, quoting from a description of General College, "it serves those students who can best benefit from early integration into the University and who are willing to direct their energies to a rigorous baccalaureate education."

Regent Reed asked how effectiveness is measured. Bruininks responded that the diversity of the student body is an important measure. Other measures of success include retention of students, graduation rates, and post-baccalaureate achievements.

Regent Bergland asked if addressing the needs of under-prepared students begins in high schools. Garner responded that it does. Taylor added that there are a number of programs being established at high schools around the Twin Cities to aid in providing access to the University for the under-prepared student.

The meeting adjourned at 4:42 p.m.



STEVEN BOSACKER
Executive Director and
Corporate Secretary

UNIVERSITY OF MINNESOTA

BOARD OF REGENTS

Committee of the Whole

May 8, 1998

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

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

Staff present: President Mark Yudof; Chancellors David Johnson and Donald Sargeant; Executive Vice President and Provost Robert Bruininks; Senior Vice President Frank Cerra; Acting Vice Presidents Carol Carrier and Thomas Swain; Interim Vice Presidents Eric Kruse and Terry O'Connor; General Counsel Mark Rotenberg; Executive Director Steven Bosacker; and Associate Vice Presidents Rusty Barcelo, Jane Canney, Gerald Fischer, Richard Pfutzenreuter, and Georgina Stephens.

Student Representative present: Maureen Sheehan.

DOMESTIC VIOLENCE AWARD

Recognition was given to Jamie Tiedemann and the University of Minnesota's Program Against Sexual Violence, a unit of Student Development & Athletics, for being the recipient of a Department of Justice award for outstanding service on behalf of victims of crime.

**RECOGNITION OF DISTINGUISHED McKNIGHT
UNIVERSITY PROFESSOR AWARDS**

Recognition was given to the 1998 recipients of the Distinguished McKnight University Professorship award. This award honors and rewards the highest-achieving faculty at the University of Minnesota who have recently attained full professor status. The recipients are:

Wei-Shou Hu
Chemical Engineering and Materials Science

Richard D. James
Aerospace Engineering

Charles A. Nelson
Child Development

Keith A. Olive
Physics and Astronomy

C. Ford Runge
Applied Economics

Steven S. Smith
Political Science

RECOGNITION OF ACTING VICE PRESIDENT TOM SWAIN

Recognition was given to Tom Swain for his service as Acting Vice President for Institutional Relations since July 1996. Swain briefly addressed the committee.

FY99 UNIVERSITY BUDGET

President Yudof presented the FY99 University budget for review. The FY99 budget plan of approximately \$1.6 billion represents the culmination of an intense year of budget planning and development supported by the new compact planning and budgeting process. The University had great success during the past year with respect to obtaining new operating and capital resources from the legislature. The FY99 budget was based on the following four guiding principles: 1) the budget is balanced; 2) investment priorities have been accomplished; 3) careful use of one time resources has been achieved; and 4) operating reserves have been maintained.

Highlights of the proposed budget indicate that tuition revenue increases from undergraduate rate changes will be held to 3.0 % on the Twin Cities and Crookston campuses and 4.3% on the Duluth and Morris campuses. For FY99 the budget allocates roughly \$24 million for compensation for faculty and staff. The budget plan distributes approximately 75% of all available recurring funds to faculty and staff compensation. The budget calls for significant new investments in academic programs. A total of \$22.5 million in recurring and non-recurring funds has been reserved for distribution to the new academic programs in molecular and cellular biology, digital technology, design, new media, and agriculture research and outreach. It is believed that the investments in new academic programs are essential to maintain and enhance the reputation and quality of the University.

Yudof reported that the University received \$87.5 million in new funding for FY99. The increase was achieved from 1997 and 1998 state support, internal savings, administrative cost reductions, new tuition revenue, and new indirect cost recovery revenue. It represents both recurring and non-recurring funds. He reviewed the financial framework and explained how the new resources will be distributed and how they flow down into investment priorities. He stressed that funding received from the 1998 session will be spent in the areas where the Legislature has the expectation it will be spent. He reviewed the FY99 institutional budget priorities and provided information on the financial outcome of the 1998 supplemental state request.

Regent Reagan asked for an estimate on the compensation costs for hiring additional faculty to meet the needs of the new initiatives. Yudof responded that total compensation packages, including fringe benefits, vary by area between \$140,000 to \$200,000 for each professor.

Executive Vice President & Provost Bruininks highlighted the details of the budget. The proposed budget is strategically focused and value centered. It supports excellence through academic investments and compensation strategy and supports the University's commitment to diversity through investments in a number of important programs. It has substantial investment in the areas of teaching and learning.

Bruininks reviewed the proposed compensation plan totalling \$24.2 million. He provided a comparison of where the University of Minnesota ranks among the top research universities in terms of faculty salaries now and where it will rank assuming an increase in FY99 of 7.5% for Minnesota and a 4.0% increase elsewhere in the nation.

Bruininks discussed tuition rates, providing the rationale for the proposed rates and explaining how the rate increases were established to conform with the tuition

guidelines adopted by the Board April 11, 1997 that call for work toward a single undergraduate resident tuition rate for each campus.

Information was also provided regarding federal and state financial aid changes. Combined Pell Grant and Minnesota State Grant awards to the neediest full-time students have been increased very significantly for 1998-99 over the 1996-97 levels. Regent O'Keefe commented that the increase of financial aid should lessen the hardship of the tuition increases for the neediest students.

Proposed student fees for all campuses were provided along with other rate and fee increases relating to auxiliary operations, unit specific fees, and course fees.

Regent Larson asked that the Board be provided with a comparison of total salary packages, including fringe benefits, with the other top 30 research institutions. Yudof responded that he will provide information relating to the compensation issue including cost-of-living data when all of the colleges have submitted their compensation information.

In response to a question, Bruininks reported that the compensation information included in the materials represents only the Twin Cities campus. Similar data for coordinate campuses can be provided. He noted that the most serious problems with regard to competitive compensation at the present time relate to the Twin Cities campus.

Student Representative Sheehan referred to a decreased amount for scholarship and fellowship expenditures, asking how it will affect the University's ability to compete for the best graduate students. Bruininks reported that this issue affects all research institutions. It is an important issue for all colleges at the University of Minnesota and will be a priority as the budget and financial framework are developed for the future. He added that the material does not reflect the other types of support that are provided to students that are on sponsored programs such as research assistantships at the undergraduate and graduate levels.

Regent Spence asked if the course fees recommended are in compliance with Board policies. Bruininks responded that when possible, the intent of Board policy has been followed. Independent course fees have been discouraged, however, in some areas, the courses provided do carry extraordinary costs. If a course fee makes sense, there has not been an attempt to eliminate them. Spence stated that the Faculty, Staff & Student Affairs Committee has reviewed the fees in the past and she would request that they continue to be presented to the committee to assure compliance in the future.

Regent Reed asked about a prudent level for reserves and what the future trajectory is for the reserves. Associate Vice President Pfutzenreuter responded that the Board has a policy that states that "reserves should not be reduced to less than \$40 million under normal circumstances." There are pressures on the reserves relating to potential future liabilities, however, for the past few years the reserves have been maintained at approximately \$50-\$55 million. Regent Metzen expressed concern that relative to the total budget, a \$40-\$50 million reserve may not be adequate. President Yudof said that they will review the issue with the Finance & Operations Committee to determine an appropriate percentage level for reserves.

Regent Larson asked if the Board could be provided with information relating to how the proposed budget reflects the University's goals relating to diversity and violence reduction.

FY99 CAPITAL BUDGET

President Yudof presented the proposed FY99 Capital Budget for review. The capital budget is guided by the "Capital Plan for the Support of Academic Programs in the Twenty-First Century." It authorizes projects for FY99 including those approved in the 1998 session and other University capital initiatives and continues to support the six-year planning framework. It recommends approval of \$392 million in University projects. The major components include \$207 million for projects in the University's 1998 capital request; \$17.7 million for the permanent and temporary relocation of programs required to implement the 1998 session capital projects; \$60 million in parking replacement construction projects, and the beginning of a five-year \$46 million program to replace windows, roofs and masonry on the Twin Cities campus. Yudof talked briefly about each of the major components. The outcome of the FY99 capital budget for the north and south mall will result in the complete renovation of Walter, Ford, and Murphy Halls; partial renovations and additions to Amundson and Architecture; a new facility for the Institute for Molecular & Cellular Biology with replacement parking; completion of a number of roof, window and masonry replacements; and completion of health and life safety projects. He noted that projects relating to Molecular & Cellular Biology (Phase I), Architecture, Ford, and Murphy Halls must be completed by June 30, 2002 or the University of Minnesota must pay one-third of the state's debt service on all the other projects.

As the need for parking increases, Regent Metzen suggested that University administrators engage in discussions with the state regarding the light rail system proposed for the Twin Cities and how it will affect the University. Yudof responded that the issue is being explored.

In response to a question from Student Representative Sheehan, Yudof reported that parking rates will rise as flat parking surfaces are replaced with underground garages or above-ground ramps. The increases that will be experienced this year correlate with the rate of inflation, however, future needs will require higher rates for parking or subsidies to cover the costs.

The meeting adjourned at 11:40 a.m.



STEVEN BOSACKER
Executive Director and
Corporate Secretary

UNIVERSITY OF MINNESOTA

BOARD OF REGENTS

May 8, 1998

A meeting of the Board of Regents of the University of Minnesota was held on Friday, May 8, 1998 at 11:31 a.m. in Room 238, Morrill Hall.

Regents present: William Hogan, presiding; Robert Bergland, Julie Bleyhl, Warren Larson, David Metzen, 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; Interim Vice Presidents Eric Kruse and Terry O'Connor; General Counsel Mark Rotenberg; Executive Director Steven Bosacker; and Associate Vice Presidents Rusty Barcelo and Gerald Fischer.

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 - April 2, 1998
Educational Planning & Policy Committee - April 9, 1998
Finance & Operations Committee - April 9, 1998
Committee of the Whole - April 9, 1998
Board of Regents Meeting - April 9, 1998
Litigation Review Committee - April 15, 1998

REPORT OF THE PRESIDENT

President Yudof commented briefly on work that lies ahead for the University specifically in regard to future legislative requests. He stressed that the success at the legislature this year was in part due to the united front by all constituencies that supported the University's request. He urged Regents, faculty, and staff to remain united as future requests are presented.

REPORT OF THE CHAIR

Chair Hogan reported that four regents attended the Association of Governing Boards national conference in Nashville, Tennessee in April.

The Board held a retreat on April 29. The discussions were informal and a number of good issues were raised. A summary of the retreat will be forthcoming.

Three more fireside chats have been held, bringing the total number completed to five. Ten more external chats are being scheduled throughout the state. Good ideas and valuable input for improving the University's systems of research and technology transfer have evolved from these gatherings.

Hogan thanked members of the Board for their participation in the many commencements that are scheduled for the spring.

A public forum on the University Budget will be held Thursday, May 28, 10:00 a.m. in Coffman Memorial Union.

RECEIVE AND FILE REPORTS

Chair Hogan noted the receipt and filing of the Quarterly Grants and Contracts Report; Report on Diversity; and Civil Service Committee Report.

GIFTS

Associate Vice President Gerald Fischer presented the monthly list of gifts for March 1998 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 May 7, 1998

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

- a) Approval of the Consent Report for the Educational Planning and Policy Committee as presented to the committee in the docket material with highlights listed below:
 - Reappointment of Ralph Bashioum, Lloyd Brandt, and Patrick Rowland to a second three-year term on the Board of Trustees of the Minnesota Landscape Arboretum Foundation.
- b) 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.
- c) Approval of the recommendation from the Regents' Professor Nominating Committee.
- d) Approval of a resolution relating to the Quarterly Summary of Expenditures, as follows:

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

The committee voted unanimously to approve the recommendations of the Committee of the Whole.

Hogan reported that the committee also received an update on progress of the south mall project; reviewed the quarterly Faculty Consultative Committee report;

reviewed information on technology initiatives that relate to the Minnesota Virtual University; and reviewed a report on under-prepared students and General College.

REPORT OF THE COMMITTEE OF THE WHOLE
May 8, 1998

Regent Hogan, Chair of the committee, reported that the committee reviewed the proposed FY99 University and capital budgets. Recognition was also given to the 1998 Distinguished McKnight University Professors and to outgoing Acting Vice President Tom Swain.

REPORT OF THE EDUCATIONAL PLANNING & POLICY COMMITTEE

Regent O'Keefe, Chair of the committee, reported that the committee did not meet this month.

REPORT OF THE FINANCE & OPERATIONS COMMITTEE

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

REPORT OF THE FACILITIES COMMITTEE

Regent Reagan, 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. Increase the budget for the Minnesota Library Access Center Project by \$5,000,000 to \$46,350,000.
- b) Approval of the schematic plans for the Amundson Hall Molecular Materials Addition and Renovation Project with authorization for the appropriate administrative officers to proceed with the development of construction documents and construction, contingent upon Board approval of the FY99 Capital Budget.
- c) Approval of the schematic plans for the Walter Digital Technology Center/Science and Engineering Library Project and authorization to proceed with the development of construction documents and construction, contingent upon Board approval of the FY99 Capital Budget.
- d) Approval of the schematic plans for the Women's Intercollegiate Athletics Softball Complex Project and authorization to proceed with the development of construction documents and construction, contingent upon Board approval of the FY99 Capital Budget.
- e) Approval that the appropriate administrative officers are authorized to execute the appropriate documents providing for the following real estate transactions:

1. Sale of 33.3 acres at the West Central Experiment Station, Morris.
2. Purchase of 50 acres from Riley Brothers Partnership/Robert Valness (West Central Experiment Station, Morris).

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

Reagan reported that the committee also received an update on the Gateway Project; discussed the capital project design guidelines process; and reviewed a number of information items relating to the intercampus natural gas pipeline and the capital projects schedule.

REPORT OF THE FACULTY, STAFF & STUDENT AFFAIRS COMMITTEE

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

- a) Approval of the Consent Report for the Faculty, Staff & Student Affairs Committee as presented to the committee in the docket material with highlights listed below:
 - Appointment of Donna Peterson as Interim Vice President for Institutional Relations effective May 1, 1998.
- b) Approval of the promotion and/or tenure recommendations listed in the docket material effective with the beginning terms of appointment in 1998-99, including the recommendations for the University of Minnesota, Duluth in accord with the agreement between the Regents of the University of Minnesota and the University Education Association.

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

Bleyhl reported that the committee also reviewed a number of information items relating to personnel issues and various reports and reviewed proposed revisions to the Board of Regents Policy: Tuition and the Board of Regents Policy: Retirement and Terminal Leaves.

REPORT OF THE AUDIT COMMITTEE

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

- a) Adoption of the Board of Regents Policy: Internal Controls as presented to the committee and contained in the docket material.

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

Larson reported that the committee also reviewed the annual internal audit plan; the external audit plan; and the semi-annual Controller's Report.

REPORT OF THE LITIGATION REVIEW COMMITTEE

Regent Phillips reported that the Litigation Review Committee met on April 15, 1998 to discuss attorney-client privileged matters and there were no actions taken at the meeting.

The meeting adjourned at 12:02 p.m.



STEVEN BOSACKER
Executive Director &
Corporate Secretary

**UNIVERSITY OF MINNESOTA
BOARD OF REGENTS**

MINUTES

BOARD OF REGENTS MEETINGS

AND

COMMITTEE MEETINGS

**May 28, 1998
June 9-12, 1998
June 18, 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

May 28, 1998
June 9-12, 1998
June 18, 1998

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UNIVERSITY OF MINNESOTA

BOARD OF REGENTS

Board of Regents Public Forum on the University Budget

May 28, 1998

A Board of Regents Public Forum on the fiscal year 1999 University budget proposal was held on Thursday, May 28, 1998 at 10:00 a.m. in the Theater of Coffman Memorial Union.

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

Staff Present: President Mark Yudof; Executive Vice President and Provost Robert Bruininks; Vice Presidents McKinley Boston, Eric Kruse, Michael Martin, Terrence O'Connor, and Donna Peterson.

Regent Patricia Spence, Vice Chair of the Board, welcomed the participants and observers to the public forum. She stated that the Board reviewed the proposed budget at their May 7 & 8 meeting and will vote on the budget on June 12, 1998. The forum was an opportunity for the Regents to listen to their comments and concerns.

Victor Bloomfield

Dr. Bloomfield, Chair of the Faculty Consultative Committee, stated the Committee's continued attention to faculty salaries and better support for faculty sabbaticals. He stated that the University ought to be in the same class as Michigan and UCLA, and in order to do that the faculty must have at least two more years of the same salary increases as this year. The committee urged reinvestment in faculty and personnel development through a better sabbatical system that would allow a semester leave with full pay after seven years, one that would equal that available at other universities. He stressed that reinvestment in intellectual renewal is vital to the University.

John Cahoy

John Cahoy, current Student Representative to the Board of Regents, stated the many things about the University that affect him: campus clean up, retention of good faculty, support from the legislature, work on a research project with a faculty member recruited by another campus. Cahoy supports a 2.5% tuition increase (rather than the 3% proposed in the budget), and hoped the Board and administration would provide clear reasoning for the higher increase.

Don Cavalier

Don Cavalier, Chair of the Civil Service Committee, explained that this committee represents over 4,000 employees on all campuses and serves in an advisory capacity to the President and the Board. They are looking forward to and optimistic about working with the compact system for budgeting and development. The committee noted five major goals:

1) salary and compensation levels that address competitiveness; 2) improving the current job classification system; 3) improved job mobility and classifications; 4) continuation of training programs; and 5) closer review of the elimination of employees.

Dr. Fred Morrison

Dr. Morrison, Chair of the Senate Finance & Planning Committee, commented on the University of Minnesota's good fortunes, especially regarding legislative support. He noted one concern: that the libraries face the same funding crunch for operations and acquisitions as other Universities and heralded the Libraries Task Force that has been established.

Nikki Kubista

Nikki Kubista, President of the Minnesota Student Association, requested that the Regents consider keeping tuition increases at 2.5% and continue to support more scholarships. She relayed her personal story which emphasized how expensive a college education is, with tuition, food service, housing costs, parking, health care, child care, etc. The University "as a package" is expensive and the costs affect its accessibility to the people of the state.

G. Lee Raeth

G. Lee Raeth, President of the Minnesota Association of Extension Educators, also is the Extension Educator in Wright County. He reported that a salary study started in 1992 to address extension educator salaries (P & A class) and their unique position has not been addressed. He stressed and identified the opportunities for extension educators to play a more vital, ongoing role at the University. The challenges for them include recruiting and retaining high quality individuals, their current noncompetitive spot in the marketplace and learning how to find additional resources to fund the opportunities to reach the citizens of the state.

Craig Johnson

Craig Johnson, Chair of the Academic Staff Advisory Committee, noted there are approximately 3,000 professional and academic staff at the University. He reported the salary plan is much improved over last year, but stressed their organization's support of a proposal for a shared salary plan with faculty which would have had a 5.5% increase for both. In that plan central administration would fund the entire increases, therefore letting all monies go for salaries and result in the return to a shared compensation plan. He also stressed the need for a comprehensive future plan should the University's funding level from the legislature drop.

Kate Bischoff

Kate Bischoff, currently a political science student, voiced her concern about the tuition increases. She stated that these increases are traumatic, especially for non-traditional students whose other costs are fixed and increasing as well. Ms. Bischoff noted that IMG will create incentives for departments to create and schedule classes, but her greatest concern is for the low-enrollment classes required for majors that are not popular classes. She thinks that IMG may compound problems between the "have" and "have not" departments that will impact students.

Amanda Perlman

Amanda Perlman, representing the Disabled Student Cultural Center and SHAC (Student Health Advisory Committee), spoke regarding the concerns of disabled students on campus. She noted the increases in parking and transportation with no increase in

service planned, as opposed to the denial of service of the Paratransit Service over the summer months of \$5,500 for ten weeks of service. She also urged the Regents and the administration to "put your money where your mouth is" regarding funding of multicultural centers. Lastly, she urged the Regents and the administration to address the issue of faculty and staff health insurance so individuals do not take a risk to work at the University.

Amy Kaler

Amy Kaler, a University employee in the Department of Sociology, urged the Regents and the administration to support recommendations for graduate assistant health insurance that includes affordable dependent care. Ms. Kaler specified reasons changes must be made that include: a) cost of dependent insurance on the open market is \$243/month from a salary of less than \$1,000 per month; b) graduate assistants must go to MnCARE, even though employed by the University; and c) lack of affordable care for children. She noted that graduate students are the backbone of the teaching mission of the University -- please give them the respect they deserve and the ability to take care of their families.

Professor David Lipset

Professor David Lipset, Department of Anthropology, strongly supports the development of a women's soccer complex on the St. Paul Campus for the following reasons: very few games are scheduled and they last only a couple of hours each; the audience would minimally increase from its current level; advantage of being able to walk to the game in one's own neighborhood; low ticket prices and family-friendly; opportunity to support and cheer authentic student-athletes; and free promotion for the neighborhood. Finally, he stressed the opportunity for community children to increase their soccer skills by attending games and urged the Regents to let the Lady Gophers be an asset to the neighborhood.

Lei Guang

Lei Guang, a Graduate Assistant in the Department of Political Science, spoke in support of health care for international students. By law international students may work only 50% time on campus, they and their spouses cannot work off campus at any time, and most forego health insurance because it is too costly. He stressed that a sickness could ruin their lives.

Marie Milsten Fiedler

Marie Milsten Fiedler, a staff member of the Sociology Department, emphasized the issues of parking cost increases and the continued decrease in clerical and support staff. The parking increase for an individual making less than \$25,000 represents a 4% increase. She believes that to do the same work with less staff, more training and retraining funding is needed.

Jigar Madia

Jigar Madia, former MSA president and currently a junior in political science, spoke in support of keeping the tuition increase next year to 2.5%. He stated that students still believe 2.5% is a reality, especially with the strong position the University is in after the legislative session. A 1.2% increase is significant when students must provide everyday needs in addition to tuition. He believes the University must strongly justify every single dime more than 2.5%; since supporting the University is a shared responsibility, students wish to work with the administration and pay their fair share.

Catherine Orr

Catherine Orr, a graduate student in Speech Communication and Women's Studies, reviewed the salary structure for graduate students at the University of Minnesota. The take-home salary of today's teaching assistants is \$868 per month for 9-month appointments (this is below the poverty line) and has not changed since 1991. Teaching assistants take, on average, about nine years to complete a Ph.D. and help maintain the reputation of the University during their prime earning and child-bearing years. Lastly, she noted the University of Michigan pays all of its graduate students more than the highest paid graduate student at the University of Minnesota.

Marty Lloyd

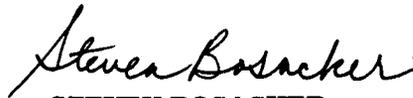
Marty Lloyd, representing the University Scholars Program, urged the Regents to provide funds to re-establish the University Scholars Program. A faculty advisor, office support and a modest budget produced a rich program for merit scholarship members of the student population, but in past years the program has dissolved to where it is now a student-run program that is ineffectual. He feels modest support for this program will enhance the quality of education for these students and add incentives to attend the University of Minnesota.

Julie Y. Lee

Julie Y. Lee, a former civil service employee, spoke in support of no further tuition increases. She believes in education, but with continual increases the University is decreasing the quality of life for students and forcing students to take longer to graduate.

Regent Spence thanked the presenters and the public for their participation in the process.

The meeting adjourned at 11:35 a.m.



STEVEN BOSACKER
Executive Director and
Corporate Secretary

UNIVERSITY OF MINNESOTA

BOARD OF REGENTS

Fairview University Medical Center Nominating Committee

June 9, 1998

A meeting of the Fairview University Medical Center (FUMC) Nominating Committee was held on Tuesday, June 9, 1998 at 11:43 a.m.

Regents present: Regent Maureen Reed, presiding. Regent H. Bryan Neel participated by telephone.

Others present: Senior Vice President Frank Cerra and Interim Vice President Terry O'Connor, ex officio members of the committee; Executive Director Steven Bosacker.

The meeting was called to order and four nominations were presented for consideration.

Regent Neel stressed that the following be taken into consideration with regard to selecting two nominees:

1. Experience of the individual candidate.
2. Diversity.
3. Geography.
4. The nominee demonstrates a good appreciation of the educational and research role that the University has with regard to FUMC.

Senior Vice President Cerra reviewed the qualifications of each nominee.

Chair Reed stressed the importance of striving for greater diversity on this board.

Reed solicited comments from all committee members (including ex officio members) prior to voting.

A motion was made and seconded and the committee voted unanimously to recommend that the names of Sam Gurnoe and S. Albert Hanser be forwarded to the Board of Regents for approval of their appointments to the FUMC Board of Trustees for three-year terms expiring May 2001.

The meeting adjourned at 12:01 p.m.


STEVEN BOSACKER
Executive Director and
Corporate Secretary

Year 1997-98

UNIVERSITY OF MINNESOTA

BOARD OF REGENTS

Design & Technology Charette for New Board of Regents Meeting Space

June 10, 1998

A Design & Technology Charette for New Board of Regents Meeting Space was held on Wednesday, June 10, 1998 at 5:00 p.m. at the Metropolitan Airports Commission boardroom (Minneapolis-Saint Paul International Airport).

Regents present: Robert Bergland, William Hogan, Warren Larson, David Metzen, Thomas Reagan, Maureen Reed, and Patricia Spence.

Staff present: Executive Director Steven Bosacker.

Also attending: Tom LaSalle, LaSalle Group Limited; Lew Moran, KKE Architects, Inc.; Antoine Predock; and Kate O'Reilly, Electronic Interiors.

The regents took a tour of the Metropolitan Airports Commission (MAC) boardroom facilities and engaged in a discussion, led by Antoine Predock, of the features they would like to see included in the new Board of Regents meeting area of the Gateway Center.

The meeting adjourned at 7:00 p.m.



STEVEN BOSACKER
Executive Director and
Corporate Secretary

UNIVERSITY OF MINNESOTA

BOARD OF REGENTS

Facilities Committee

June 11, 1998

A meeting of the Facilities Committee of the Board of Regents was held on Thursday, June 11, 1998, at 9:10 a.m. in Room 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 and Executive Director Steven Bosacker.

Student Representatives Present: Kristen Vatthauer and Scott Roethle.

INFORMATION REPORT

Interim Vice President Kruse presented the information report for June 1998 as found in the docket materials. The following items were highlighted for the committee.

Vice President Kruse informed the committee that digital pictures will be a part of all future schematic design presentations. Kruse added that the information on page six of the docket material outlining schematic plan presentations is an effort to provide the committee with consistent presentations.

Regent Reed advised Kruse that presentation of the schematic designs should be as brief as possible to maximize the time allowed for questions and discussion. Regent Reagan recommended utilizing Board staff to obtain further information if Regents have questions. Regent Spence added that some of the questions Regents have could be addressed if more details were provided in the docket materials.

Regent Metzen requested that in addition to providing information on compliance with the respective campus master plan, the committee should also be informed on when capital projects deviate from the master plan and why. Kruse stated that the Master Plan Oversight Committee which will start work within a few weeks will address such issues.

SCHEMATIC PLANS

Horticultural Research Center Laboratory Building Addition and Remodeling

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 Operations and contingent upon Board approval of the FY 1999 Capital Budget, the schematic plans for the Horticulture Research Center Remodeling and Addition Project are approved and the appropriate administrative officers are authorized to award contracts and proceed with the design and construction of the project.

In response to a question from Regent Peterson, Interim Vice President Kruse explained that although the design does not include handicap accessibility to the old building, the project still conforms with the American Disabilities Act (ADA) requirements because program arrangements are being made between the old and new buildings.

QUARTERLY CAPITAL IMPROVEMENT PLAN REPORT

Interim Vice President Kruse presented the Quarterly Capital Improvement Plan Report as contained in the docket materials.

Kruse stated that there were two major reasons for the significant progress of capital improvements outlined in the report:

- the reorganization of project delivery to be decentralized and focus on service; and
- prequalification of general contractors, architects, and engineers.

In response to a question from Regent Peterson, Kruse explained that the steam plant was basically on schedule and should be ready to operate this fall. Several of the committee members requested a tour of the facility.

The meeting adjourned at 9:45 a.m.



STEVEN BOSACKER
Executive Director and
Corporate Secretary

UNIVERSITY OF MINNESOTA

BOARD OF REGENTS

Faculty, Staff & Student Affairs Committee

June 11, 1998

A meeting of the Faculty, Staff & Student Affairs Committee of the Board of Regents was held on Thursday, June 11, 1998, at 9:00 a.m. in Room 300, Morrill Hall.

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

Staff present: Executive Vice President and Provost Robert Bruininks; Chancellors David Johnson and Kathryn Martin; Vice Presidents Mark Brenner and Christine Maziar; Acting Vice President Carol Carrier; Executive Director Steven Bosacker; and Associate Vice Presidents Nancy Barcelo and Jane Canney.

Student Representatives present: Maureen Sheehan and Andrew Toftey. Regent Bleyhl introduced the committee's newly-appointed student representatives, Heidi Fredericks, Jennifer Molina and alternate Adam Miller.

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 John E. Brandl as Dean of the Hubert H. Humphrey Institute of Public Affairs;
- The proposed appointment of Carol A. Carrier as Vice President for Human Resources;
- The proposed appointment of Gail Skinner West as Interim Dean of University College;
- The proposed appointment of Samuel Schuman as Interim Chancellor for the Morris campus;
- The proposed continuous appointments of Rodney Hamer and Diana Martenson from Extension Educator and Professor H to Extension Educator and Professor G.

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

BOARD OF REGENTS POLICY: TUITION

Executive Vice President and Provost Bruininks reminded the committee that at the May 1998 meeting, the committee had an extensive discussion relating to the review of proposed modifications to the Board of Regents Policy: *Tuition*. Earlier this year, the Board of Regents decided to equalize the lower and upper division tuition rates to promote retention of upper division students, who as a general rule, receive less financial aid. The current policy calls for undergraduate rates of tuition to be the same for all undergraduate students on each campus by the academic year 1998-99. The proposed modification of the policy will provide a longer phase-in period for implementation of equalization of tuition for lower and upper division students to allow for less dramatic increases in the lower division tuition rate now.

Bruininks stressed that the University of Minnesota still does not have enough money for undergraduate student scholarships, particularly for students from the State of Minnesota. There is a particular disadvantage in the upper division level, which hurts all of the campuses. Increasing scholarship capability must be a high priority in the new capital campaign.

Regent Neel asked why there isn't more endowment money available for scholarships with the bull market of recent years. Bruininks explained that progress is being made, but when looking at resources for scholarships, it is important to realize that the money is scattered throughout the institution. When people donate major amounts of money, it is often for college-based scholarships. Wayne Siegler, Director of Admissions, is currently working with deans to use central resources to leverage money at the college level to expand the reach of current scholarship programs. Bruininks stated that it is vital to raise more scholarship money, particularly in areas where there are gaps in coverage. Increasingly, better colleges in the University are giving multi-year awards to recruit the best and brightest students.

Regent O'Keefe asked what portion of the endowment is undesignated in terms of specific uses. Bruininks said he would guess that only 10 to 15 percent of the total endowment is undesignated, because when people give their life savings to the University, they typically like to designate the purpose. Bruininks said that if the University frames the capital strategy correctly, the emphasis will be on the vital importance of scholarship funding and the importance of keeping the resources more flexible and open.

Bruininks noted the resolution relating to the equalization of tuition rates, which was included in the docket materials:

WHEREAS, the Board of Regents Policy on Tuition recognizes: that the tuition rate structure must provide appropriate incentives for access, retention, choice and progress toward degree completion; that tuition levels must be responsive to financial aid policies and levels of available aid; that tuition rates at the University of Minnesota, a publicly supported institution, must reflect the costs and the competitive environment of individual programs as well as the personal benefit to individual students and social needs; and that tuition assessments and tuition rates necessarily reflect the level of state appropriations for the University's instructional programs; and

WHEREAS, the Board of Regents made the decision to equalize lower and upper division undergraduate tuition rates by the academic year 1998-99 in order to promote the retention of upper division students; and

WHEREAS, the administration has recommended that an additional two year phase-in period would allow for a less dramatic, more gradual increase in the lower division tuition rate which would better serve the interest of individual students and the institution;

NOW, THEREFORE, BE IT RESOLVED, that the requirement to equalize undergraduate tuition rates in section III, subdivision 2 of the Board of Regents policy on Tuition must be implemented no later than the 2000-2001 academic year.

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

Bruininks noted that in addition to the change of the phase-in period, it is recommended that the policy be amended to conform to the current administrative structure by changing the titles of the responsible senior officers.

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

BOARD OF REGENTS POLICY: RETIREMENT AND TERMINAL LEAVES

Executive Vice President and Provost Bruininks presented the Board of Regents Policy: *Retirement and Terminal Leaves* for Board approval. The policy was reviewed at the May 1998 committee meeting.

Vice President Carrier reminded the committee that the phasing out aspect of retirement has been very popular for faculty members who are considering retirement because they can phase out over a five-year period. Because the issue of health care benefits is so important to faculty members when considering retirement, the administration is recommending two enhancements to the current policy: 1) increasing eligibility for subsidized health benefits prior to actual retirement by allowing faculty on the phased retirement plan who are holding a 25 percent time or greater appointment to receive the subsidy, and, 2) provision of subsidized medical and dental coverage for retired faculty for up to 48 months or until the last day of the month in which the employee becomes eligible for Medicare, whichever occurs first with a minimum subsidy of 24 months. Carrier said that the estimated cost to the University will be approximately \$6,000 per year per faculty member with a four-year cap per faculty member.

Seventy-nine people have entered into phased or enhanced phased retirement agreements with the University since 1995. All individuals currently on phased retirement agreements who have not yet retired as well as all new individuals signing phased retirement agreements with the University would be eligible for the proposed upgrades.

In response to a question from Regent Bergland, Carrier said that by policy there are no unintended contingent liabilities beyond the four years. It could, however, create an expectation from other employees who may want a similar program developed. The program is fully laid out and must be signed by the employee entering into the phased retirement. Bruininks added that under this plan, the person's fringe benefits are still in the college budget, the person's item is still in the college's budget, and going forward, the college must fund this requirement first before it reallocates the money for other purposes. The only portion of the plan that must be funded by central administration is the cost sharing of people being grandfathered in, which is approximately \$350,000.

Bruininks said he met with the AAUAP Executive Council to brief them on the plan, and they were uniformly enthusiastic about it. The faculty sees this plan as a very creative option in planning their careers and retirement.

Regent O'Keefe expressed concern about the financial implications of policies approved in committee meetings. O'Keefe asked what the mechanism is for assuring that substantive policy items with significant budgetary impact that come before the Board also fit within the budgetary priorities of the University. Bruininks explained that if it is a matter with serious cost implications, it is picked up in the existing budgetary framework. All proposals must be worked through the overall budgeting strategy, and the fiscal impact is examined to ensure that there is not a violation of the core principles adopted by the Board. All proposals are assessed regarding its fiscal impact, short-term and long-term.

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

BOARD OF REGENTS POLICY: CONFLICT OF INTEREST

Executive Vice President and Provost Bruininks and Vice President Brenner presented proposed amendments to the Board of Regents Policy: *Conflict of Interest* which was originally adopted by the Board of Regents in 1994. 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.

Brenner explained that the revisions to the policy have been under development for the past year. The revisions include integration, throughout the policy, 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. Brenner noted that the proposed policy has been through extensive review by faculty committees.

In response to a question from Regent Neel, Brenner said that all institutions now must have a policy that conforms to the federal policies. Because there is a national standard there are no disadvantages to our faculty compared to peer institutions.

In response to a question from Regent Bergland, Brenner said that he is confident that these changes will put the University of Minnesota in full compliance with the NIH and other federal funding agencies. Once approved, this policy will be forwarded to NIH for their review.

Regent Neel expressed concern about acting on the policy before getting NIH approval and asked if the proposed policy should be forwarded to the NIH for review before the Board approves it. Brenner explained that when the NIH put the University on exceptional status, it was an NIH directive that the University should share with them completed, rather than proposed, projects.

Bruininks added that Brenner has been working very closely with the NIH in resolving the exceptional status issues, and noted that all policies should be considered subject to further review. Regent Larson noted that by waiting for NIH review, the

University puts itself in a further risk regarding compliance and suggested that the timeline should stay on track. In response to a question from Regent O'Keefe, Bruininks stated that he has consulted with federal agencies and other research universities, and he can comfortably assure the committee that the amended policy will meet federal agency requirements.

Student Representative Sheehan expressed concern that the newly formed Conflict Review Committee, comprised of senior officers and faculty, has no student representation. Brenner explained that the issues before the committee typically involve highly sensitive personnel decisions. Sheehan and Student Representative Toftey noted the many graduate students involved in research projects and their need for protection and a voice. Brenner agreed that this issue should be addressed.

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

**AMENDMENT TO BOARD OF REGENTS POLICY:
AWARDS, HONORS AND RECOGNITION**

Executive Vice President and Provost Bruininks reviewed a proposed amendment to the Board of Regents Policy: *Awards, Honors and Recognition*. The policy was most recently revised in February 1998. At that time, the administration was unaware that an additional revision, one which had been earlier proposed but not acted upon, was not included in the most recent review of the policy. The proposed revision has now been carefully reviewed and is being recommended for approval. The proposed revision relates to Section III, Subd. 1, which states that the title of regents professor is held by the individual as long as that person retains a full-time tenured appointment as a faculty member. Full-time is defined as a 66-percent time appointment or on a sabbatical or other approved leave. The policy also states that the title of regents professor emeritus will be bestowed upon an individual once they have retired, entered a phased retired agreement or their appointment is reduced to less than 66 percent time.

The recommended policy change will allow regents professors who have entered into phased retirement agreements to retain their title and award until the date of their actual retirement. This recommendation is being made because: 1) the phased retirement policy is intended to retain all rights and privileges of a professor, and 2) an individual on a phased retirement agreement actually holds a 100% time appointment (but is on approved leave for that portion of time reduced by the phased agreement), therefore their appointment is not reduced to less than the 66 percent required to retain the title of regents professor.

Regent O'Keefe noted that while this is the appropriate thing to do, the one negative effect will be that it will slow down the opportunity for other people to become a regents professor, one of the most coveted recognitions at the University. Of 3,000 faculty members, there are only 20 regents professors at one time. Bruininks noted that some faculty members might stay in their position longer if they knew they would have to give up the honor in order to retire. Bruininks added that very few members actually take the full five-year phased retirement.

Bruininks stated that he feels the number of regents professors should be raised and that the salary augmentation should be reviewed. The regents professorship provides an annual \$10,000 salary augmentation. A McKnight professorship provides \$20,000 over a five-year period. Bruininks said he thinks the regents professor title should not only provide a salary augmentation, but some modest discretionary money to support the research work of the professor.

Regent Bleyhl noted that the number of twenty regents professors is an administrative decision rather than a policy directive, and perhaps future discussions should include a review of that number.

In response to a question from Regent Neel, Brenner said that there are many awards given at the University for younger faculty members which recognize excellence in research and teaching.

Bruininks said that awards like these go to the heart of how you think about human resource policies and must be a high priority. The University must have a more deliberate and thoughtful strategy around issues of investing in human capital. In the compact process, the human resource strategies for colleges are being examined to increase and maintain the vitality of faculty, staff and students.

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

ISSUES ON INTEGRATED LEAVE OPTIONS

Executive Vice President and Provost Bruininks said that the issue of faculty development leave policies has been under consideration since last fall.

The University currently has two leave programs:

1) The single-quarter leave program is capped at four percent, meaning only four percent of faculty can be off on a single quarter leave. These leaves are granted on a competitive basis. The faculty members write proposals, and go through a review process at the department level, the all-college level, and finally, an all-central administration committee. Slightly over 100 professors participate in this program each year.

2) The faculty sabbatical program allows a leave for an academic year at half salary, and faculty members are eligible to do so every seven years. Only three percent of faculty take advantage of this on an annual basis due to financial considerations.

Vice Provost Robert Jones explained that in examining faculty leave policies, the goal has been to increase the access and level of support in sabbatical leaves. After looking at many models, the conversion of existing programs into semester programs with some improvements has been developed.

Single Semester Leaves:

- Decentralized and structured by department and collegiate unit
- Single semester (5-1/2 month) leave would be at full salary after four years of service;
- Probationary faculty may apply after third year of service;
- Single semester leave will not count against time accrued toward a sabbatical leave.

Sabbatical Leaves:

- Decentralized and structured by department and collegiate unit;
- Sabbatical available in the seventh year for two semesters at 50% salary;
- Executive Vice President and Provost's (EVPP) office and the colleges will expand the existing \$310,000 Bush Sabbatical Salary Supplement Pool over a three-year period as follows;

1999	\$410,000
2000	\$500,000
2001	\$1,000,000

- Supplements of up to 25% of base salary (not to exceed \$20,000) will be cost-shared, two-thirds by the office of the EVPP and one-third by the collegiate unit.
- Applicants must demonstrate good faith effort to secure salary supplement from an outside source;
- Funding decisions will be made by the EVPP based on recommendation from the deans.

Vice President Carrier explained that compared to other universities, the University is very competitive. Many other institutions offer sabbatical programs but they do not offer the single-quarter or semester programs.

In response to a question from Regent Larson, Jones said that leave programs benefit the University because they provide an opportunity for faculty development. The University can remain competitive by allowing faculty to stay on the cutting edge and focus on issues that will make them better teachers or researchers. Larson noted that it would be helpful to have biographies of faculty members and comments from them on how their leaves have benefited their work. Bruininks explained that after a leave or sabbatical is completed, the faculty members must provide a progress report on what was done during the leave. Bruininks said he would be delighted to provide summaries of some of the reports received.

Regent O'Keefe stated that if the institution values ongoing improvement in teaching, research, and outreach, there must be incentives for faculty to develop their skills. Bruininks agreed and noted the importance of improving leave and recognition programs.

Professor Kent Bales stated that the proposed plans are an improvement over the current situation, but they do not provide adequate support for enough faculty members. When looking at other universities, the committee on faculty affairs found that the standard model is full pay for a semester or half pay for a year. Such a program is unaffordable here because the money that faculty leave behind when they go on leave pays for their replacements. If someone is away for half a year and returns to claim the whole salary for the second semester, there is no money left behind. The University faculty is at least 10% smaller than it needs to be in order for any kind of a leave policy to work. There is a hard choice being made for three very high ticket items: support for sabbaticals, increases in salary and new faculty. Essentially the same money would be used to send people on sabbatical leave or to hire new faculty members. Bales explained that faculty preferred the term "professional development" over sabbatical because it clarifies that these are not simply research leaves.

Bleyhl noted that this topic will be an ongoing discussion for the committee in the coming months.

The meeting adjourned at 11:15 a.m.



STEVEN BOSACKER
Executive Director and
Corporate Secretary

UNIVERSITY OF MINNESOTA
BOARD OF REGENTS
Litigation Review Committee
June 11, 1998

A meeting of the Litigation Review Committee of the Board of Regents was held on Thursday, June 11, 1998, at 10:16 a.m. in Room 202, Morrill Hall.

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

Staff present: President Mark Yudof; Senior Vice President Frank Cerra; Interim Vice President Terry O'Connor; General Counsel Mark Rotenberg and Executive Director Steven Bosacker.

Others present: Mark Bohnhorst and Thomas Tinkham.

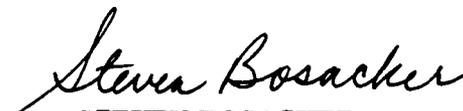
**RESOLUTION TO CONDUCT NON-PUBLIC MEETING
OF THE LITIGATION REVIEW COMMITTEE**

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

RESOLVED, that on the recommendation of the President and as provided by Minnesota State Statute 471.705, Subd. 1d, a non-public meeting of the Board of Regents' Litigation Review Committee be held on Thursday, June 11, 1998, in 202 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 10:17 a.m.


STEVEN BOSACKER
Executive Director and
Corporate Secretary

UNIVERSITY OF MINNESOTA

BOARD OF REGENTS

Educational Planning & Policy Committee

June 11, 1998

A meeting of the Educational Planning and Policy Committee of the Board of Regents was held on Thursday, June 11, 1998, at 1:00 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: Chancellors Kathryn Martin and Donald Sargeant; Executive Director Steven Bosacker; and Associate Vice President Jane Canney.

Student Representative present: Tammy Koob.

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

Regent O'Keefe introduced the topic, outreach at the University, and declared informal committee rules to facilitate a seminar-like discussion for everyone around the table, including the committee members and the invited faculty members. O'Keefe explained that to help frame the discussion, he compiled all the questions that the committee and some administrators had submitted based on the readings. He winnowed this list to seven questions, which were now in front of the committee. O'Keefe asked that the discussion focus on policy level issues -- whether the policies and strategies regarding outreach at the University are effective and whether they are responsive to the needs of the people of Minnesota.

Executive Vice President and Provost Robert Bruininks introduced the faculty participants: 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; Amos Deinard, Professor of Pediatrics and Executive Director of Community University Health Care Center and Variety Children's Clinic; Harold Miller, Dean of University College and Director of Continuing Education and Extension; and William Morrish, Professor of Architecture and Director of the Design Center for American Urban Landscape.

The first question posed was, "What do we mean by outreach or public service?" After a lively discussion and agreement that many people think about outreach differently, the committee concluded that the following were key concepts to define outreach:

- a dialogue between the community and the University,
- translating science into practice,
- working with a community, rather than studying it,
- a transfer between the University and the community,
- integrated into the teaching and research of the University, and not separate from those missions,

- a community partnership especially for a land-grant institution,
- a long-term commitment, rather than a quick fix.

Professor Deinard expressed that not all faculty understand how to work in a community and Professor Morrish added that when engaged with a community expectations need to be clear. Bruininks commented that in the future there will be new forms of partnerships both within and without the University.

The second question addressed by the committee was, "What is the University's current vision, and what are its goals and strategies for outreach and service?" In discussing this question, the participants referred to the 1993 Report to the President, *Outreach at the University of Minnesota - A Strategic Plan*, which had been provided to the committee members for background. Scott and Miller who, as members of the Outreach Council, authored the report, commented that the report contains many suggestions and observations that are still valid.

Miller said because the University is decentralized, outreach is decentralized and each campus and college has its own strategy. Scott believes decentralization is a strength, but it makes telling the outreach story difficult. Bruininks observed that there needs to be a centralized strategy and support for outreach, but the best way to leverage the energy of the University is on a decentralized basis. He also said the University needs to think about how it uses time, talent, and money to support outreach. A number of structural and cultural barriers exist at the University. Part of the problem in incorporating outreach is that outreach is hard to count (unlike the number students in a classroom), and it is not a factor in tenure. Regent Spence stated that outreach is not supported by all the faculty and that the University must have a generally-held vision of service to the people of Minnesota. Bruininks noted that outreach has been a part of the compact process this year, but in a small way. He expects that the emphasis will grow as the compact process improves and becomes better understood.

O'Keefe summarized the discussion: Outreach is a broad concept with many different nuances and some debate about how much the definition should be pinned down; it is carried out at the decentralized level; at the University the concept of outreach and priorities for it have not had extensive shaping at an all-University level; there are some excellent examples of how the University has shaped outreach when it has developed priorities; an enormous amount and variety of outreach is carried out at the University; in a policy-related way it is unknown how much outreach there is, how effective it is, or how adequate it is.

The discussion then focused on possible University strategies to enhance outreach. Suggested were:

- encouragement and leadership from central administration, including "exhortation,"
- discussions among units in how to embrace outreach,
- incentives, both in time and financial resources from central administration, targeted strategically across the University,
- telling the University's outreach story,
- moving faculty and centers to the community,
- making the University more welcoming, increasing community access,
- meshing coursework with outreach
- removing barriers.

Ideas to remove barriers are: to count outreach as basic courseloads, to define classroom differently and create civic classrooms, to find central resources to provide structural dollars for centers, to change old mechanisms, such as contract review, to alter how the institution uses students, specifically the cost of hiring graduate students.

Bruininks asked if the University should be subsidizing outreach and mention was made of Washington University's commitment to St. Louis. The committee agreed that the University must direct the outreach agenda as civic engagement and not let private outside interests dictate the University's direction. The goal is to harness the energy of public engagement and align it with the academic life of students, said Bruininks. Student Representative Koob observed that students strongly support outreach because it is the connections outside the University that lead to jobs.

The committee agreed to return to the outreach discussion in July and continue with the additional questions. O'Keefe thanked the faculty participants and all the committee members for an excellent discussion.

POSSIBLE TOPICS IN RESEARCH

The committee briefly reviewed a list of topics in research that the administration had prepared and printed in the docket materials. The committee was asked to contact Executive Vice President and Provost Bruininks with any refinements and the list will then be sent to the committee to choose key issues. Regent Reed suggested that the committee-selected topics in the three areas of discussion -- teaching, research, and outreach -- return to the committee for prioritization. Student Representative Koob asked how the items will move from committee discussion to action. Regent O'Keefe said some topics will be chosen for further committee work next year, others may be sent to the Faculty, Staff, and Student Affairs Committee or the Committee of the Whole. The administration will be asked to develop responses on other issues.

BUSH FOUNDATION PROPOSALS

Executive Vice President and Provost Bruininks noted that brief materials on the Bush Foundation proposals were in the docket materials. The Bush Foundation has a long-term relationship with the University and each year asks the University to develop proposals and priorities. Bruininks reported that this year the University selected initiatives to improve the undergraduate experience, to enrich faculty development and improve teaching, to enhance diversity, as well as to further develop humanities at the University.

CONSENT REPORT

The committee unanimously approved the Consent Report as presented in the docket. The following items were approved:

- Name change of the Master of Planning (M. Plan.) degree to Master of Urban and Regional Planning (M.U.R.P.).
- Discontinuation of the Master of Science (M.S.) and Ph.D. degree program in Veterinary Pathobiology.
- Three degree programs that continue a Graduate School trend in the development of professional master's degrees:
 1. Master of Fine Arts (M.F.A.) in the graduate program in Design, Housing and Apparel;
 2. Master of Science (M.S.) degree program in Clinical Research;
 3. Master of Public Affairs (M.P.A.) intended to serve a mid-career clientele.
- Approval of the following ten individuals to the Advisory Committee of the Humphrey Institute of Public Affairs:

Alfred Babbington-Johnson	Kathryn Jensen
Gail Margaret-Rose Chang Bohr	Charles W. Maynes
Bernard L. Brommer	Richard Morgan

John Foster-Bey
Karen Langland-Himle

Marjorie Roane
Ann Wynia

INFORMATION ITEMS

The information items as presented in the docket materials were briefly noted.

The meeting adjourned at 2:40 p.m.



STEVEN BOSACKER
Executive Director and
Corporate Secretary

UNIVERSITY OF MINNESOTA
BOARD OF REGENTS
Finance & Operations Committee

June 11, 1998

A meeting of the Finance & Operations Committee of the Board of Regents was held on Thursday, June 11, 1998, at 1:10 p.m. in Room 300, Morrill Hall.

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

Staff present: President Mark Yudof; Executive Vice President and Provost Robert Bruininks; Executive Director Steven Bosacker; Interim Vice Presidents Eric Kruse and Terry O'Connor; and Associate Vice Presidents Steven Cawley, Clinton Hewitt, Robert Kvavik, Richard Pfutzenreuter, and Georgina Stephens.

Student Representative present: John Cahoy. Regent Bergland introduced Heidi Fredericks and Scott Roethle, newly-appointed student representatives to the Board.

CONSENT REPORT

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

- Adecco Temporary Services for an estimated \$2,200,000 for on-site administration of a temporary clerical work force management program for the Human Resources Department for the period of July 1, 1998 through June 30, 1999.
- BT Office Products International for the purchase of Hewlett Packard toner cartridges, stocked at the University Stores, for use in University departments. The initial contract period will be July 1, 1998 through June 30, 1999, in the amount of \$511,398.30.
- Hennepin County for an estimated \$500,000 to provide solid waste disposal for the Twin Cities campus for the period July 1, 1998 through June 30, 1999.
- Hitachi Scientific Instruments Division of Nissei Sangyo America, Ltd. for \$496,200 for the purchase of a below-the-lens Hitachi S-4700 field emission scanning electron microscopy equipped with x-ray analysis, a cryostage, and backscatter electron detection.
- IBM for \$953,119 to provide mainframe computer software support for central Computing Operations for the period of July 1, 1998 through June 30, 1998.

- Norse Furniture Company for an estimated \$450,000 for student beds and loft kits for Housing & Residential Life.
- Peoplesoft, Inc., Brady & Company, Softlink Inc., Protean, Renaissance Worldwide Inc., Denning, Quantum, and GE Capital for \$3,900,000 continuing consultant-technical help on the enterprise project throughout December, 1998 as the system implementation phase is initiated.

Regent Bleyhl recused herself from the following discussion. Regent Bergland noted the distribution of a letter from Vice President Carrier to Ms. Galen O'Connor regarding her concerns with the Adecco contract. A copy of the letter is on file in the Board Office. Bergland noted that the matter of the contract is between AFSCME and the University administration. Bergland said that he has been assured by Carrier and others that the provisions of the contract will be adhered to and there will be no question about compliance with the law. Regent Reagan noted that the issue of temporary employment can be very sensitive, and stressed the importance of ensuring that the contracts are adhered to.

A motion was made and seconded, and the committee voted unanimously to recommend approval of the consent report. Regent Bleyhl recused herself from the vote.

QUARTERLY ASSET AND DEBT MANAGEMENT REPORT

Associate Vice President Stephens presented a review of the Quarterly Report on Asset and Debt Management for the quarter ending March 31, 1998, which was included in the docket materials.

Stephens stated that the University has over \$1.2 billion in cash and long-term assets under management. The consolidated endowment fund (CEF) value in the March quarter was \$528.4 million, up \$52.5 million, due primarily to capital appreciation in the equity markets. The CEF total return in the quarter was 12.3%, outperforming the benchmark return of 10.4%. For the 12 months ending March, the CEF gained 34.5% compared to the benchmark of 28.6%.

The domestic equity/alternative investments gained 16.3% for the quarter. Alliance and State Street S7305 500 Index fund, drove performance as growth stocks dominated the market. Technology and healthcare were the best performing sectors.

International equities gained 12.6% in the quarter, exceeding the benchmark of 12.2%. Marvin & Palmer, EAFE managers, returned 17.3%, outperforming the EAFE index of 14.7% with overweightings in Europe. Emerging market managers underperformed with a composite return of 2.2% compared to the MSCI emerging markets free index return of 6.2%. Underperformance was due primarily to underweighting the emerging Asian market, which rebounded in the quarter.

Fixed income performance was slightly better than the benchmark at 1.8%. The domestic fixed income market was generally lackluster.

The Group Income Pool (GIP) value in the March quarter was \$192.6 million, up \$2.8 million, primarily due to interest income. The GIP composite return of 2.0% outperformed the benchmark return of 1.1%. Morgan Stanley, the domestic fixed income manager, gained 1.4%, slightly underperforming the LBA index of 1.6%. PIMCO, the global fixed income manager, rebounded in the quarter with a gain of 2.4%, outperforming the benchmark return of 0.8%.

University-issued debt declined from \$291.5 million to \$287.8 million due to the maturity of the 1986A refunding bonds related to the hospital. The state infrastructure development bonds totaled \$40.4 million, resulting in total University debt of \$328.2 million.

In response to a question from Regent Bergland, Stephens stated that effects of the Asian crisis have not yet been fully realized. The general consensus is that the crisis will slow down the U.S. economy, which would preclude the need for the federal reserve to raise interest rates.

In response to a question from Regent Reagan, Stephens said the University does not have a set exit strategy. The University tends to give managers a three-year market cycle in terms of performance. Stephens said she has asked Cambridge & Associates to compile a risk portfolio, which will be a tool to help the University assess risk. Stephens expects to share the report with the committee at the September 1998 meeting.

QUARTERLY PURCHASING REPORT

Interim Vice President O'Connor reviewed the Quarterly Purchasing Report for the third quarter of the fiscal year (January, February and March 1998) which was included in the docket materials.

The FY98 year-to-date total for all purchases (construction, goods and services, and professional services) is \$354,301,688, a 13% increase over the comparable period in FY97. Stephens noted that the increase occurred across all types of purchases, with the largest increases occurring in professional services, general operating supplies, and construction.

Two Regents' policy violations occurred during the third quarter. Year-to-date violations stand at six, compared to 21 at this point last year.

PROPOSED FINANCE & OPERATIONS REORGANIZATION

President Yudof provided an update on the restructuring of the Office of Finance and Operations. Yudof provided a proposed organizational chart which is on file in the Board Office.

Yudof stressed his need for access to the experts and decisionmakers as well as a need for a more flexible management structure. Yudof explained that during the preparation of the budget, it would be appropriate for Associate Vice President Pfitzenreuter to report directly to the president, even though during other times he may report to the provost or someone else. Likewise, when it is time to review the University's investment policies, the treasurer would report directly to him.

Yudof said that part of his recommendation would be to separate finance and operations, particularly during a time of major physical plant building. Yudof said it is unreasonable to expect one person to have all the skills necessary to interact with the executive manager of a construction project while overseeing auditing, accounting, budgets, etc. Yudof will not seek to fill the position of senior vice president for finance and operations, but will create a vice president for University Services. Noting his desire to change the culture, Yudof said that changing the name from operations to services will put a focus on satisfying the customers.

Secondly, Yudof proposes the designation of Pfutzenreuter as Chief Financial Officer. As CFO, Pfutzenreuter would report directly to the president, and as head of budget, report to the provost. In addition, a Financial Management Group will be established. This committee will be comprised of Pfutzenreuter (chair), Chief of Staff Brown, Associate Vice President Kvavik, Auditor Klatt, Controller O'Connor, and Treasurer Stephens. One of the things on the committee's agenda is a long-term financial plan for the University,

Regent Reagan stated that he likes the plan, but he is concerned that there is not one person considered the leader regarding financial matters. Yudof said that during the legislative session, Pfutzenreuter, as Chief Financial Officer, would be able to speak for the University, and in matters involving investments, the treasurer would represent the University, etc.

Yudof noted that this plan is simply for the Board's consideration and comments. He will come back to the committee next month for a formal review of the proposed changes.

The meeting adjourned at 2:20 p.m.



STEVEN BOSACKER
Executive Director and
Corporate Secretary

UNIVERSITY OF MINNESOTA

BOARD OF REGENTS

Committee of the Whole

June 11, 1998

A meeting of the Committee of the Whole of the Board of Regents was held on Thursday, June 11, 1998, at 3:00 p.m. in Room 238, Morrill Hall.

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; Chancellors David Johnson, Kathryn Martin, and Donald Sargeant; Executive Vice President and Provost Robert Bruininks; Interim Vice President Donna Peterson; Executive Director Steven Bosacker; and Associate Vice President Richard Pfitzenreuter.

Student Representative present: Scott Roethle.

RECOGNITION OF CHANCELLOR DAVID JOHNSON

Recognition was given to Dr. David Johnson who is retiring July 1, 1998 from the position of Chancellor of the University of Minnesota, Morris campus. Johnson has served as chancellor of the campus since 1990. He briefly addressed the committee.

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.

**REPORT OF THE NOMINATING COMMITTEE
FAIRVIEW-UNIVERSITY MEDICAL CENTER BOARD OF TRUSTEES**

Regent Reed, Chair of the Nominating Committee for the Fairview-University Medical Center (FUMC) Board of Trustees, presented the report of the committee and the following resolution for approval:

RESOLVED, that on the recommendation of the Board of Regents Nominating Committee for the Fairview-University Medical Center (FUMC) Board of Trustees, the following appointments are hereby approved:

Sam Gurnoe - Appointed for a three-year term expiring May 2001
S. Albert Hanser - Appointed for a three-year term expiring May 2001

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

FY99 UNIVERSITY BUDGET

President Yudof provided introductory remarks relating to the FY99 University Budget before the committee for approval. He provided a brief summary of how the FY99 budget reflects improvement in the academic quality of the University; reviewed the various revenue sources that will support the FY99 budget investments; and discussed the 3-percent increase in tuition.

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

WHEREAS, the University of Minnesota as the state's public, land-grant university is charged with the responsibility to pursue knowledge and to help apply that knowledge through research and discovery, teaching and learning, and outreach and public service; and

WHEREAS, the State of Minnesota, through its legislative and executive branches, has appropriated funds to the University of Minnesota for the pursuit of its mission and in support of our goals and objectives; and

WHEREAS, the University of Minnesota is committed to achieving standards of national and international excellence, and

WHEREAS, the future of the University is premised on partnerships within the University community of faculty, staff and students, with the State of Minnesota, other educational institutions, business and industry, University alumni, local communities, and the citizens of Minnesota.

NOW, THEREFORE, BE IT RESOLVED, that to achieve these goals, the Board of Regents approves the University of Minnesota FY99 Operating Budget as follows:

The annual revenue and expenditure plan for current, non-sponsored funds and projected expenditures for sponsored funds for FY99.

The FY99 Operating Budget approved by the Board of Regents includes the following attachments which are included in the President's recommended FY99 Operating Budget:

Attachment 1 -- Resource and Expenditures Budget Plan (University Fiscal Pages)

Attachment 2 -- Fund Forecast - Centrally Allocated and Attributed Accounts

Attachment 5 -- University of Minnesota System 1998 - 1999 Tuition Schedule

Attachment 11 - Student Services Fees

Student Representative Roethle thanked President Yudof for the explanation relating to the tuition increases. He noted that students are concerned because the FY99 budget indicates decreases in the areas of graduate assistantships, scholarships, fellowships and financial aid. He urged the administration to honor its commitment to keep the University accessible to all students.

Associate Vice President Pfutzenreuter responded that the FY99 budget does include new funding for merit aid and additional funding to match federal financial aid. He added that both the federal and state governments have significantly increased financial aid to need-based students which will more than offset the tuition increase for the coming year.

Regent Spence expressed support for the FY99 budget, but urged the administration and Board not to forget the significant issues that were raised at the public forum which are not included in this budget. The issues related to compensation and health coverage benefits for graduate students and University of Minnesota Extension Service educators.

Yudof responded that he, too, is concerned about the matters raised at the forum and has asked members of the administration to review the issues and provide recommendations on addressing the matters for the Board's review.

The committee voted unanimously to recommend approval of the resolution.

FY99 CAPITAL BUDGET

Associate Vice President Pfutzenreuter briefly reviewed information relating to the FY99 Capital Budget and the FY2000-2004 Capital Improvement Program before the Board for approval. The plan recommends approval of \$393 million in University projects. Major components include \$207 million for projects in the University's 1998 session capital request, \$17.7 million for the permanent and temporary relocation of 516,970 assignable square feet of programs required to implement the 1998 session capital projects, \$64 million in parking replacement construction projects, and the beginning of a five-year \$46 million program to replace windows, roofs, and masonry on the Twin Cities campus.

A summary of revisions to the proposed capital budget since the Board reviewed the draft at its May meeting was presented. Since the May meeting, all projects were reviewed and updated with confirmed cost estimates and funding availability. The process resulted in an adjusted total of \$395,243,000, a net increase of \$3,208,000 from the May draft. All of the revisions were listed in the docket material. Additionally, funds to continue the planning, design, and coordination for the build-out and furnishing of the space to be leased by the University in the Gateway Center has been added to the FY99 capital budget. Funds for completing the project are not included because occupant needs are still being programmed. Upon completion of the programming, a detailed estimate and financing plan will be prepared, and the project will then be brought back to the Board for a budget amendment.

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

WHEREAS, in September 1992, the Board of Regents directed the administration to submit an annually updated Capital Improvement Program plan to the Board of Regents and to establish an annual capital budget, and

WHEREAS, the citizens of Minnesota have made significant investments in their University of Minnesota for nearly 150 years creating historic, architecturally significant, and productive campuses which have served the state well with educated citizens, research in the advance of knowledge, and outreach improving the State's quality of life and supporting its economy; and

WHEREAS, the Board recognizes the importance and urgency of sustaining and improving these significant University's facilities in support of the institutional mission, and

WHEREAS, the University seeks to strategically link capital resources and academic investments in key academic areas such as biology at the molecular and cellular level, digital technology, multi-media, design, and agricultural research and outreach; and

WHEREAS, the University of Minnesota has a process for reviewing and prioritizing capital needs, the Capital Investment Advisory Committee, which has consulted with all the University campuses to gather information regarding the most urgent needs, and

WHEREAS, the State of Minnesota has demonstrated its willingness to assist the University in properly preserving and maintaining its buildings and landscapes.

NOW, THEREFORE, BE IT RESOLVED, that the Board of Regents approve the FY99 Capital budget; accept the FY 1999-2004 Capital Improvement Program and directs the administration to continue to develop and refine the program; and reaffirm its prior year capital expenditure authorization;

AND BE IT FURTHER RESOLVED, that the Board of Regents directs the Administration to maintain separate accounts for regular repair and maintenance of University facilities.

Regent Hogan asked how the net increase of \$3.2 million will be funded. Pfitzenreuter responded that many of the projects will be separated according to work that will be completed in FY99 and work that will be completed in future years. Amendments to the FY99 budget will be presented to the Board as projects occur that will identify funding to cover any increases.

The committee voted unanimously to recommend approval of the resolution.

The meeting adjourned at 3:50 p.m.



STEVEN BOSACKER
Executive Director and
Corporate Secretary

UNIVERSITY OF MINNESOTA

BOARD OF REGENTS

Committee of the Whole

June 12, 1998

A meeting of the Committee of the Whole of the Board of Regents was held on Thursday, June 12, 1998, at 8:00 a.m. in the Northrop Auditorium Lobby on the Twin Cities campus.

Regents present: William Hogan, presiding; Robert Bergland, Warren C. Larson, 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; Interim Vice President Donna Peterson; and Executive Director Steven Bosacker.

**RECOGNITION OF STUDENT REPRESENTATIVES
TO THE BOARD OF REGENTS**

Recognition was given to the 1997-98 Student Representatives to the Board of Regents for their contributions:

John Cahoy
Twin Cities Campus

Tammy Koob
Duluth Campus

Kevin Leiran
Crookston Campus

Blessing Rugara, Chair
GAPSA

Maureen Sheehan
Morris Campus

Andrew Toftey
Twin Cities Campus

Kristen Vathauer
Twin Cities Campus

RECOGNITION OF MORSE ALUMNI RECIPIENTS

Recognition was given to the 1997-98 recipients of the Horace T. Morse University of Minnesota Alumni Association Awards for Outstanding Contributions to Undergraduate Education. The award recognizes outstanding contributions to student learning through teaching, research and creative activities, advising, academic program development, and educational leadership. The 1997-98 recipients were:

John Beatty
Associate Professor, Ecology, Evolution, and Behavior
College of Biological Sciences

Denise Guerin
Professor, Design, Housing, and Apparel
College of Human Ecology

Jay T. Hatch
Associate Professor, Zoology
General College

Linda Miller Cleary
Professor, English
College of Liberal Arts
Duluth Campus

Lawrence Rudnick
Professor, Physics and Astronomy
Institute of Technology

RECOGNITION OF JOHN TATE AWARD RECIPIENTS

Recognition was given to the 1997-98 recipients of the John Tate Award for Excellence in Undergraduate Advising. The Tate Award serves to recognize and reward high quality academic advising. It calls attention to the contribution academic advising makes in helping students formulate and achieve intellectual, career, and personal goals. The 1997-98 recipients were:

Caroline Golbert
Associate Counselor Advocate
Student Services, General College

Dr. Paul Hesterman
Senior Adviser
Premajoring Advising, College of Liberal Arts

Dr. Kent Olson
Associate Professor
Applied Economics
College of Agricultural, Food, and Environmental Sciences

Lynn Anderson Scott
Senior Adviser
Premajor Advising, College of Liberal Arts

RECOGNITION OF PROFESSIONAL & ACADEMIC STAFF AWARD RECIPIENTS

Recognition was given to the 1997-98 Professional and Academic Staff Award recipients. The Academic Staff Award program annually recognizes members of the academic professional and administrative staff who have made distinguished

contributions to the mission of the University of Minnesota. The recipients were:

Richard Bianco
Program Director of the Experimental Surgical Laboratories
and Acting Assistant Vice President for Regulatory Affairs
Department of Surgery, Academic Health Center

William Craig
Assistant Director of Center for
Urban and Regional Affairs

Dean Herzfeld
Extension Service Coordinator of Minnesota
Health, Environmental and Pesticide Safety Program
and Minnesota Pesticide Applicator Training Program
Department of Plant Pathology, College of Agriculture

Ellen Nagle
Director of BioMedical Library, Minneapolis campus

Diane Wartchow
Counselor Advocate and Program Director Student Parent
HELP Center
General College

The meeting adjourned at 9:30 a.m.



STEVEN BOSACKER
Executive Director and
Corporate Secretary

UNIVERSITY OF MINNESOTA

BOARD OF REGENTS

Committee of the Whole

June 12, 1998

A meeting of the Committee of the Whole of the Board of Regents was held on Friday, June 12, 1998, at 9:45 a.m. in Room 238, Morrill Hall.

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; Executive Vice President and Provost Robert Bruininks; Senior Vice President Frank Cerra; Vice Presidents Mark Brenner and McKinley Boston; Interim Vice Presidents Eric Kruse, Michael Martin, Terry O'Connor, and Donna Peterson; General Counsel Mark Rotenberg; Executive Director Steven Bosacker; and Associate Vice Presidents Rusty Barcelo and Richard Pfitzenreuter.

Student Representative present: Blessing Rugara.

RECOGNITION OF VICE PRESIDENT MARK BRENNER

Recognition was given to Dr. Mark L. Brenner for his service as Vice President of Research and Dean of the Graduate School since 1994. Dr. Brenner will be returning to the Department of Horticultural Science where he will resume his role as a full-time faculty member.

RECOGNITION OF VICTOR BLOOMFIELD

Recognition was given to Professor Victor Bloomfield for his service to the University community as 1997-98 Chair of the Faculty Consultative Committee (FCC).

INTRODUCTION OF REGENTS' PROFESSOR G. EDWARD SCHUH

Newly-appointed Regents' Professor G. Edward Schuh was introduced to the committee. Schuh has served as a University of Minnesota professor and administrator since 1979. His academic work concentrates upon the areas of agricultural and economic development policy, international trade and investment policy, and science and technology policy. Schuh briefly addressed the committee.

**BOARD OF REGENTS POLICY:
CODE OF ETHICS FOR MEMBERS OF THE BOARD OF REGENTS**

As required by Board policy, General Counsel Rotenberg reviewed the Board of Regents Policy: *Code of Ethics for Members of the Board of Regents*. The current policy in

Section IV, Subdivision 1 provides that the Board publicly review annually the requirements and procedures provided in the Board policy.

Rotenberg highlighted two general standards that Board members are obligated to follow: 1) Each member of the Board must consider the welfare of the entire University, not just a particular constituency, when considering an issue; and 2) Board members are obligated to not use their authority, title or prestige of the regental office to obtain any private financial, social, or political benefit that would in any manner be inconsistent with public interest.

With regard to procedures, Rotenberg reviewed that any individual can bring an ethics or conflict of interest claim to the chair of the Board. A regent regarding whom a conflict of interest question has arisen is encouraged to consult with the general counsel and may request that the general counsel provide a written opinion. A copy of the opinion is provided to the chair. Likewise, the chair may also request an opinion from the general counsel on any conflict of interest question that comes to the chair's attention.

Chair Hogan asked if there were any questions from Board members regarding the Board's policy and there were no questions.

REPORT OF STUDENT REPRESENTATIVES TO THE BOARD OF REGENTS

Blessing Rugara, Student Representative Chair, presented a report to the committee on the viewpoints of the 1997-98 Student Representatives relating to teaching, governance, and student life at the University of Minnesota. The report contained recommendations from the student representatives relating to each issue.

Rugara reported that during the past year, Student Representatives to the Board have been engaged in dialogue with students, faculty, and administrators both formally and informally. They have been uniquely positioned to glean new insights and develop new perspectives. The recommendations contained in their report offer possible directions for the Board to consider in order to further its commitment to excellence.

With regard to teaching, the report contains three recommendations:

1. *The University of Minnesota should introduce standardized teaching evaluations. These evaluations should be administered both mid-term and at the end of each course.*
2. *The Board should instruct the President to have results of professorial teaching evaluations published and distributed annually for all willing faculty participants. Such results should be made available in the departmental course guide.*
3. *All teaching assistants should be required to be trained as teachers before they teach a class.*

Rugara reported that course selections are often difficult for students due to the lack of information on any given class. Teaching evaluations completed by former students would provide information that would enable a student to choose a professor who best meets an individual's educational needs and learning style. Research on evaluations seems to suggest that teaching evaluations provide both reliable and valid information. Currently, the Data Practices Act precludes the University from unilaterally making all professor course evaluations public. However, a number of faculty find the

process valuable. The student representatives would like to have, for the faculty who are willing, professorial teaching evaluations published and distributed.

With regard to teaching assistants (TAs), Rugara reported that students depend on TAs to communicate essential classroom information. It is important that TAs have the communication skills necessary to teach. Student Representatives request that greater attention be paid by the University to insure that every person who is a TA has the skills to teach and to articulate the subject matter in English.

The report also addressed student life at the University of Minnesota, specifically, the issue of student abuse of alcohol. Abuse of alcohol affects not only the drinker but the entire University community. While it may not be the Board's role to police student misconduct, the student representatives believe that the Board should protect the communal integrity essential to a productive, creative and fulfilling academic environment. The recommendation from the students relating to this issue is:

1. *The University must take a hard-line position on the abuse of alcohol at the University.*

The last issue in the report addressed access to the Board for students. Students have the benefit of guaranteed access to the Board through the student representatives' position on the Board. This access has been beneficial to ensuring that the student perspective has a voice with the Board. In an effort to gain greater contact with students, the student representatives recommend:

1. *The Board create an informal mechanism to gain greater access to students.*

The report suggested that one way to accomplish this might be to divide the campus into 12 constituencies based on geography and departmental consideration. This would allow students to put a face on a particular board member who would be interested in that department or campus issues. Constituencies would be created informally as the idea does not intend to interfere with the University's governance structures. The goal is to enhance the University's consumer orientation, as well as to personalize and demystify the role of the Board of Regents.

Rugara reported that this report offers the 1997-98 student representatives' best wishes for the University and their unwavering belief that the University remains a place where ideals flourish and excellence prevails.

Board members commended the student representatives for their thoughtful report and recommendations. The recommendations will be taken seriously. Student representatives play a vital role in making a difference for students at the University of Minnesota.

ANNUAL UNIVERSITY OF MINNESOTA ALUMNI ASSOCIATION REPORT

Ann Huntrods, President of the University of Minnesota Alumni Association (UMAA), presented the UMAA Annual Report. Joining Huntrods at the table were Dave Mona, the incoming president, and Margaret Carlson, executive director of the UMAA.

Huntrods reported that the UMAA's task is to keep alumni and friends connected to the University not just through a degree or a donation, but by a lifetime affiliation -- some stay affiliated because of a sense of pride and spirit; for others, it is a sense of service; and for still others, it is through a simple desire to continually support the University.

There are three critical areas that Huntrods highlighted regarding the goals of the UMAA. The first goal relates to the construction of the Gateway Center. Groundbreaking for the center took place in November 1997. Construction is on schedule and on budget for an opening in fall of 1999. It was pointed out that the UMAA could not have embarked on this project without the support of the Board of Regents.

Second, advocacy and alumni support played an essential role at the legislature in 1998. Through the efforts of the UMAA's 2,600 person legislative network, the message was delivered loud and clear requesting that the legislators support the president, his agenda and the University of Minnesota.

And third, if the alumni association is to achieve its goal of 50,000 members by the year 2000, the renewed feelings of pride for the University of Minnesota need to continue. The UMAA is taking advantage of every opportunity to build pride, spirit and community. A number of partnerships with various constituencies has aided in this endeavor, for example, partnering with men's athletics when the Gophers went to the NIT; partnering with the University of Minnesota Foundation as President Yudof went out to alumni chapters across the country; and partnering with University Archives to provide stories and information that should be told and displayed in the Gateway's Heritage Gallery.

The UMAA is happy to join with its key partner -- the Board of Regents -- in continuing to build that sense of spirit, service, and support so critical to sustaining the University of Minnesota.

Huntrods presented the members of the Board with a custom-embroidered cap in recognition of the University's successful legislative session and the historic role that board members played during the past year in the renewal of the University of Minnesota.

Regent Spence commented on the importance of the UMAA being a partner to the Board and the president. She has seen the relationship strengthened during the past year and looks forward to the continuation of that relationship.

The meeting adjourned at 11:00 a.m.



STEVEN BOSACKER
Executive Director and
Corporate Secretary

UNIVERSITY OF MINNESOTA

BOARD OF REGENTS

June 12, 1998

A meeting of the Board of Regents of the University of Minnesota was held on Friday, June 12, 1998 at 11:29 a.m. in the Board Room, 238 Morrill Hall.

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

Staff present: President Mark Yudof; Executive Vice President and Provost Robert Bruininks; Interim Vice President Donna Peterson; General Counsel Mark Rotenberg; Executive Director Steven Bosacker; and Associate Vice Presidents Gerald Fischer and Eric Kruse.

ANNUAL MEETING

Chair Hogan called the annual meeting of the Board of Regents to order at 11:29 a.m.

ESTABLISHMENT OF MEETING DATES

The Board of Regents voted unanimously to approve the following meeting schedule for 1998-99:

July 9-10, 1998	
August, 1998	NO MEETING
September 10-11, 1998	Meeting location: Southwest State University
October 8-9, 1998	
November 12-13, 1998	
December 10-11, 1998	
January, 1999	NO MEETING
February 11-12, 1999	
March 11-12, 1999	
April 8-9, 1999	
May 13-14, 1999	
June 10-11, 1999	

The annual meeting adjourned at 11:30 a.m.

The regular meeting of the Board of Regents was convened at 11:31 a.m.

REGULAR MEETING

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 - May 7, 1998
Facilities Committee - May 7, 1998

Faculty, Staff & Student Affairs Committee - May 7, 1998
Committee of the Whole - May 7, 1998
Committee of the Whole - May 8, 1998
Board of Regents Meeting - May 8, 1998

REPORT OF THE PRESIDENT

President Yudof reported that in light of testimony from the public forum on the budget in May, he has asked Vice President Maziar to review the economic, health care, and related concerns of graduate students. Other issues raised at the forum will also be addressed in the coming months.

Yudof reported on recent progress and new initiatives that pertain to undergraduate education. There has been a 71% increase in freshman applications since 1992. Applications from high school students are up 20% over 1997. Applications to the College of Liberal Arts honors program are up 70% over last year. Residence halls are at capacity with three-quarters of each freshman class living on campus. A recent survey relating to student satisfaction was conducted with 81% of the students surveyed indicating that they "liked or loved it" at the University of Minnesota. Much of this success is a result of the U2000 initiatives.

With regard to student preparation, the mean high school rank for the incoming freshmen is approximately 74% in the Twin Cities; about 90% of the students have completed all required high school courses; and students of color represent 13.2% of the freshman class. Student headcount has fallen, by design, by 19.5% since 1986 and first-year retention rate has risen another 5.6% since 1986, to 81.2%. The four-year graduation rate for new freshmen has more than doubled since 1986, however, it is still only 21.4% which indicates that there is much yet to be done in this area.

The MnSCU collaboration, Virtual University, and ISEEK program are playing a major role in facilitating access through new partnership programs and technologies. Freshman seminars, expansion of honors programs and revised liberal education and major programs for semester conversion also are components that play a role in providing access.

New initiatives underway include providing students with a welcome CD-ROM, including free internet access before summer orientation, a freshman convocation for the class of 2002, and new student seminars that will be led by core faculty to promote community building.

REPORT OF THE CHAIR

Chair Hogan reported that nine fireside chats have been held. A number of ideas have evolved from the meetings. The next meeting will be held in Duluth on June 16, 1998.

The president's annual performance review is underway with a public report scheduled to be given to the Board at the July meeting.

Chair Hogan called on Regent Spence who provided a brief update on her participation on the Alcohol Abuse Task Force. A copy of the recommendations from the task force will be forwarded to Board members when released. Regent Metzen reported that there are a number of restitution programs relating to alcohol abuse with students. He encouraged that these new models be explored.

She also noted that it appears that the University will again have a shortage of residence hall space for the 1998 incoming freshmen. She expressed her concern about the issue, indicating that there are no quick solutions to this problem.

WHEREAS, the University of Minnesota is committed to achieving standards of national and international excellence, and

WHEREAS, the future of the University is premised on partnerships within the University community of faculty, staff and students, with the State of Minnesota, other educational institutions, business and industry, University alumni, local communities, and the citizens of Minnesota.

NOW, THEREFORE, BE IT RESOLVED, that to achieve these goals, the Board of Regents approves the University of Minnesota FY99 Operating Budget as follows:

The annual revenue and expenditure plan for current, non-sponsored funds and projected expenditures for sponsored funds for FY99.

The FY99 Operating Budget approved by the Board of Regents includes the following attachments which are included in the President's recommended FY99 Operating Budget:

Attachment 1 -- Resource and Expenditures Budget Plan (University Fiscal Pages)

Attachment 2 -- Fund Forecast - Centrally Allocated and Attributed Accounts

Attachment 5 -- University of Minnesota System 1998 - 1999 Tuition Schedule

Attachment 11 - Student Services Fees

- d) Approval of a resolution relating to the FY99 Capital Budget, as follows:

WHEREAS, in September 1992, the Board of Regents directed the administration to submit an annually updated Capital Improvement Program plan to the Board of Regents and to establish an annual capital budget, and

WHEREAS, the citizens of Minnesota have made significant investments in their University of Minnesota for nearly 150 years creating historic, architecturally significant, and productive campuses which have served the state well with educated citizens, research in the advance of knowledge, and outreach improving the State's quality of life and supporting its economy; and

WHEREAS, the Board recognizes the importance and urgency of sustaining and improving these significant University's facilities in support of the institutional mission, and

WHEREAS, the University seeks to strategically link capital resources and academic investments in key academic areas such as biology at the molecular and cellular level, digital technology, multi-media, design, and agricultural research and outreach; and

WHEREAS, the University of Minnesota has a process for reviewing and prioritizing capital needs, the Capital Investment Advisory Committee, which has consulted with all the University

campuses to gather information regarding the most urgent needs, and

WHEREAS, the State of Minnesota has demonstrated its willingness to assist the University in properly preserving and maintaining its buildings and landscapes; and

NOW, THEREFORE, BE IT RESOLVED, that the Board of Regents approve the FY99 Capital budget; accept the FY 1999-2004 Capital Improvement Program and directs the administration to continue to develop and refine the program; and reaffirm its prior year capital expenditure authorization;

AND BE IT FURTHER RESOLVED, that the Board of Regents directs the Administration to maintain separate accounts for regular repair and maintenance of University facilities.

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

Hogan reported that the committee also recognized retiring UMM Chancellor David Johnson.

**REPORT OF THE COMMITTEE OF THE WHOLE
June 12, 1998**

Regent Hogan, Chair of the committee, reported that the committee held a reception to recognize the following:

- FY98 Student Representatives to the Board of Regents
- Recipients of the 1997-98 Horace T. Morse-University of Minnesota Alumni Association Award
- Recipients of the 1998 John Tate Award
- Recipients of the 1997-98 Professional & Academic Staff Award

**REPORT OF THE COMMITTEE OF THE WHOLE
June 12, 1998**

Regent Hogan, Chair of the committee, reported that the committee received the annual briefing on the Board of Regents Policy: *Code of Ethics for Members of the Board of Regents*; received a report from the Student Representatives to the Board; and received an annual report from the University of Minnesota Alumni Association. The committee recognized Dr. Mark Brenner for his work as Vice President of Research and Dean of the Graduate School, and Professor Victor Bloomfield for his service as Chair of the Faculty Consultative Committee. Newly-appointed Regents Professor G. Edward Schuh was introduced to the committee.

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 change for the Master of Planning degree to "Master of Urban and Regional Planning" in the Graduate School.

- Discontinuation of the Master of Science and Ph.D. degree program in Veterinary Pathobiology in the Graduate School.
- Three new degree programs in the Graduate School:
 - 1) Master of Fine Arts within existing graduate program in Design, Housing, and Apparel;
 - 2) Master of Sciences degree program in Clinical Research;
 - 3) Master of Public Affairs degree program.
- Appointment of the following members of the HHH Institute of Public Affairs Advisory Committee:

Alfred Babbington-Johnson
 Gail Margaret-Rose Chang Bohr
 Bernard L. Brommer
 John Foster-Bey
 Karen Langland-Himle
 Kathryn Jensen
 Charles W. Maynes
 Richard Morgan
 Marjorie Roane
 Ann Wynia

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

O'Keefe reported that the committee reviewed current needs and issues in outreach as part of the policy and program review; discussed key issues relating to research; and reviewed a report on Bush Foundation proposals. A number of information items were also included in the docket material.

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:
 - 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. Regent Bleyhl recused herself from voting on the consent report due to a conflict of interest.

Bergland reported that the committee reviewed the Quarterly Asset and Debt Management Report and the Quarterly Purchasing Report. The committee also engaged in a discussion relating to the restructuring of the Office of the Senior Vice President for Finance and Operations.

REPORT OF THE FACILITIES COMMITTEE

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

- a) Approval of the schematic plans for the Horticulture Research Center Remodeling and Addition Project with authorization for the appropriate administrative officers to proceed with the development of construction documents and construction.

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

The committee reviewed the Quarterly Capital Improvement Plan Report, and a number of information items were also included in the docket materials for the committee's review.

Reagan reported that a number of Board members met on Wednesday, June 9, and participated in a design and technology charette pertaining to new Board of Regents meeting space that will be included in the Gateway Center.

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 John E. Brandl as Dean of the Hubert H. Humphrey Institute of Public Affairs.
 - Appointment of Carol A. Carrier as Vice President for Human Resources.
 - Appointment of Gail Skinner-West as Interim Dean of University College.
 - Appointment of Interim Chancellor Samuel Schuman for the Morris campus.
 - Continuous appointment of Rodney Hamer from Extension Educator and Professor H to Extension Educator and Professor G.
 - Continuous appointment of Diana Martenson from Extension Educator and Professor H to Extension Educator and Professor G.
- b) Approval of the resolution relating to equalization of tuition rates, as follows:

WHEREAS, the Board of Regents Policy on Tuition recognizes: that the tuition rate structure must provide appropriate incentives for access, retention, choice and progress toward degree completion; that tuition levels must be responsive to financial aid policies and levels of available aid; that tuition rates at the University of Minnesota, a publicly supported institution, must reflect the costs and the competitive environment of individual programs as well as the personal benefit to individual students and social needs; and that tuition assessments and tuition rates necessarily reflect the level of state appropriations for the University's instructional programs; and

WHEREAS, the Board of Regents made the decision to equalize lower and upper division undergraduate tuition rates by the academic year 1998-99 in order to promote the retention of upper division students; and

WHEREAS, the administration has recommended that an additional two year phase-in period would allow for a less dramatic, more gradual increase in the lower division tuition rate which would better serve the interest of individual students and the institution;

NOW, THEREFORE, BE IT RESOLVED, that the requirement to equalize undergraduate tuition rates in section III, subdivision 2 of the Board of Regents policy on Tuition must be implemented no later than the 2000-2001 academic year.

- c) Adoption of Board of Regents Policy: *Tuition*, as follows:

TUITION

SECTION I. PRINCIPLES.

Subd. 1. Public Interest Purpose. The University of Minnesota is a publicly-supported institution of higher learning whose programs benefit both individual students and the state and nation. This twofold benefit is reflected in a vast array of social, economic, cultural, and civic enhancements that flow from an educated and well-trained citizenry, whose appreciation for the University's unique contributions to Minnesota's system of higher education is evidenced by a willingness to provide individual tuition, state subsidization, and private support. Through this valuable partnership, students are able to pursue their specific educational aspirations, while the state concomitantly promotes the broader public interest.

Subd. 2. Shared Responsibility. Tuition assessments within the University of Minnesota as a public institution must reflect the shared responsibility, benefits, and needs of the state and of the individual student. The tuition rate structure must provide appropriate incentives for access, retention, and choice; must promote timely progress toward degree completion; and, must be responsive to federal and state financial aid policies. Tuition rates and related fees must reflect the costs and the competitive environment of individual programs, the personal benefits to individual students, and social needs. Tuition assessments and tuition rates necessarily reflect the level of state appropriations for the University's instructional programs. Authority for establishing the basic principles for assessing, collecting, and managing tuition at levels that ensure the educational quality and integrity of the University's instructional mission resides with the Board of Regents.

Subd. 3. Access, Choice, and Quality Need-Based Grant Fund. The University shall maintain an Access, Choice, and Quality Need-Based Grant Fund. The fund shall be used to supplement federal and state need-based grant funds to undergraduate students in order to maintain access, choice, and quality. While private gifts should eventually provide the principal revenue for this fund, operations and maintenance revenue may also be used upon the recommendation of the president and approval of the Board of Regents.

SECTION II. DELEGATION OF AUTHORITY.

Subd. 1. Delegation. The Board of Regents delegates to the president of the University of Minnesota the authority to implement tuition policy and assess tuition.

Subd. 2. Review and Study. The president will annually review instructional cost studies that take into account the University's unique mission and the nature and level of its programming and services. The information in these studies will be viewed in the context of available state funding and student financial aid, keeping in mind that student financial aid subsidizes the cost of the individual student's education and does not provide public higher education institutions with additional financial support. The president will then specify the expected level of revenue from each University campus and will solicit for consideration specific tuition-rate proposals for each campus from the provosts of the Twin Cities campus and from the chancellors of the Duluth, Morris, and Crookston campuses. A student tuition advisory committee will be maintained on each campus and consulted to assist in the development of these proposals.

Subd. 3. Recommendations to Board. The president will then recommend tuition rates and provide an estimate of tuition revenue in the yearly budget plan that is presented to the Board of Regents. The presentation will include final recommendations for tuition rates for all levels of students and, where applicable, detailed information regarding tuition practices such as banding. The president will also include any proposed administrative, academic or course fees, and tuition refund schedules. The president's recommendations will be subject to review and approval by the Board of Regents.

SECTION III. TUITION GUIDELINES

Subd. 1. Tuition Assessment. All students receiving instruction will be assessed tuition. This includes formal as well as less formal modes of instruction, and thesis advising. Tuition for credit instruction will be assessed for each campus by charging a base tuition for all students registering for a term (i.e., a quarter, a semester, or a summer session) and by assessing tuition on a per-credit basis above the base rate, up to whatever band is being used for the particular campus or student level. A tuition "band" is a range of credit loads for which the total tuition is the same without regard to the number of credits taken within the range. As a general rule, tuition rates and fees should recognize the difference in cost between full-time and part-time students.

Subd. 2. Undergraduate Student Tuition Rates. For each campus, the resident tuition rate must be the same for all undergraduate students. For each campus, the nonresident tuition rate must be the same for all undergraduate students.

Subd. 3. Tuition Plans. The annual tuition plans for undergraduate students on each campus must include a guaranteed tuition plan option for entering freshmen students. Costs associated with guaranteed tuition plans must be fully borne by students participating in the plan and participation in such plans may be limited. The Board of Regents encourages the exploration of tuition plan options.

Subd. 4. Graduate Student Tuition Rates. The resident tuition rates for students registered in the Graduate School may vary by program and should be established on a cost-related basis, with cost being the average fully-allocated cost of graduate programs, and with market as a limiting factor to tuition rate increases. The University's objective should be to establish graduate tuition rates, graduate assistant wage rates, and tuition waiver and remission policies that enable the University to remain competitive in recruiting the best graduate students, in order to maintain high quality graduate programs and to benefit from the important contributions such students make to the University's instructional and research programs.

Subd. 5. Professional Student Tuition Rates. The resident tuition rates for professional students should vary by program and should be established on a cost-related basis, with market as a limiting factor to tuition rate increases. For the professional schools of medicine, dentistry, veterinary medicine, pharmacy, and law, the institutions to be compared in establishing market should be determined by the president, on the recommendations of the executive vice president and provost and the senior vice president for health sciences.

Subd. 6. Departmental Master's Degree Student Tuition Rates. The resident tuition rates for departmental master's students may vary by program. Resident departmental master's tuition rates should be established at a level greater than the corresponding undergraduate rate.

Subd. 7. Tuition Rates for Non-Admitted Students. The president will recommend to the Board of Regents tuition rates for non-admitted students in the University College and in summer session, and for students designated as "adult specials" in the day school, recognizing that differences exist between degree-seeking and non-degree-seeking students.

Subd. 8. Residency. The Board of Regents has the authority to establish residency policy for University purposes, consistent with state law. Interpretive conventions of resident tuition status must have the approval of the president and are subject to review by the Board of Regents. Students will be provided due process to present their arguments for possible classification as resident for University purposes. Nonresident, non-reciprocity student tuition rates for undergraduate, graduate, professional, and departmental master's degree students will be set to recover, on the average, the full cost used in establishing the corresponding resident tuition rate.

Subd. 9. Tuition Waivers and Remissions. Tuition may be waived or remitted selectively in order to accommodate state law, to provide financial discounts to students the University is seeking to attract, to offer University employees a benefit, to promote cooperation with other higher education institutions, to support the international exchange of students, and to serve humanitarian purposes. The cost of all tuition-waiver programs not financed by legislative appropriation will be recovered by the tuition revenue generated from students who are not receiving them. As a general rule, a tuition-waiver program should be offered only if the University intends to provide it to all students meeting the program's criteria, regardless of their financial

circumstances. The cost of a tuition remission program will be recovered from the units offering this benefit.

The president will make final recommendations regarding the terms and conditions under which tuition waivers and tuition remission benefits are provided. The University will state publicly the exceptions it will approve and provide such information to students who might qualify for them.

The president may recommend that all tuition be waived for students in a limited number of categories, and will make final recommendations regarding the conditions under which the nonresident portion of tuition is waived for nonresident students. In general, waivers of the nonresident portion of tuition for individual students will be for fixed periods of time.

Tuition waivers and tuition remission benefits will be reported as student aid expenditures in University financial records and reports.

Subd. 10. Reciprocity and Exchanges. Subject to approval by the Board of Regents, the University may participate in reciprocity and exchange agreements between Minnesota and other states and the Canadian provinces. These agreements will specify the extent to which tuition will be waived. Consistent with Minn. Stat. § 136A.08, the president will recommend to the Board of Regents for their approval any additions of and modifications in reciprocity agreements.

The Board of Regents affirms that admissions to programs are delegated to the faculties of the University and that agreements related to admissions are not, therefore, properly within the purview of others. The regents further affirm that their participation in reciprocity agreements involving the remission of nonresident tuition must be premised on the understanding that adequate funding-reimbursement procedures to the University will be developed through the Governor's Office and the Minnesota State Legislature.

The University may also enter into consortium agreements with other institutions and other academic programs under which student exchanges and visiting student/scholar programs will operate. The president is delegated authority to approve such programs on recommendation of the appropriate academic officer.

Subd. 11. Administrative Fees. The president may recommend to the Board of Regents that administrative fees that affect large classes of students may be assessed to those who directly benefit from the services for which the fees are being paid.

Subd. 12. Course Fees. The president may recommend to the Board of Regents that course fees be assessed:

- (1) when academic departments purchase materials that will be used in developing products that the students will retain or consume;
- (2) when they purchase from non-University vendors services or products that are subsequently provided to students as a requirement of a course; or,
- (3) when academic departments provide individual lessons to students.

Course fees should be assessed only in specifically justified situations and should not be substituted for general budget support. The appropriate campus student tuition advisory committee shall be consulted to assist in the development of fee proposals.

Subd. 13. Academic Fees. The president may recommend to the Board of Regents that campus-wide fees, college-wide fees, or both be assessed to all students enrolled on a campus or in a college for special equipment, supplies, and services, provided that each campus use no more than one campus-wide fee and that each college use no more than one college-wide fee.

Effective Date: Section III, subdivision 2 must be implemented no later than the 2000-2001 academic school year.

Supersedes: Tuition Policy dated February 12, 1993; Tuition Policy dated November 10, 1993; and Tuition Waiver for American Indian Students at the Morris Campus dated February 10, 1961.

- d) Adoption of Board of Regents Policy: *Retirement and Terminal Leaves*, as follows:

RETIREMENT AND TERMINAL LEAVES

ARTICLE I.

Definition of Terms

Subd. 1. Current Annual Base Salary. Current annual base salary is the base salary in effect for the academic year. Base salary does not include augmentations, summer appointments, or any compensation not eligible for determining University of Minnesota retirement benefits (see article 3, section II, subdivision 4 for calculation of current annual base salaries for administrators).

For individuals with appointments of less than 100 percent, the lump sum payment will be based on the corresponding proportion of the 100 percent appointment base salary.

For physician faculty, current annual base salary is the base salary, exclusive of administrative augmentation, specified in the University of Minnesota's annual Notice of Appointment for the current academic year.

Subd. 2. Last Day of Employment. The "last day of employment" is the last day of the phased retirement period.

Subd. 3. Last Day of Regular Appointment. The "last day of regular appointment" is the last day in unreduced appointment preceding commencement of the phased retirement.

Subd. 4. Last Day of Regular Employment. The "last day of regular employment" is the last day of work as a tenured faculty member or continuous appointment academic professional.

Subd. 5. Senior Administrator. "Senior administrator" means the president, chancellor, executive vice president and provost, senior vice president, or vice president, as appropriate.

Subd. 6. Unit Administrator. "Unit administrator" means the department, unit or division head, as appropriate.

Subd. 7. Years of Service. One year of service is credited on each anniversary date of the most recent date of employment with the University of Minnesota provided that the employee was in a continuous academic appointment of at least 75 percent, on at

least a 9-month basis, during that year of employment. For purposes of eligibility, unpaid leaves of absence will count toward the total years of service provided that the appointment was at least 75 percent during the leave.

ARTICLE 2.

PHASED RETIREMENT

SECTION I. INTRODUCTION

Subd. 1. Availability. The phased retirement is a voluntary option available only to tenured faculty members and academic professionals with continuous appointment for the purpose of facilitating change within units. Permission to offer this option must be obtained from the unit administrator, dean, or senior administrator and the Office of Human Resources.

Subd. 2. Best Interest of the University. It must be demonstrated in a cover letter that the use of the phased retirement option, which is not available to the faculty and academic professional staff in general, is in the best interest of the University, that is, in keeping with specific programmatic goals or other special circumstances.

Subd. 3. Binding Agreement. Any arrangement must be in writing and signed by the faculty member or academic professional; the unit administrator, dean, or senior administrator; and the Office of Human Resources before the terms become binding. An agreement may be changed only by mutual consent of the parties. Any amendment to the original agreement must comply with the policy, must be in writing, must be signed by the parties, and is not effective until signed by the senior administrator or a designee and the Office of Human Resources.

SECTION II. STIPULATIONS.

For this option the following stipulations apply:

Subd. 1. Availability. Available only to tenured faculty members and academic professionals who hold a continuous appointment of at least 75 percent on a nine-month or greater basis and who will be at least 52 years of age on their last day of regular employment.

Subd. 2. Termination of Employment. Any agreement must include the proviso that the faculty member or academic professional terminates employment and gives up tenure/continuous appointment no later than five years after the commencement of the phased retirement. The last day of employment must be specified.

Subd. 3. Leave Without Salary. Based on an annual 100 percent appointment term, the leave without salary must be for at least 25 percent and not more than 75 percent time.

Subd. 4. Terminal Agreement. This option may not be combined with a terminal agreement.

Subd. 5. Faculty Retirement Plan. The individual may make one withdrawal from the Faculty Retirement Plan each calendar year during the period of phased retirement. The maximum amount available each year is 10 percent of the faculty retirement account balance determined on the first day of the month in which the withdrawal occurs. This withdrawal can only be made from funds in the pre-1989 403(b) portion of the account. In addition to regular federal and state taxes, a 10 percent penalty may be assessed by the Internal Revenue Service if the withdrawal is made prior to age 59-1/2.

Subd. 6. Optional Retirement Plan. If an individual has an Optional Retirement Plan, and is over the age of 59-1/2, there are no restrictions on withdrawing moneys from this plan. (Note: Investment companies may have their own restrictions on withdrawals. Please direct questions to Employee Benefits.)

Subd. 7. Access to Retirement Accounts. The individual has access to his or her retirement plan accounts upon separation from the University and should consult a tax advisor regarding the tax consequences of any distributions.

Subd. 8. Written Agreement. The phased retirement agreement must be described in writing and signed by the faculty member or academic professional, the unit administrator, dean, or senior administrator and the Office of Human Resources.

Subd. 9. COBRA. This program does not replace the employee's benefit continuation rights under the Consolidated Omnibus Budget Reconciliation Act (COBRA).

Subd. 10. Release Statement. The individual must sign the special release statement on the last day of regular employment (prior to commencement of the phased retirement) and forward it to Employee Benefits. (Release statements signed prior to this date will not be accepted.)

SECTION III. BENEFITS.

Subd. 1. Faculty Retirement Plan Taxes. Contributions to the faculty member or academic professional's Faculty Retirement Plan will be based on the unreduced salary subject to the application of section 415 of the Internal Revenue Code. Any contributions exceeding the limits under Section 415 of the Internal Revenue Code cannot be paid into the plan, but instead will be paid directly to the employee as cash and will be subject to federal and state income tax.

Subd. 2. Optional Retirement Plan Taxes. Optional retirement plan contributions are also subject to limitations under sections 403(b) and 415 of the Internal Revenue Code, which take into account actual taxable salary and all retirement contributions. In some cases, these employee contributions may need to be discontinued or reduced.

Subd. 3. FICA. FICA (Social Security plus Medicare) withholding is based on actual earnings.

Subd. 4. Health Benefits. The University's contributions to the University-sponsored medical, dental, and life insurance plans continue during phased retirement. In addition, at the end of the

phased retirement, the University contribution for medical and dental coverage will continue until the earliest of:

- (1) a minimum of 24 months, regardless of medicare eligibility;
- (2) the last day of the month in which the employee becomes eligible for medicare after 24 months, but no longer than 48 months; or
- (3) until the 31st day following the date on which the employee becomes eligible for other group medical and/or dental coverage subsidized by another employer.

In all cases, coverage will not continue unless the required employee contributions have been paid.

Subd. 5. Dependent Coverage After Death. In the event that an employee dies while covered under this agreement, dependent medical and dental coverage will be continued with the University contribution under the same terms as if the employee had lived.

Subd. 6. Disability Insurance. Faculty Group Disability Insurance will continue during the phased retirement period, however, in the event of certification of disability, payments may not exceed the level of the phased retirement actual salary. After the phased retirement, Faculty Group Disability Insurance can only be continued at a \$200 monthly coverage level at the employee's expense, subject to the provisions of the group policy.

Subd. 7. Life Insurance. The life insurance under the Faculty Group Term and State Employee Group Insurance Program will continue during the phased retirement period. After the phased retirement, an employee may continue life insurance coverage under COBRA continuation at the employee's expense. Insurance amount will be based on the unreduced salary.

Subd. 8. Vacation. For individuals in 12-month appointments, vacation will be accrued while the appointment is 67 percent or greater. Employees are encouraged to use vacation prior to reducing their appointment below 67 percent. Payment for unused vacation days accrued within the 12 months immediately preceding the last day of employment will be paid following that date provided that proper documentation is provided. Accumulated vacation is lost if not used within 12 months of the date on which it was accrued.

Subd. 9. Ceasing of Benefits. All employee benefits, except those specified in section III, subdivisions 4-7, will cease on the last day of employment.

ARTICLE 3.

TERMINAL AGREEMENT

SECTION 1. INTRODUCTION.

Subd. 1. Availability. The terminal agreement is a voluntary option available only to tenured faculty members and academic professionals with continuous appointment for the purpose of facilitating change within units.

Subd. 2. Best Interest of the University. It must be demonstrated in a cover letter that the use of the terminal agreement option, which is not available to the faculty and academic professional staff in general, is in the best interest of the University, that is, in keeping with specific programmatic goals or other special circumstances.

Subd. 3. Binding Agreement. Any arrangement must be in writing and signed by the faculty member or academic professional; the unit administrator, dean, or senior administrator; and the Office of Human Resources before the terms become binding. An agreement may be changed only by mutual consent of the parties. Any amendment to the original agreement must comply with the policy, must be in writing, must be signed by the parties, and is not effective until signed by the senior administrator or designee and the Office of Human Resources.

SECTION II. STIPULATIONS.

This terminal agreement contains the following stipulations:

Subd. 1. Availability. Available only to tenured faculty members and academic professionals with continuous appointment who will be at least 52 years of age and who will have held an academic appointment of at least 75 percent on a 9-month basis at the University of Minnesota for at least ten consecutive years ending on their last day of regular employment.

Subd. 2. Termination of Employment. The individual must resign and give up tenure prior to receiving any benefit under this agreement. The last day of regular employment must be mutually agreed upon by the faculty member or academic professional; the unit administrator, dean, or senior administrator; and the Office of Human Resources.

Subd. 3. Salary Payment. The salary payment will be made only as specified in section III, subdivision 1.

Subd. 4. Eligibility and Salary Calculation. Academic administrators who hold tenured faculty or continuous appointment academic professional positions are eligible for these enhanced options, assuming they meet all of the other eligibility requirements set forth in this document. Their base salary, for purposes of calculation of the lump sum payment, must reflect:

(1) a faculty/academic professional rate appropriate to their discipline; and

(2) a term of appointment (i.e., 9-month or 12-month) consistent with that of other faculty or academic professionals in their tenure/continuous appointment home unit.

Subd. 5. Phased Retirement. This plan may not be combined with a phased retirement.

Subd. 6. Other Institutional Services. The faculty member or academic professional may continue direct services to University College and may be reemployed with the University on a special contract.

Subd. 7. Access to Retirement Accounts. The individual has access to her or his retirement plan accounts upon separation from the University.

Subd. 8. Retirement Plan Taxes. In addition to regular federal and state taxes, a 10 percent penalty may be assessed by the Internal Revenue Service if the distribution is made prior to age 55. It is advisable to consult a tax advisor regarding the tax consequences of any distributions from the retirement plans.

Subd. 9. Restrictions on Withdrawals. Investment companies may have their own restrictions on withdrawals. Please direct questions to Employee Benefits.

Subd. 10. Health Benefits. In the event that the employee becomes eligible for group medical and/or dental coverage subsidized by another employer while receiving benefits under this agreement, the employee must notify Employee Benefits within 31 days. University contributions to medical and dental coverage will end under the conditions in section III, subdivisions 6-8.

Subd. 11. Written Agreement. The terminal agreement must be described in writing and signed by the faculty member or academic professional; the unit administrator, dean, or senior administrator; and the Office of Human Resources.

Subd. 12. COBRA. This program does not replace the employee's benefit continuation rights under the Consolidated Omnibus Budget Reconciliation Act (COBRA).

Subd. 13. Release Statement. The individual must sign the special release statement on the last day of regular Employment and forward it to Employee Benefits. (Release statements signed prior to this date will not be accepted.)

SECTION III. BENEFITS

The benefits offered under the terminal agreement are:

Subd. 1. Salary Payment. The terminal agreement provides a cash payment equal to one year's current annual base salary. This cash payment will not be eligible for a Faculty Retirement Plan contribution. An amount equivalent to that contribution (13 percent of the cash payment) will be added to the cash payment.

Subd. 2. Termination of Employment. Termination from University employment becomes effective on the last day of regular employment. The last day of regular employment must be mutually agreed upon by the faculty member or academic professional; the unit administrator, dean, or senior administrator; and the Office of Human Resources.

Subd. 3. Payment Terms. Payment will be made in a lump sum shortly after the last day of regular employment. Termination of employment and submission of the signed release must precede any payment under this agreement.

Subd. 4. Optional Retirement Plan Taxes. Optional Retirement Plan contributions are subject to limitations under Sections 403(b) and 415 of the Internal Revenue Code, which take into account actual taxable salary and all retirement contributions.

The individual should consult with an employee benefits counselor before making an Optional Retirement Plan election for the last year of employment if the individual wants the cash payment to be considered in determining the contribution for that year.

Subd. 5. FICA. FICA (Social Security plus Medicare) will be withheld from the total payment in section III, subdivision 1 (up to the annual maximum).

Subd. 6. Health Benefits. University-sponsored medical and dental coverage for which the employee was eligible on entering into this Agreement may be continued for two years following their last day of regular employment provided that the employee makes any required employee contribution on a timely basis and that these plans continue to be offered to regular benefits-eligible employees of the University.

Subd. 7. University Contribution. The University's contribution towards this coverage will end on the earlier of the following:

- (1) the date the coverage under this agreement ends; or
- (2) the last day of the month in which the employee becomes eligible for coverage under a group medical and/or dental plan subsidized by another employer.

Subd. 8. Dependent Coverage After Death. In the event that an employee dies while covered under this agreement, dependent medical and dental coverage will be continued with the University contribution under the same terms as if the employee had lived.

Subd. 9. Disability Insurance. Faculty Group Disability Insurance can only be continued at the \$200 monthly coverage level at the employee's expense, subject to the provisions of the group policy.

Subd. 10. Vacation. Employees are encouraged to use vacation prior to their last day of regular employment but payment for unused vacation days will be made provided that proper documentation is provided.

Subd. 11. Ceasing of Benefits. All employee benefits except those specified in section III, subdivisions 6-9 will cease on the last day of regular employment.

- e) Adoption of Board of Regents Policy: *Awards, Honors and Recognition*, 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. 2-7 do not require action by the honors committee or approval by the Board of Regents.

Subd. 2. 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. 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. Award for Outstanding Contributions to Graduate and Professional Education. 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. 5. Teaching Awards. These awards are given by some individual collegiate units. Nominating procedures are governed by the rules of each collegiate unit.

Subd. 6. 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. 7. 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. 8. 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.

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

Subd. 4. Regents 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. 5. Regents 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. 6. Regents 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.

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 subds. 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 and Student Affairs Committee.

Bleyhl reported that the committee also reviewed proposed changes to the Board of Regents Policy: *Conflict of Interest* and engaged in a discussion relating to issues on integrated leave options.

REPORT OF THE AUDIT COMMITTEE

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

REPORT OF THE LITIGATION REVIEW COMMITTEE

Regent Peterson reported that the committee met in non-public session on June 11, 1998 to discuss attorney-client privileged matters and there were no actions taken at the meeting.

The meeting adjourned at 12:10 p.m.



STEVEN BOSACKER
Executive Director &
Corporate Secretary

UNIVERSITY OF MINNESOTA

BOARD OF REGENTS

Presidential Performance Review Committee

June 18, 1998

A meeting of the Board of Regents Presidential Performance Review Committee was held on Thursday, June 18, 1998, at 10:07 a.m. in Room 325, Morrill Hall.

Regents present: Regent William Hogan, presiding; and Regent Warren Larson.

Also present: President Mark Yudof and Executive Director Steven Bosacker.

Chair Hogan called the meeting to order and explained that the purpose of the meeting was to evaluate the performance of President Mark Yudof in his first year at the University of Minnesota. 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(d), a non-public meeting of the Board of Regents Presidential Performance Review Committee be held on Thursday, June 18, 1998, in Room 325, Morrill Hall, for the purpose of evaluating the performance of an individual subject to the Board's authority.

The Regents voted unanimously to approve the resolution.

The meeting adjourned at 10:08 a.m.



STEVEN BOSACKER
Executive Director and
Corporate Secretary

