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UNIVERSITY OF MINNESOTA

BOARD OF REGENTS

MINUTES

BOARD OF REGENTS' MEETING

AND

REGENTS' COMMITTEE MEETINGS

July 11-12, 1996
July 29, 1996

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

July 11-12, 1996

July 29, 1996

<u>CONTENTS</u>	<u>PAGE</u>
I. Committee Meetings	
A. Facilities Committee - July 11, 1996-----	1
B. Financial Operations Committee - July 11, 1996 -----	7
C. Faculty, Staff & Student Affairs Committee - July 11, 1996-----	10
D. Educational Planning & Policy Committee - July 11, 1996-----	14
E. Committee of the Whole - July 11, 1996-----	18
F. Committee of the Whole - July 12, 1996-----	25
II. Board of Regents' Meeting - July 11, 1996	
A. Resolution to Conduct Non-Public Meeting-----	29
III. Board of Regents' Meeting - July 12, 1996	
A. Approval of Minutes -----	30
B. Report of the President -----	30
1) 1995-96 in review	
2) The Presidential Agenda/Priorities	
3) The Biennial Request	
4) Master Planning	
5) Family Re-Union V	
6) The Death of Regents' Professor Edward Ney	
7) Appointments	
C. Report of the Chair -----	30
1) Update on Presidential Search	
D. Receive and File Reports -----	31
E. Gifts -----	31
F. Report of the Committee of the Whole - July 11, 1996	
1) Adoption of the Regents' Policy on Code of Conduct-----	31
2) Regents' Policy on Faculty Tenure -----	33
3) Report of the President's Minority Advisory Committees -----	33
4) Critical Measures: "The Final 2"-----	33
5) University-Fairview Affiliation -----	33
G. Report of the Committee of the Whole - July 12, 1996	
1) Approval of resolution - Summary of Expenditures-----	33
2) Recognition - Regents' Professor Avner Friedman -----	33
3) Biennial Request FY97-99-----	33
4) Campus Master Plan for the Twin Cities -----	33
H. Report of Faculty, Staff & Student Affairs Committee	
1) Approval - Senior Vice President's Monthly Report -----	33
2) Approval of Resolution - Staffing and Organization of the University's Lobbying and Public Relations Functions-----	34

3) Committee Agenda FY97 -----	34
4) Working Group on Human Resources, Report IV: Dispute Resolution -----	34
5) Policies, Benchmarks, and Comparisons of Tuition and Financial Aid -----	34
I. Report of the Facilities Committee	
1) Approval - Senior Vice President's Monthly Report -----	34
2) Approval of resolution - Schematic Plans for the FY97 Capital Budget -----	34
3) Approval of resolution - Amendment to FY97 Capital Budget -----	35
4) Approval of resolution - Quarterly Capital Improvement Plan Report -----	35
5) Approval of resolution - Sale of 2703 Territorial Road, St. Paul -----	35
6) Approval of resolution - Construction of Student Housing -----	35
7) Three-year lease of 568 Rice Street, St. Paul -----	36
J. Report of the Financial Operations Committee	
1) Approval - Senior Vice President's Monthly Report -----	36
2) Approval of resolution - Purchase of Goods & Services Over \$250,000 -----	36
3) Committee Agenda FY97 -----	37
4) University Travel Policy -----	37
5) Quarterly Management Report -----	37
K. Report of the Educational Planning & Policy Committee	
1) Approval - Senior Vice President's Monthly Report -----	37
2) Committee Agenda FY97 -----	37
3) Academic Review Series: Review of Outreach Activities: Extension Service -----	37
4) Orientation of New Students -----	37
5) Quarterly International Programs Report: MacArthur Program -----	37
M. New Business	
1) University-Fairview: Collective Bargaining -----	37
2) University's Layoff/Non-Renewal Program -----	37
IV. Committee Meetings	
A. Committee of the Whole - July 29, 1996 -----	38
V. Board of Regents' Meeting - July 29, 1996	
A. Report of the Committee of the Whole	
1) Approval of CLA Dean appointment - Steven J. Rosenstone -----	43
2) Approval of resolution - Promotion & Tenure Recommendations -----	43
3) Approval of resolution - University-Fairview Affiliation -----	43
B. Old Business	
1) Approval of Resolution - Layoff/Non-Renewal Program -----	46

UNIVERSITY OF MINNESOTA

BOARD OF REGENTS

Facilities Committee

July 11, 1996

A meeting of the Facilities Committee of the Board of Regents was held on Thursday, July 11, 1996, at 10:00 a.m. in Room 238, Morrill Hall.

Regents present: Wendell Anderson, presiding; Julie Bleyhl, William Peterson, Thomas Reagan, and Jessica Phillips.

Staff present: Chancellor Donald Sargeant; Senior Vice President JoAnne Jackson; Vice President McKinley Boston; Executive Director Steven Bosacker; and Associate Vice Presidents Roger Paschke and Ron Campbell.

Student Representatives present: Mark Erickson and Tonia E. Zehrer.

SENIOR VICE PRESIDENT'S MONTHLY REPORT

Senior Vice President Jackson presented the Senior Vice President's Monthly Report for July 1996. The following items were highlighted for the committee:

1. Background information was provided in the docket material regarding the University's review of the Critical Area Plan for the Steam Plant Project.
2. A search committee has been formed for the Associate Vice President for Facilities Management. Roger Paschke will chair the committee.
3. An item will be on the agenda in September relating to the Minnesota Building Research Center.
4. Associate Vice President Paschke provided an update on the Radisson University Hotel. There have been a number of financial issues relating to the hotel over the year, including whether or not it has been financially viable. The owners of the hotel want to refinance at this time and need the University's agreement. The administration believes that an appropriate arrangement has been reached regarding the refinancing.

Ryan Johnson, Director of Risk Management Office, provided the committee with some historical background regarding the financial arrangement between the University and the owners of the Radisson Hotel, University Inn Associates (UIA). Currently, the Radisson owes the University \$307,000 (\$269,000 from seven years ago, and an additional \$38,000 that has been borrowed since then). The University has received no interest and no principle on the original \$269,000, which became due February 1996. The administration is looking at accepting \$250,000 in cash as satisfactory for the \$307,000 owed to the University.

In addition, the University has only received the base rent of \$12,000 per year on a very valuable piece of property and has not received the agreed to percentage of gross sales and food sales for the last seven years. The proposal, for the next two years, is for

the University to receive \$48,000 per year for rent. Thereafter the rent would be stepped up to the full percentage rent, which on current sales amounts to almost \$79,000 per year. Maddux Hotel Properties, the management company, has also agreed that, in the event of a shortfall, the University would get paid before the management fees are taken out. All agreements will be cross-defaulted, hence a default on any one agreement and all agreements would be in default.

In response to questions from Regent Anderson, Paschke assured the committee that the proposed agreement with the Radisson University Hotel is in the best interest of the University. In addition, Paschke explained that plans for connecting the hotel with the parking ramp are included with plans for the Gateway Project.

In response to concerns from Regent Reagan regarding the logic of continuing an agreement with a management company that has a poor record, Paschke and Johnson explained that the proposed restructured agreement gets the University most of its money in the short-term and puts the University in a better position in the event of a default. Currently, this is a subordinated ground lease, which means that if Maddux goes into default the University loses the land.

Anderson requested that information regarding the history of the hotel, including the terms and conditions of the original deal, be put together prior to the September meeting for the committee members.

In response to questions from Regent Bleyhl, Johnson explained that UIA is taking out a mortgage on the building, but in addition the mortgage company has a secured interest in the land. Paschke further explained that under the restructured agreement the land will continue to be subordinated, but we do have the ability to step in and make the mortgage payments and/or find another owner.

A motion was made and seconded and the committee voted unanimously to recommend approval of the Senior Vice President's Monthly Report.

SCHEMATIC PLANS, FY97 CAPITAL BUDGET

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

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

- A. Center for Magnetic Resonance Research, Twin Cities Campus
Original estimated project cost: \$3,500,000
Increase in project cost: \$4,500,000
Total estimated project cost: \$8,000,000
Funding: 1996 State Capital Appropriation; National Science Foundation (NSF) grant application (primarily for the animal facilities); and an internal loan
Estimated completion date: May 1996

- B. Classroom Renewal, Systemwide
Estimated cost of the project: \$6,200,000
Funding: 1996 State capital appropriation
Estimated completion date: Phase I - summer 1996;
additional classrooms will be over the next two years.

- C. Apartment Housing Project (Revision), Crookston Campus
 - Original estimated project cost: \$2,200,000
 - Decrease in project cost: \$1,200,000
 - Total estimated project cost: \$1,000,000
 - Funding: University internal loan
 - Estimated completion date: August 1997

Linda McCracken-Hunt noted that with respect to the Apartment Housing Project, the scope has changed significantly since the project was reviewed in December 1994. Both scope and funding have been decreased.

The committee voted unanimously to recommend approval of the resolution.

AMENDMENT, FY97 CAPITAL BUDGET

Sixth Street Parking Complex (Buckeye Lot), Twin Cities Campus

The committee reviewed a proposed project for additional parking on the Twin Cities campus. With the impending merger of the University Hospital and Fairview Hospital, the proposed demolition of the East River Road Ramp and the proposed Gateway Project, additional parking is needed on both a temporary and permanent basis. A parking lot on Sixth Street (Buckeye Lot) is proposed to accommodate 730 spaces in an area of approximately six acres. Estimated cost of the project is \$675,000 with funding to be provided from Parking and Transportation Services funds. Estimated completion is October 1996.

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

RESOLVED, that on the recommendation of the President and the Senior Vice President for Finance and Operations, the FY97 Capital Budget is hereby amended to incorporate the following project:

- A. Sixth Street Parking Complex (Buckeye Lot),
Twin Cities Campus
 - Estimated cost of the project: \$675,000
 - Funding: Parking and Transportation Services Funds
 - Estimated completion date: October 1996

QUARTERLY CAPITAL IMPROVEMENT PLAN REPORT

Linda McCracken-Hunt presented the Quarterly Capital Improvement Plan Report. She noted that the percentages reflected in the report are consistent with the prior years percentages.

A motion was made and seconded to recommend approval of the following resolution approving the Quarterly Capital Improvement Plan Report:

RESOLVED, that on the recommendation of the President and the Senior Vice President for Finance and Operations, the Board of Regents approve the fourth Quarterly Report on the FY96 Capital Budget summarized in Attachment A and approve amendments to the FY96 Capital Budget as itemized in the table contained in the docket materials.

The committee voted unanimously to recommend approval of the resolution.

REAL ESTATE TRANSACTION

Sale of Portion of Property at 2703 Territorial Road in St. Paul to Hubbard Broadcasting

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

RESOLVED, that on the recommendation of the President and Senior Vice President for Finance and Operations, the appropriate administrative officers are authorized to execute the appropriate documents providing for the sale of approximately 102,400 square feet of land at 2703 Territorial Road, St. Paul, to Hubbard Broadcasting for the sum of \$512,000.

Sue Weinberg, Real Estate Office Coordinator, reported that the property is a portion of an approximately six-acre parcel that the University purchased in 1987 to serve as future parking space along the Intercampus Transitway between the Minneapolis and St. Paul campuses.

The committee voted unanimously to recommend approval of the resolution. Regent Anderson recused himself from voting due to a conflict of interest.

REAL ESTATE TRANSACTIONS

Sale of 419-425 Ontario Street SE, Minneapolis

Senior Vice President Jackson reported that this item is delayed.

Three-Year Lease of Medical Clinic Building at 568 Rice Street, St. Paul

The committee reviewed a proposal to execute a three-year lease with HealthEast for the use of the premises at 568 Rice Street in St. Paul, consisting of approximately 16,000 square feet of office and medical clinic space, by the Department of Family Practice and Community Health for relocation of its Bethesda Family Physicians Clinic. The University's Department of Family Practice and Community Health has leased 6,142 square feet of office and medical clinic space at 590 Park Street since July 1, 1982 for its Bethesda Clinic, which has outgrown its space. The Bethesda Clinic operation will be moved to the new facility.

The lease for the subject property will commence upon completion of building construction that is projected for the spring of 1997. It will continue for three years with renewal options to potentially continue the lease for 17 years thereafter. The annual base rent for the facility will be equal to HealthEast's debt service costs to construct the building, estimated at \$260,000 per year. In addition to annual base rent, the University will pay all operating costs, including building repairs and maintenance, estimated at \$5 per square foot. It is expected that the property will be exempt from real estate taxes. The funding sources for the rent and operating costs for this lease are funds generated by clinic operations by the Department of Family Practice and Community Health and residency training program hospital contributions.

COMMITTEE AGENDA FY97

The committee reviewed and agreed to the following committee agenda for FY97:

Initiative #1: The committee will review planning underway for the three housing sites approved by the committee (East River Road parking site, Science Classroom building site, and the MRRC building) utilizing public-private partnerships.

Initiative #2: The committee will review plans developed to make the campus more user-friendly through the development of more tunnels and skyways.

Initiative #3: The committee will be updated and tour (probably September) the efforts made toward the beautification of the Twin Cities and coordinate campuses.

PRIVATE PARTNERSHIP HOUSING UPDATE

Vice President Boston introduced the item. Associate Vice President Campbell and Mary Ann Ryan, Director of Housing and Residential Life, provided an overview of the request for proposals (RFP) for University student housing partnership.

Campbell reported that there have been initial conversations internally and with other institutions and developers in an effort to understand how such public/private relationships work. The document distributed at the meeting is a working document upon which to develop the final RFP. Campbell expressed interest in feedback and comments over the next month regarding areas that may not be addressed in the working document.

In response to questions from Regent Anderson, Campbell explained that there has been much interest from the private sector in this proposal. Campbell added that they expect to have an RFP out in September and back for University review in October. The critical points are the financial arrangements and the legal obligations of the University.

Boston explained that the administration is also looking at this as a potential profit maker for the University and not just an opportunity to service our needs.

Ryan provided a brief update on resident hall initiatives that have taken place during the past year.

A motion was made and seconded to recommend approval of the following resolution that was reviewed at the June meeting relating to construction of student housing:

WHEREAS, the Board of Regents has previously adopted a resolution advising the University administration to pursue the construction of up to \$50 million of new residential housing for students at the Twin Cities campus; and

WHEREAS, the Regents and the administration agreed on the importance of a sufficient amount of housing for students wishing to live on or near campus; and

WHEREAS, the Regents have identified three potential sites on the Twin Cities campus for the construction of new student housing; and

WHEREAS, the Regents have been advised by the administration of the constraints on the University's debt capacity with regard to new capital investments, including student housing; and

WHEREAS, it is the desire of the Regents to review all appropriate financing alternatives for the construction of new student housing without impacting the University's bond rating or debt capacity;

NOW, THEREFORE, BE IT RESOLVED, that the Board of Regents requests that the administration pursue the development of new student housing by soliciting proposals from external parties to build on University owned property. Acceptance of any proposal shall be contingent on (i) full financing of the construction of student housing by external parties be acceptable to the University, (ii) there being no impact on the University's debt capacity, balance sheet, financial condition, or credit rating, and (iii) the University, under any circumstances, retaining title to the land upon which the housing would be constructed.

The committee voted unanimously to recommend approval of the resolution.

The meeting adjourned at 11:00 a.m.



STEVEN BOSACKER
Executive Director and
Corporate Secretary

UNIVERSITY OF MINNESOTA
BOARD OF REGENTS
Financial Operations Committee

July 11, 1996

A meeting of the Financial Operations Committee of the Board of Regents was held on Thursday, July 11, 1996, at 8:35 a.m. in Room 300, Morrill Hall.

Regents present: Julie Bleyhl, presiding; Wendell Anderson, William Peterson, Thomas Reagan, and Patricia Spence.

Staff present: Chancellor Donald Sargeant, Executive Director Steven Bosacker; and Associate Vice Presidents Roger Paschke and Richard Pfutzenreuter.

Student Representative present: James Rees and Tonia Zehrer.

SENIOR VICE PRESIDENT'S MONTHLY REPORT

Senior Vice President Jackson presented the Senior Vice President's Monthly Report for July 1996. The following items were highlighted for the committee:

1. Central reserves has a shortfall of \$4 million. In response to a question from Regent Reagan, Jackson explained that the shortfall will be taken care of when the planned sale of the Shoreview property is complete. The sale and funds have been coming more slowly than planned.

2. Resumes have been received for the Controller position and the search committee is reviewing them. In response to a question from Regent Spence, Jackson stated they hoped to have a Controller hired by November 1.

A motion was made and seconded and the committee voted unanimously to recommend approval of the Senior Vice President's Monthly Report.

PURCHASE OF GOODS & SERVICES OVER \$250,000

Karen Triplett, Director of Purchasing Services, presented a resolution relating to the purchase of goods and services over \$250,000:

RESOLVED, that on the recommendation of the President and the Senior Vice President for Finance and Operations, the appropriate staff are authorized to award pending purchases/contracts over \$250,000 to the following:

- Coopers & Lybrand for \$269,600 for performance of the Financial Statement Audit for FY 1996.
- IBM Corporation for \$417,000 for hardware maintenance from 7/1/96 to 6/30/97 for IBM equipment for Business and Student Information Services.

- IBM Corporation for \$929,569 to provide support for IBM software from 7/1/96 to 6/30/97 for IBM equipment for Business and Student Information Services.
- Medica Health Plans/Allina health Systems for \$3,648,000 for medical insurance for Graduate Assistants for Employee Benefits for the period from 9/1/96 to 8/31/97.

In response to a question from Regent Reagan, Gail Klatt, Director of the Department of Audits, explained that the NCAA requires external audits every year at a cost of \$7,000 for both men's and women's athletics.

In response to a question from Student Representative Reed, Robert Fahnhorst, Director of Employee Benefits, explained that the fringe benefit rate for graduate assistants is 5.5% for the medical plan, up a half percent over last year.

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

COMMITTEE AGENDA FY97

Regent Bleyhl provided an overview of last year's committee agenda. The committee reviewed and agreed to the following committee agenda for FY97:

Initiative #1: The committee would receive a financial review from each provostal unit and coordinate campus every other month. Scheduled months would alternate with the investment manager reports.

Initiative #2: The committee would review expenditures and returns with regard to technology throughout the University, and the financial investment required in technology.

Initiative #3: The committee would receive updated short-term and long-term financial projections regarding revenues and expenditures for the University and its Foundations in relation to planning assumptions.

Regent Anderson commented on the importance of continuing to review carefully the investment of University funds.

TRAVEL POLICY UPDATE

Assistant Vice President Theresa Robinson, Karen Triplett and Kathleen Stoner, Purchasing Department staff, presented the information contained in the Travel Report in the docket materials.

In response to a question from Regent Reagan regarding why only a few Big Ten schools were surveyed for this report, Stoner explained that these were the only schools that have responded at this time. All schools will be included in a comprehensive study on travel expenses to be done this fall.

In response to a question from Reagan regarding the benefit of a voluntary approach versus mandating the use of a preferred agency, Triplett explained that in a few years they can achieve almost complete compliance using a voluntary approach. Anytime a voluntary approach will work it is preferred over mandating. Reagan commented that the public expects the University to operate in a "business-like"

manner and businesses mandate the way they want things done. Associate Vice President Paschke explained that there isn't enough information about why departments use one agency over another to mandate preferred travel agencies.

In response to a question from Regent Peterson, Triplett explained that information regarding an initial review of voluntary efforts could be done in about a quarter, but it would be a year before the figures regarding the use of preferred agencies would show any change. Paschke stated that staff could come back in October with that information. Regent Bleyhl requested information on the cost of enforcing a mandatory policy.

In response to a question from Bleyhl, Stoner explained that companies that track frequent flyer miles have the individual statements mailed to one address and a staff person monitors each account.

Student Representative Reed expressed concern that non-compliance will drive up the cost of tuition at the University.

In response to comments from Reagan, Triplett explained that they did ask the airlines to accumulate frequent flyer miles in one account three years ago. Paschke added that if they achieve complete compliance with using a preferred travel agency, the miles should be able to be accumulated in one account.

Several members expressed the opinion that departments should be required to track frequent flyer miles. Regent Anderson made a motion to direct University departments to track frequent flyer miles. The motion was seconded and the committee voted unanimously in favor of the motion.

Anderson asked if there was something the committee could do to help staff in requiring departments to track frequent flyer miles. Stoner suggested that a letter signed by the Board of Regents would assist in achieving this goal.

Associate Vice President Robinson reviewed the savings for the University with the privatization of Flight Services. The overall savings in flight costs will be \$25,000 (7.7%). Savings on insurance costs of \$13,700 will occur when the airplanes are disposed. The real savings of \$890,000 occurs with not having to replace the airplanes over the next couple of years.

In response to a question from Reagan, Robinson explained that maintenance costs were figured into the savings.

In response to a question from Reed, Robinson stated that the estimated amount from selling the planes will be \$500,000-700,000.

QUARTERLY MANAGEMENT REPORT

Carole Fleck, Director of Financial Reporting, presented the Quarterly Management Report as of May 31, 1996, as included in the docket material.

The meeting adjourned at 9:35 a.m.



STEVEN BOSACKER
Executive Director and
Corporate Secretary

UNIVERSITY OF MINNESOTA

BOARD OF REGENTS

Faculty, Staff and Student Affairs Committee

July 11, 1996

A meeting of the Faculty, Staff and Student Affairs Committee of the Board of Regents was held on Thursday, July 11, 1996, at 10:07 a.m. in the Regents' Room, 238 Morrill Hall.

Regents present: Jean Keffeler, presiding; William Hogan, Hyon Kim, H. Bryan Neel, Stanley Sahlstrom, and Patricia Spence.

Staff present: Chancellor David Johnson, Provosts C. Eugene Allen and W. Phillips Shively, Senior Vice President Marvin Marshak, Vice President Mark Brenner; Executive Director Steven Bosacker, and Associate Vice President Carol Carrier.

Student Representatives present: Karl Thorson and Rebecca Mathern.

SENIOR VICE PRESIDENT'S MONTHLY REPORT

Senior Vice President Marshak reviewed the Senior Vice President's Monthly Report, which was included in the docket, and noted the following:

- Two personnel actions: a) appointment of Dr. Michael Till as the Interim Dean of the School of Dentistry; b) appointment of Mr. Thomas Swain as Acting Vice President of Institutional Relations.
- The University Senate recommended two changes in the Horace T. Morse-Minnesota Alumni Association Award for Outstanding Contributions to Undergraduate Education. The proposed changes are:
 - a) the stipend awarded to each recipient will be a permanent increase in the faculty member's salary base;
 - b) the recipients will be permitted to identify themselves throughout their careers as Morse-Minnesota Alumni Distinguished Teaching Professor of (field).
- The celebration of the 100th birthday of the Armory and the Reserve Officer Training Program (ROTC) at the University of Minnesota.
- The Carnegie Corporation has given a two-year \$100,000 grant to the International Women's Rights Action Watch (IWRAP) for operational support. IWRAP is primarily a monitoring organization.

A motion was made and seconded, and the committee voted unanimously to recommend approval of the Senior Vice President's Monthly Report, including the appointment of Dr. Michael Till as Interim Dean of the School of Dentistry and Mr. Thomas Swain as Acting Vice President for Institutional Relations.

INSTITUTIONAL RELATIONS LOBBYING AND PUBLIC RELATIONS

Regent Keffeler presented the following motion:

The Board of Regents directs the the Executive Director and Corporate Secretary to prepare a "request for proposals (RFP)" for the purpose of examining the organization and staffing of the University's lobbying and public relations functions contained within the Office of Institutional Relations.

Regents Spence and Sahlstrom inquired about the intended role of Tom Swain. In addition, Regent Sahlstrom noted we should "request to examine" where we are going. Regent Keffeler responded that this RFP is to ask that people tell the Regents how to review and make recommendations on how to strengthen our ability to respond to public relations issues. Regent Keffeler asked to change the motion to read:

The Board of Regents directs the the Executive Director and Corporate Secretary to prepare a "request for proposals (RFP)" for the purpose of examining and developing the organization and staffing of the University's lobbying and public relations functions contained within the Office of Institutional Relations.

The motion was unanimously approved.

Regent Hogan acknowledged the recent outstanding appointments. He added that he would like to have the opportunity to discuss further, in the Committee of the Whole, how the University is going to reflect on the entire community.

COMMITTEE AGENDA FY97

Senior Vice President Marshak presented the preliminary agenda for review and discussion. He noted that this item will be revisited in September with a more detailed agenda. Topics proposed for possible inclusion in the FY97 agenda were as follows:

- Tuition Policy
- Financial Aid Policy
- Final Report on the Working Group on Human Resources
- Faculty Compensation
- University of Minnesota/MnSCU Relationships
- Enrollment Management
- Student Development and Athletics Programs and Initiatives
- Minority and Diversity Affairs Programs and Initiatives.

Regent Keffeler opened the discussion by asking for suggestions, reactions, and additions to the proposed agenda.

Regent Kim suggested that the topic of tenure include a discussion on workload and productivity. Keffeler added that there be a description of productivity and examination of whether there are any improvements that we can make.

The discussion that followed focused on creating a holistic approach to the agenda. The committee members agreed that it would be helpful for Marshak to propose a calendar that takes a "big picture" view with subtopics. There was a suggestion to invite the faculty and students to the agenda-setting process to address the kinds of issues that they think require the policy attention of the board and suggestions for how to approach them. Keffeler also requested that the necessary informational reviews come before budget setting as it is important to address some issues before discussing the budget.

Student Representative Mathern suggested that the issue of student evaluations be added to the agenda as an item for discussion. Marshak reported that the Executive Council of the administration has agreed to go ahead and make student evaluations of faculty public information. The evaluations should be available by the end of Fall Quarter 1996. He offered to report back to the committee on the status of this issue.

Hogan asked that the issue of employment of minority faculty and staff be addressed as a specific agenda item. Keffeler suggested that Hogan work with the administration on the approach the administration will take to discuss this issue.

REPORT OF THE WORKING GROUP ON HUMAN RESOURCES

Senior Vice President Marshak introduced Associate Vice President Carrier and Chief of Staff Mario Bognanno to present the fourth report of the Working Group on Human Resources, focusing on dispute resolution.

Five areas of policy and procedure have been identified and examined by the working group and the subcommittee on dispute resolution. These include:

- University grievance policy;
- Student academic grievance policy;
- Sexual harassment procedures;
- Office of Equal Opportunity and Affirmative Action;
- Protocols for investigations; and
- Dispute resolution procedures that are part of University collective bargaining agreements.

The purpose of the review was to assess the effectiveness of selected dispute resolution processes and to determine what, if any, changes should be made. The working group and subcommittee will submit a final set of recommendations in Fall, 1996.

Regent Kim asked if the sexual harassment policy is a Regents' policy? Bognanno responded that it is not. There are plans to bring the policy before the Board for approval at some time in the future. Kim continued by asking if faculty members go through the same grievance procedures as other employees. Bognanno replied that the current policy is a simplification process which combined five policies into two. Bognanno added that the subcommittee did not address the conflict resolution issues of tenure and academic freedom which are handled under the Regents' Policy on Faculty Tenure.

Regent Hogan voiced his concern that the information is perhaps out of date as it was from 1994. Regent Keffeler requested that the committee be sent a memorandum under separate cover explaining why we do not have better data on conflict resolution.

**POLICIES, BENCHMARKS, AND COMPARISONS OF
TUITION AND FINANCIAL AID**

Senior Vice President Marshak introduced Peter Zetterberg and acknowledged that this is one of the most important issues facing the University of Minnesota. He framed the issue with the questions: What is the future of our great public research universities in the 1990s and on? How do we manage change and go forward?

This report was the first of three on this issue. The report focused on benchmark and comparison information as a foundation for future discussions. The presentation was divided into three parts:

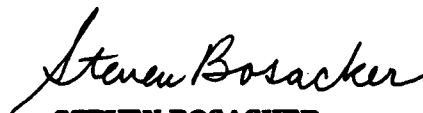
- Tuition and financial aid, benchmarks and comparisons;
- Identification of key issues;
- Access, choice and quality
- Current Regents' Policy on Tuition and Fees, and current financial aid policies.

Regent Spence requested a list of the tuition waivers offered at the University of Minnesota.

Regent Sahlstrom inquired about the amount of state funds that go to private colleges. Zetterberg responded that the students in both four-year privates and two-year proprietary institutions received 50% of the state grant funds for about 25% of the students from the state of Minnesota. Regent Keffeler noted that these deliberations come from a desire to address these issues at a policy level at the legislature when these issues are raised. Regent Kim shared her concern that the University is also losing qualified students because they are able to receive more aid at a private institution.

Keffeler requested the information on scholarship and fellowship expenditures be related on a per capita basis as well as income basis so the Board can see where the University ranks relative to the number of lower income students.

The committee adjourned at 11:51 a.m.



STEVEN BOSACKER
Executive Director and
Corporate Secretary

UNIVERSITY OF MINNESOTA

BOARD OF REGENTS

Educational Planning and Policy Committee

July 11, 1996

A meeting of the Educational Planning and Policy Committee of the Board of Regents was held on Thursday, July 11, 1996 at 8:00 a.m. in Room 238, Morrill Hall.

Regents present: Stanley Sahlstrom, presiding; William Hogan, Jean Keffeler, Hyon Kim, H. Bryan Neel, and Jessica Phillips.

Staff present: Chancellor David Johnson; Provosts Gene Allen and W. Phillips Shively; Senior Vice President Marvin Marshak; Vice President Mark Brenner; Executive Director Steven Bosacker; and Associate Vice Presidents Nancy Barcelo and Robert Kvavik.

Student Representatives present: Eric Gustafson and Rebecca Mathern.

SENIOR VICE PRESIDENT'S MONTHLY REPORT

Senior Vice President Marshak reviewed the Senior Vice President's Monthly Report, which was included in the docket materials, and noted the following items:

- Thirteen proposals submitted to the Interdisciplinary Research and Postbaccalaureate Education Program have been awarded grants beginning July 1996;
- The Graduate School Executive Committee has submitted two proposals for University program changes. The proposed programs are:
 - Master of Science degree in Occupational Therapy
 - Master of Science and Master of Computer Engineering degrees;
- Appointment of members to the University of Minnesota Rochester Center Advisory Board:

George Gibbs (Reappointment)
Joseph Gililisco (Reappointment)
Marsha Hall (Reappointment)
Carol Kamper (Reappointment)
Steven Ladwig (Reappointment)
John Mulder (Reappointment)
Marilyn Steward (Reappointment)
Don Sudor (Reappointment)
Traian Tirzaman (New appointment)

Regents Hogan and Keffeler both shared their concern for making programmatic decisions without a philosophical statement about the University's mission and rationale for making such decisions. Vice President Marshak assured them that he will provide the committee with the overall picture which will provide the Board with a

clear sense of direction for future decisions regarding policy and the implementation of new programs.

Student Representative Gustafson inquired about the rationale for moving from bachelor to masters degrees in programs like occupational therapy. He was concerned about the loss of the undergraduate program and the University's ability to meet the needs of the state with the direction it is taking with regard to undergraduate degrees phasing into graduate and professional degrees. Marshak responded that these changes are in response to the needs of the state. There are other providers for the bachelor degree programs in the state.

A motion was made and seconded and the committee voted unanimously to recommend approval of the Senior Vice President's Monthly Report.

COMMITTEE AGENDA FY97

Senior Vice President Marshak presented a proposed committee agenda for FY97. Topics proposed for possible inclusion on the monthly agendas of the Committee included the following:

- Turf Management Program
- Academic Report Series
 - Institute of Technology
 - College of Human Ecology
 - College of Education and Human Development
 - The Performing Arts
 - The Social Sciences
 - The Humanities (Foreign Languages, in particular)
 - Journalism and Mass Communication
 - Mortuary Science
 - The School of Dentistry
- Critical Analysis of General College
- Academic Computing
- University of Minnesota/MnSCU Cooperation on Coordinate Campuses
- Semester Conversion Project Update
- Rochester Programs Update
- Undergraduate Initiative
- Discussion of Class Access Goal
- Discussion of Four-Year Graduation Goal

Regent Hogan discussed his reaction to the agenda for FY97 noting two topic areas, the critical analysis of General College and discussion of a Turf Management Program. Hogan asked that the administration take a "big picture" approach to the analysis of General College and underprepared students throughout the University. He also requested an integrated approach to discussion of programs, looking at a group of programs rather than individual programs.

Regent Kim requested that a discussion on updating the University's land-grant mission as it applies to service to the urban areas be added to the calendar for FY97. Marshak responded that he will add it to the calendar.

Regent Keffeler reminded the committee that there is a resolution of the Board to restart the discussion of General College. The phrasing of the resolution is for the administration to review and report upon the needs of the underprepared students in the state of Minnesota and what is the role of the University of Minnesota along with other higher education institutions in serving those needs. She suggested that the administration bring forth a statement of objective and process for discussion to the

committee during the September meeting. Keffeler also requested an outline to indicate what issues are the appropriate issues for our policy examination within the integrated framework Regent Hogan referred to earlier.

REVIEW OF OUTREACH ACTIVITIES: EXTENSION SERVICE

Provost Gene Allen introduced Katherine Fennelly, Dean of the Minnesota Extension Service. Fennelly provided information on the strategic directions and initiatives proposed and implemented by the Minnesota Extension Service (MES) as they relate to outreach activities of the University.

Fennelly asked committee members to note two or three of the most pressing issues that face the community in which they reside. Fennelly stressed that the MES is the embodiment of the outreach mission of this land-grant research university. She reviewed the issues each Regent noted and acknowledged that the MES programs in place today address these issues. Fennelly indicated that she would like to meet with members of the Board to discuss individual issues.

Regent Neel asked for a clear definition of outreach. Fennelly responded that a simple definition would be: taking the University to the communities. Keffeler added the role is to facilitate the application of research and education to community issues.

PROGRAM FOR ORIENTATION OF NEW STUDENTS

Associate Vice President Robert Kvavik and John Prince, Associate Director of Admissions and LeeAnn Melin, Director of New Student Programs presented information on the New Student Programs.

The New Student Programs Office is committed to providing continuing services, programs, and assistance that will aid new students in their transition to the University of Minnesota. It is intended to expose new students to the broad educational and support services of the University; introduce them to the philosophies and values of higher education; integrate them successfully into the life of the University; and provide personal growth and skill building opportunities to prepare for a successful academic career.

QUARTERLY INTERNATIONAL PROGRAMS REPORT: MAC ARTHUR PROGRAM

Provost Shively introduced Professors Alan Isaacman and Raymond Duvall, who provided information on the MacArthur Interdisciplinary Program on Peace and International Cooperation, a program of financial and intellectual support for graduate students committed to the developing world and its peoples.

The MacArthur Programs provides significant benefits for graduate students at the University of Minnesota. Each year the program makes approximately twelve fellowship awards for up to four years of study. Students are supported jointly by the MacArthur Program and the academic department in which they are registered. The package of financial assistance varies from student to student with the possibility of doctoral students receiving a maximum award of stipends up to \$10,000 a year and tuition in the first and fourth years, and departmental assistantships with tuition in the second and third years.

In the activities of the MacArthur Program, students are united by an interest in the developing world and its peoples. They address issues common to those societies in

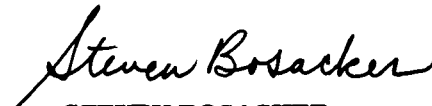
interdisciplinary workshops organized by the program. A true community of scholarly interest and exchange has grown among the faculty and students in the program.

The program emphasizes issues of peace, conflict, security, social and environmental change, development and international cooperation. Workshops have treated topics such as regional destabilization and low-intensity conflict in Southern Africa and Central America; reform in socialist countries; implications for the developing world; global justice and the environment; and democracy and development. MacArthur Scholars may take workshops and seminars in the program for academic credit and apply them toward a Ph.D. minor in Development Studies and Social Change.

The MacArthur Program is intentionally interdisciplinary in nature. It introduces students to the common intellectual project of scholars while exploring the various methodologies and agendas developed by the disciplines represented in universities today. The program encourages cross-disciplinary questioning, discussion and collaboration.

Regent Kim inquired about the number of students in the MacArthur Program who come from Minnesota. Isaacman replied that approximately 70% of the students in the program come from Minnesota, initially the majority were African American. The program is increasingly reaching out to the Latino, Native American and Asian American communities.

The meeting adjourned at 12:12 p.m.



STEVEN BOSACKER
Executive Director and
Corporate Secretary

UNIVERSITY OF MINNESOTA

BOARD OF REGENTS

Committee of the Whole

July 11, 1996

A meeting of the Committee of the Whole of the Board of Regents was held on Thursday, July 11, 1996, at 2:00 p.m. in the Regents' Room, 238 Morrill Hall.

Regents present: Thomas Reagan, presiding; Wendell Anderson, Julie Bleyhl, William Hogan, Jean Keffeler, Hyon Kim, Warren Larson, H. Bryan Neel, William Peterson, Jessica Phillips, Stanley Sahlstrom, and Patricia Spence.

Staff present: President Nils Hasselmo; Chancellors David Johnson and Donald Sargeant; Provosts C. Eugene Allen, Frank Cerra, and W. Phillips Shively; Senior Vice Presidents JoAnne Jackson and Marvin Marshak; General Counsel Mark Rotenberg; Vice President Mark Brenner; Executive Director Steven Bosacker; and Associate Vice Presidents Nancy Barcelo, Robert Kvavik, Roger Paschke, and Donald Riley.

Student Representative present: Blessing Rugara.

REGENTS' POLICY: CODE OF CONDUCT

Vice President Brenner presented the proposed Regents' Policy on Code of Conduct. The Code of Conduct, a requirement of the National Institutes of Health (NIH), has been written to address all members of the University community, not just those involved with sponsored research. He noted changes to the proposed policy that were made since the committee reviewed the document at the June meeting. The administration recommends approval of the proposed policy.

A motion was made and seconded and the committee voted unanimously to recommend adoption of the Regents' Policy on Code of Conduct.

REGENTS' POLICY: FACULTY TENURE

Chair Reagan introduced the discussion relating to proposed revisions to the Regents' Policy on Faculty Tenure. Proposed amendments approved by the faculty were provided to the committee prior to the meeting. Reagan acknowledged the difficulty of the task that the Faculty Senate undertook in proposing the amendments and commended them for their work. He stated that the Board is pleased with the direction that the proposed amendments have taken. At this time, the Board has not yet had adequate opportunity to meet and discuss the proposed amendments nor the analysis that has been provided by the external consultant. If, after the Board has had time to deliberate, further changes are proposed, the Board will forward its recommendations to the faculty for "advice and recommendations." The Board will discuss the issue further at its retreat in August. Since the Senate will not be meeting until September, it is anticipated that any recommendations for change will be forwarded to the Senate and action on changes to the Regents' Policy on Faculty Tenure will be taken in October.

President Hasselmo thanked the Board for its thoughtful discussion of this extremely sensitive and important issue. The Board has been mindful of the value of the tenure code to the University of Minnesota in that it sets the tone and direction for

the University as a leading research and land-grant university. Hasselmo also thanked the faculty for their efforts during this process. They have proposed excellent revisions and the administration endorses the recommendations before the Committee that have been proposed by the Faculty Senate. He indicated that he would hope that the proposed revisions could be made within time limits that will ensure that the University can continue to develop as a leading research and land-grant university and provide an environment that will attract top-rate faculty members. It is also important that the University take a firm stand with regard to its autonomy during this process.

A number of committee members expressed appreciation to the faculty for their work on this issue and noted that extra time to review the issue is appreciated.

Regent Keffeler stated that she supports further discussion on the issue. The majority of the revisions that have been proposed by the faculty are sound and represent improvements over the present code. There are issues that still need to be addressed and she is concerned that the retreat will not provide the proper venue for this discussion in terms of time and location. She is also concerned that the Board will be unable to make informed decisions on the revisions until it has received information requested relating to the various patterns of turnover and information relating to the best practices of other institutions. She requested that the following letter sent to the Board dated July 9 be incorporated into the minutes:

"Dear Colleagues:

"I want to share with you my preliminary thinking about the tenure code revisions proposed by the Faculty Senate. I look forward to our deliberations at the upcoming Board meetings and will be most interested in hearing your ideas at that time or over the coming days as we prepare for the meeting.

"On the whole, I think the Senate recommendations are positive and constructive. It seems to me that the recommendations generally are improvements over our present policy, and I hope that we will adopt most of the recommendations at our meeting this week. I found the Chait analysis very helpful and have also sought the perspective of faculty, administrators and Regents at the University of Minnesota and elsewhere as I have studied the Senate recommendations.

"Regarding the specifics, I would like to see us approve and adopt outright seven of the twelve motions, accept in principle three of the motions and defer two motions for further study. Also, I have addressed all four of the Interpretations approved by the Tenure Subcommittee of the Senate, including those adopted at the July 3, 1996 meeting. Attached is a summary of my suggestions for both the Motions and the Interpretations.

"Finally, although not directly addressed by the Senate recommendations, I remain intent upon learning more about the adequacy of our tenure code and related policies and practices for meaningful protection of academic freedom. As Dr. Chait points out, the current (and revised) language implicitly acknowledges that academic freedom can be provided absent the privileges and obligations of tenure (i.e., the current and recommended language provides that all faculty, regardless of their status as tenured, regular, or non-tenure track, will be assured academic freedom). I do hope that as we continue to deliberate tenure issues over the coming months we can also examine some of the practical and contemporary implications of this very important prescription.

"In closing, I'd like to affirm my impression that the Senate has taken significant positive steps in proposing the tenure policy changes we now have before us. I am looking forward to our meeting in the Committee of the Whole on Thursday and I am eager to discuss the suggestions I have advanced in this letter with you in the meantime."

ATTACHMENT

- Motion A **Regarding "housekeeping" changes**
Suggested action -- **Approve/adopt**
- Motion B **Regarding principles of academic freedom and due process**
Suggested action -- **Approve/adopt**
- Motion C **Regarding categories of tenure eligibility**
Suggested action -- **Approve/adopt**
- Motion D **Clarifying the differentiation between base salaries and variable compensation and establishing salary guarantee**
Suggestion action -- **Accept differentiation in principle, but defer final approval of language pertaining to base compensation guarantees** pending further examination of best practices at other research universities
- Motion E **Regarding discretionary extension of pre-tenure probationary period**
Suggested action -- **Approve/adopt** (enthusiastically!)
- Motion F **Regarding judicial legal officer**
Suggested action -- **Defer** pending advice from General Counsel further examination of best practices at other research universities
- Motion G **Regarding procedures for status and salary sanctions**
Suggested action -- **Defer** pending further examination of best practices at other research universities and other possibilities for streamlining which may be identified in study process (e.g., Chait et al)
- Motion H **Regarding peer review**
Suggested action -- **Approve in principle** (and with enthusiasm!) **and defer final approval** pending:
 - review of best practices in other research universities
 - development of recommended stipulations Section 7A, 1 (departmental and university-wide)
 - further examination of clarifications identified by Chait on Sections 7A.2 & 3
 - examination of current practices and outcomes in annual performance reviews with respect to potential needs for improvement
- Motion I **Regarding outreach**
Suggested action -- **Approve in principle and defer final approval** contingent upon definition of "outreach"
- Motion J **Regarding preamble**
Suggested action -- **Approve/adopt**

Motion K **Regarding "housekeeping"**
Suggested action -- **Approve/adopt**

Motion L **Regarding cross-reference**
Suggested action -- **Approve-adopt**

INTERPRETATIONS

Interpretation 1
(Revised) Regarding authority for reassignment of responsibilities
Suggested action -- **Approve in principle and defer final approval** pending review of best practices at other research universities

Interpretation 2
(Revised Interpretation of Section 12.2) -- **Regarding implications of programmatic changes and location of tenure**
Suggested action -- **Defer** pending specification of objectives (i.e., why programmatic changes may be sought), review of best practices at other research universities, examination of data provided through Tenure Audit and examination of companion modifications, if any, needed to protect academic freedom.

Interpretation 3
(Regarding salary increases)
Suggested action -- See comments regarding Motion D

Interpretation 4
(Regarding judicial committee)
Suggested action -- See comments regarding Motion F

Regent Sahlstrom expressed concerns about the University preserving its autonomy and feels that it is important to have the tenure code issue resolved as soon as possible.

Regent Hogan is concerned that the external community does not understand the tenure issue. There should be communication with the external community explaining the issues and answering questions, without risking the University's autonomy.

Regent Kim indicated that she would hope the discussion at the retreat would not focus solely on the tenure issue, but would also focus on issues that the University may be facing in the next ten years.

Regent Spence expanded on Kim's comments stating that she would like to engage in dialogue with the faculty regarding how the changes to the tenure code will enhance the University's capacity to fulfill its mission.

PRESIDENT'S MINORITY ADVISORY COMMITTEES' REPORT

President Hasselmo introduced the discussion relating to the President's Minority Advisory Committees' Report. The report, in part, is the result of recommendations made to the Board of Regents by the minority advisory committees in July 1993. The advisory committees are: 1) the University of Minnesota, Duluth

American Indian Advisory Committee; 2) the University of Minnesota, Morris American Indian Advisory Committee; 3) the Twin Cities American Indian Advisory Committee; 4) the African American Advisory Committee; 5) the Asian American and Pacific Islander Advisory Committee; and 6) the Chicano/Latino Advisory Committee. In November 1993 a process was implemented for handling the advisory committees' recommendations:

1. To focus the advisory committees' recommendations on "action items," so that their recommendations can be translated into actions through policy development and implementation.
2. To formulate the advisory committees' recommendations and concerns in such a way that the Board of Regents can deliberate on them as policy issues.
3. To develop a partnership with the Office of the Associate Vice President for Academic Affairs with Special Responsibility for Minority Affairs and Diversity in its efforts to achieve the diversity goals: (1) to recruit and retain students of color through graduation; and (2) to recruit and retain tenured and tenure-track faculty of color by ensuring their scholarly success.
4. To identify and bring to the President's attention any other issues of utmost concern to each of the minority communities.

The recommendations made in July 1993 have been reviewed, actions have been proposed and taken by administrative units, and their impact on the University of Minnesota has been recorded by a tracking system. A copy of the results of the tracking was included in the docket material. Hasselmo introduced Associate Vice President Barcelo for presentation of the President's Minority Advisory Committees' Report.

Barcelo reported that a retreat was held of the advisory committees in March 1996. Discussions at the retreat focused on common issues and concerns and ways that some issues could be addressed collectively. The retreat resulted in an enhanced partnership with the Office of the Associate Vice President for Academic Affairs with Special Responsibility for Minority Affairs and Diversity and provided the committees with an opportunity to better appreciate each others' issues within the context of their individual cultural groups and to see how their issues intersected. The retreat also served to validate the need for the committees to maintain their individual group identities because of how some of the issues might be more critical to one group over another.

Barcelo briefly outlined the major issues and concerns relating to minorities at the University of Minnesota, and reported on recommended actions as they pertain to outreach, financial aid, academic issues, the focus on the Learning Resource Centers, University 2000, and the coordinate campuses. She reported that the outcome of the spring retreat has resulted in President Hasselmo recommending that the advisory committees map their successes and failures to pinpoint what works and what does not work from elementary school through graduation from the University. He requested that the committees identify projects for targeted improvement, enhance the K-12 initiatives to better prepare students for higher education, and improve communication to communities of color in the area of policy development.

Regent Hogan expressed concern that the University is not making progress in the area of diversity, with regard to students, faculty, and staff. Hasselmo agreed that the University is not making progress with regard to diversity issues as quickly as it should, however, a number of goals have been met. In five years, the participation of students of color has been raised from 7.5 percent to over 10 percent. Goals have also been met relating to faculty recruitment. The University needs to analyze what has happened and capitalize on it. He has requested that Barcelo review the issues from the beginning and identify where barriers arise. Barcelo talked briefly about the direction

that her office is taking to address diversity issues and indicated that she would provide the committee with a copy of the annual report from the Office of Minority Affairs which provides in-depth information on the new programs that have been developed.

Regent Spence reiterated Hogan's concern about the hiring of persons of color. It is her hope that the Office of Minority Affairs will work closely with departments to overcome barriers in the hiring and retention of minority faculty and staff.

Regent Kim stated that the University also needs to be aware of decisions made by the courts with regard to diversity and assess how they will affect the University in the future.

CRITICAL MEASURES: "THE FINAL 2"

Senior Vice President Marshak introduced the agenda item pertaining "The Final 2" critical measures. Critical measures exist to evaluate the progress the University is making in reaching its stated goals and objectives. They serve to guide institutional, collegiate and support unit self improvement; to serve as an important link between planning, performance evaluation and resource allocation; and to provide a means for comparison with other institutions in the search of best practices for the accomplishment of institutional goals. They will play a vital role in the annual planning, budgeting, and evaluation cycle of the University. In December 1994, the Board of Regents adopted the first five U2000 critical measures and in July 1995, they adopted the next seven. Today, the Board of Regents is asked to review the final two U2000 critical measures. Marshak introduced Associate Vice President Kvavik, Darwin Hendel, and Jane Whiteside to present information on the item.

Kvavik stated that the last two critical measures are titled: 1) The University's Interaction with Society: Partnerships, Services, and Impacts; and 2) Information Resources. The first measure relating to the University's interaction with society is designed to continue and increase the University's successful interactions with and benefits to its external constituencies in research and discovery, teaching and learning, and outreach and public service. The goal for the second measure relating to information resources is to increase access to and use of information resources to advance the University's three-part mission of teaching and learning, research and discovery, and outreach and public service.

A resolution was presented to the committee for review requesting approval of the two new critical measures. The resolution also requests approval of several modifications to previously-approved measures. The modifications are explained in the docket materials. The resolution directs that the administration will continue to develop performance goals for the critical measures and incorporate them into the long-term and annual academic planning and budgetary process, the biennial request, and the capital planning process. An annual progress and performance report based on the measures and associated performance goals will be presented to the Board. The resolution will be on the agenda for approval at the September meeting.

Regent Neel emphasized that with an ongoing measurement system, there must be a commitment to continuity in the future with regard to how progress is measured on the goals, especially when leadership changes within the University.

UNIVERSITY-FAIRVIEW AFFILIATION

President Hasselmo introduced Senior Vice President Jackson, Provost Cerra, and General Counsel Rotenberg to present information on the affiliation between the University of Minnesota and the Fairview Hospital and Healthcare Services. He noted that this affiliation is vital to ensure that the Academic Health Center at the University

of Minnesota remains in the forefront of providing health care education, research, and outreach.

Cerra presented information on the mission statement that has been developed for the new entity. He reported that the basis for moving ahead with this transaction was related to the Academic Health Center's ability to meet its public mission of education, training, and research for the health professions. Sale of the Hospital operations to Fairview protects the University from the financial risks associated with operating a hospital in this competitive health care market. The mission statement is a key element in establishing the new relationship. The mission statement, developed after extensive consultation between Fairview and University representatives, is a commitment to quality patient care and a commitment to the academic health center's mission of fulfilling its education and research function and clinical training for health professionals.

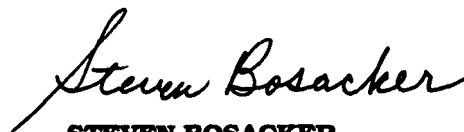
The presenters reviewed areas of governance, structure, and procedures; provided details on the academic affiliation, explained particulars relating to human resources, and provided a financial perspective. Complete detailed information was provided in a Report to the Regents and is on file in the docket material in the Board of Regents Office.

In response to a question from Regent Keffeler, Jackson reported that after the Board has approved the transaction, any issues that arise that go beyond authorized parameters will be brought back to the Board of Regents for consideration.

A question was raised regarding disposition of any monies that may remain from the current Hospital reserves after satisfying all obligations. Jackson reported that distribution of any remaining hospital reserves will be brought to the Board of Regents for discussion and approval. She noted that the receipt of any remaining funds will occur approximately 90 days after the closing of the transaction. Regent Keffeler emphasized that no assumptions should be made about the disposition of any remaining funds until the Board has had a full discussion on the overall priorities of the University.

Regent Peterson stated that he has received numerous communications expressing concern regarding the human resources issues relating to the transaction, such as: severance, Regents' Scholarships, employees on leave, injured workers who are currently on workers' compensation, vacation and sick leaves, seniority, and health and pension insurance. Peterson asked if the union representatives agreed to the human resource components of the transaction. Human Resources Consultant Jeanette Loudon responded that most of the items noted above are still under discussion with collective bargaining units.

The meeting adjourned at 4:44 p.m.



STEVEN BOSACKER
Executive Director and
Corporate Secretary

UNIVERSITY OF MINNESOTA

BOARD OF REGENTS

Committee of the Whole

July 12, 1996

A meeting of the Committee of the Whole of the Board of Regents was held on Friday, July 12, 1996, at 9:00 a.m. in the Regents' Room, 238 Morrill Hall.

Regents present: Thomas Reagan, presiding; Wendell Anderson, Julie Bleyhl, William Hogan, Jean Keffeler, Hyon Kim, Warren Larson, H. Bryan Neel, William Peterson, Jessica Phillips, Stanley Sahlstrom, and Patricia Spence.

Staff present: President Nils Hasselmo; Chancellors David Johnson and Donald Sargeant; Provosts C. Eugene Allen, Frank Cerra, and W. Phillips Shively; Senior Vice President Marvin Marshak; General Counsel Mark Rotenberg; Vice Presidents McKinley Boston and Mark Brenner; Executive Director Steven Bosacker; and Associate Vice Presidents Robert Kvavik, Roger Paschke, and Richard Pfitzenreuter.

Student Representative present: Blessing Rugara.

RECOGNITION OF REGENTS' PROFESSOR AVNER FRIEDMAN

Recognition was given to newly-appointed Regents' Professor Avner Friedman from the Department of Mathematics, Institute of Technology.

SUMMARY OF EXPENDITURES

A motion was made and seconded and the committee voted unanimously to recommend approval of a resolution approving the Summary of Expenditures for the period July 1, 1995 to May 31, 1996 for the Board of Regents' Office, the Office of the President, and Eastcliff Maintenance.

**PROGRAMMATIC AND FINANCIAL PLANS FOR 1997-99:
PREPARATION FOR REVIEW OF BIENNIAL REQUEST**

President Hasselmo introduced the discussion relating to programmatic and financial plans for 1997-99 in preparation for review of the biennial request that will be presented to the Board for review in September 1996. The overall perspective for the biennial request is an emphasis on "Leadership for Minnesota" and the unique role that the University of Minnesota plays in enhancing the lives of the people of the State. He cited the following goal statement developed to guide in the development of the biennial request:

"To prepare a FY1998 - 1999 biennial budget proposal that reflects the values of the institution, is built on shared responsibility between the University of Minnesota and the State of Minnesota, clearly communicates the investment needs of the University, and promotes the

important role of the University in the economic, social, and political viability of the State of Minnesota in the 21st century."

The planning, budgeting, and evaluation process that is being utilized in preparing the biennial budget proposal will link together programmatic directions, the financial framework and critical measures. The plan will focus on a four-year financial plan that continues the partnership between the State, the University, and the students. It will address the critical needs of the institution in the areas of compensation, scholarships and financial aid, technology, and facilities. The plan will also be responsive to the Governor's initiatives relating to: 1) education reform; 2) tomorrow's work force; 3) economic vitality; and 4) government accountability.

Senior Vice President Marshak spoke about the academic priorities that are the driving force in the development of the biennial request: continued evolution of *U2000*, responsiveness to the needs of the citizens of Minnesota, ties to the strategies of the governor and the legislature, and sound tuition and financial aid policies. He also reviewed policy and administrative issues that need to be defined during the biennial request process.

Associate Vice President Pfutzenreuter addressed the four-year institutional financial framework as it has been refined over the past two months. The state appropriations play a major role in the University's financing, representing approximately 39% of the education and general expenditures of the University excluding the Hospital. The Governor's budget instructions indicated that the annual base from which the biennial request will be developed is approximately \$33 million less than the current level of appropriation provided by the state. Pfutzenreuter provided detailed information on how the four-year institutional financial framework has been refined pursuant to the governor's budget instructions, and consultation across the University community. He explained the rationale for expenditure assumptions relating to sustaining base operations, additions required above base operations, and the anticipated average annual investment required to meet the financial needs of the University identified in the four-year institutional financial framework. Pfutzenreuter presented a funding scenario to meet these operating investments needs that involves a shared responsibility by the state, the University and students.

Associate Vice President Kvavik concluded the biennial budget presentation by describing a variety of tactics that could be utilized by the University in order to meet its share of responsibility in funding the operating investment needs.

Regent Hogan expressed concerns about a number of items: meeting funding demands for technology in the future, the risk of depending on emergency funding for facilities renewal, operating with only \$15 million in central reserves, and being competitive in faculty compensation.

Regent Anderson raised questions about education reform relating to the four-year graduation opportunity. He expressed concern for the students that are unable to complete their higher educational experience in four years. He does not believe the University should be judged by the number of students that graduate in four years. Marshak responded that a first-rate educational experience should be provided for all students, those who are able to complete their education in four years and those who are unable to do so. The reason a four-year graduation "opportunity" is being proposed, is that research indicates that a large number of students perceive that they will be able to graduate in four years. This proposal will provide those students with that opportunity. Regent Phillips indicated that this proposal is intended as an opportunity, not a goal. There are many students that expect to graduate in four years, and this proposal will give those students that opportunity. President Hasselmo added that whether or not the University wants to be evaluated on its graduation rate, universities are evaluated on graduation rates. This proposal will remove barriers for those students who want a more intense educational experience.

Regent Keffeler expressed concern about the focus of the discussion. While the topics being discussed are appropriate and important, for purposes of developing a biennial request the Board should be spending more time discussing the policy issues relating to the future academic direction of the University. She would prefer to see the Administration come to the Board with firm recommendations.

Regent Hogan indicated that he feels it is helpful to receive proposals in this manner; that it gives the committee the opportunity to provide input and guidelines to the administration.

Regent Kim requested that information relating to the biennial request be sent to the Board members well in advance so that all questions can be answered and Regents will be prepared to discuss the issue before action is taken.

Regent Neel indicated that it is important to communicate that the proposed biennial request is not an elaborate budget, it reflects the needs of the University with new economies, efficiencies, systems and procedures.

CAMPUS MASTER PLAN: TWIN CITIES

Associate Vice President Hewitt, Ken Greenberg, lead planner of the master planning team, and Catherine Brown, Chair of the Advisory Committee presented the draft Twin Cities Campus Master Plan. Hewitt introduced the discussion indicating that from a development standpoint, the University is in a critical period, in terms of creating a view for future changes of the campus. A number of important physical characteristics for establishing a truly distinctive setting for the campus have been lost. As a result of the master planning effort, however, the stage is set to recapture some of the important components. He cannot emphasize enough the importance of the planning process. While the future cannot be predicted, it is certain that change will occur. It is critical that a planning process be in place to allow for adjustments to unforeseen changes and to take advantage of every opportunity that change will provide.

Through the use of visual aids, Greenberg presented a broad view of the plan and provided information on the number of elements and priorities that were addressed. He stated that the plan is a framework about opportunity and readiness to respond based on different levels of resource allocation, changing priorities, consolidation, demographic changes, and changes in technology. Greenberg described how the master plan directs the University away from a culture of projects toward a culture of place. A cultural emphasis on vehicular access is replaced with a balanced approach to access and movement. In recent decades, the University has put great emphasis on pedestrian movement in tunnels or skyways. As part of a strategy to create a more lively campus with a greater sense of community, the plan encourages pedestrian movement at grade level. To make the campus more user-friendly, the plan proposes a mix of uses in the surrounding communities selectively extended onto the campus to ensure that food, retail and other services are conveniently located and accessible. The plan also ensures that existing building resources are utilized to the maximum benefit. Given that the University of Minnesota Twin Cities campus is a commuter campus, one of the key challenges of the plan is to create a greater sense of community. The plan encourages and complements the initiative the University has taken to develop more housing in order to make the campus more active after class hours and to increase opportunities for participation in extra-curricular activities. And lastly, the plan seeks to more clearly define the boundaries of the campus by encouraging the infill of the edges. Gateways are clearly established with signage, way finding, and architectural treatment.

Brown concluded the presentation indicating that the plan is one that will enrich the experience of all who come to campus. The plan provides a physical framework that should be used to complement and inform on other academic and financial decisions that need to be made for the University. The challenge now is to develop a structure for its implementation.

In answer to a question from Regent Anderson, Greenberg stated that it has been suggested that an architectural review committee be developed to review proposed designs of future buildings for conformity with the master plan. Greenberg added that weather protection and comfort for pedestrians have been major issues in the master plan. The plan has been developed to provide weather protection without grade separation. The existing network of weather protected walkways is augmented with "convertible" arcades on the ground floor of new or renovated buildings.

Chair Reagan asked about timeline. Greenberg responded that there are short, medium, and long-range horizons that have been identified in the plan. However, the plan is designed to be flexible if priorities change.

Reagan stated that the Master Plans for all campuses will be on the agenda for action in September.

The meeting adjourned at 11:55 a.m.



STEVEN BOSACKER
Executive Director and
Corporate Secretary

UNIVERSITY OF MINNESOTA

BOARD OF REGENTS

July 11, 1996

A meeting of the Board of Regents was held on Thursday, July 11, 1996, at 12:15 p.m. in the Nolte Hall Library.

Regents present: Wendell Anderson, Julie Bleyhl, William Hogan, Hyon Kim, Warren Larson, H. Bryan Neel, William Peterson, Jessica Phillips, Thomas Reagan, Stanley Sahlstrom, and Patricia Spence. President Nils Hasselmo, presiding.

Staff present: Provost Frank Cerra; Senior Vice Presidents Marvin Marshak and JoAnne Jackson; General Counsel Mark Rotenberg; Executive Director Steven Bosacker; and Associate Vice President Roger Paschke.

Others present: Mario Bognanno, William Donohue, Michael Dougherty, Keith Dunder, Marcia Fluor, Maureen Lally, Jeanette Loudon, Pete Mitsch, Peter Rapp, Dennis Skovsted, and Roby Thompson.

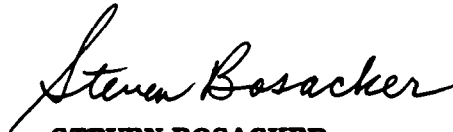
Consultants present: David Bloom and Nelson Lurie from the firm Bear Stearns; and Barb Tretheway from the firm Gray, Plant, Mooty, Mooty, & Bennett.

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

RESOLVED, that on the recommendation of the President and the General Counsel as provided by Minnesota State Statute 471.705, Subd. 1d and Statute 144.581, Subd. 5, a non-public meeting of the Board of Regents be held on Thursday, July 11, 1996, in the Nolte Library, Nolte Hall, for the purpose of discussing attorney-client privileged matters and University of Minnesota Hospital and Clinic marketing activity and contracts, respectively.

The Board of Regents voted unanimously to approve the resolution.

The meeting adjourned at 12:16 p.m.



STEVEN BOSACKER
Executive Director and
Corporate Secretary

UNIVERSITY OF MINNESOTA

BOARD OF REGENTS

July 12, 1996

A meeting of the Board of Regents of the University of Minnesota was held on Friday, July 12, 1996, at 12:10 p.m. in the Regents' Room, 238 Morrill Hall.

Regents present: Wendell Anderson, Julie Bleyhl, William Hogan, Jean Keffeler, Hyon Kim, Warren Larson, H. Bryan Neel, William Peterson, Jessica Phillips, Thomas Reagan, Stanley Sahlstrom, and Patricia Spence.

Staff present: President Nils Hasselmo; Chancellors David Johnson and Donald Sargeant; Provosts C. Eugene Allen, Frank Cerra, and W. Phillips Shively; Senior Vice President Marvin Marshak; General Counsel Mark Rotenberg; Vice Presidents McKinley Boston and Mark Brenner; Executive Director Steven Bosacker; and Associate Vice Presidents Robert Kvavik, Roger Paschke, and Richard Pfitzenreuter.

APPROVAL OF MINUTES

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

Litigation Review Committee - June 10, 1996
Facilities Committee - June 13, 1996
Financial Operations Committee - June 13, 1996
Faculty, Staff & Student Affairs Committee - June 13, 1996
Educational Planning & Policy Committee - June 13, 1996
Committee of the Whole - June 13, 1996
Committee of the Whole - June 14, 1996
Board of Regents Meeting - June 13, 1996
Board of Regents - June 14, 1996

REPORT OF THE PRESIDENT

President Hasselmo presented his monthly report, which pertained to the following: 1995-96 in review; the Presidential Agenda/Priorities: 1996-97; the biennial request; master planning; Family Re-Union V; the death of Regents' Professor Edward Ney.

Hasselmo also introduced Thomas Fischer, newly-appointed dean of the College of Architecture and Alfred Michael, Acting Dean of the Medical School.

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

REPORT OF THE CHAIR

Chair Reagan provided a brief update on the presidential search indicating that advertisements are out and recruitment for candidates is underway.

RECEIVE AND FILE REPORTS

President Hasselmo stated there were no receive and file reports this month.

GIFTS

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

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

July 11, 1996

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

- a) Adoption of the Regents' Policy on Code of Conduct, as follows:

CODE OF CONDUCT

SECTION I. PREAMBLE.

The University of Minnesota is committed to the highest standards of professional conduct, therefore all members of the University community are expected to adhere to the highest ethical standards of professional conduct and integrity. The values we hold among ourselves to be essential to responsible professional behavior include: honesty, trustworthiness, respect and fairness in dealing with other people, a sense of responsibility toward others and loyalty toward the ethical principles espoused by the institution. It is important that these values and the tradition of ethical behavior be consistently demonstrated and carefully maintained.

SECTION II. DEFINITIONS.

Subd. 1. Members of the University Community. "Members of the University community" or "Members" mean faculty and staff; any individual employed by the University, using University resources or facilities, or receiving funds administered by the University, and volunteers and representatives who may speak or act as agents for the University. Members do not include students taking courses, attending classes, or enrolled in an academic program unless they meet one of the former criteria.

SECTION III. RIGHTS AND RESPONSIBILITIES.

Subd. 1. Fairness. Members of the University community have the obligation to respect, and to be fair to other members, students and persons they supervise, and to foster their intellectual and professional growth. Members must not engage in, nor permit, harassment and illegal discrimination. Members must not abuse the authority they have been given and care must be taken to ensure that any personal relationships do not result in situations that might interfere with objective judgment.

Subd. 2. Professional Conduct. Work place and educational experiences must impart ethical standards of professional conduct through instruction and example. Members of the University community are expected to conscientiously fulfill their obligations toward students, advisees, colleagues and performing their duties as part of the University community. Members must support intellectual freedom.

Subd. 3. Compliance. Members of the University community are expected to understand and comply with laws and regulations related to their duties. Members are responsible for adherence to University policies and procedures and are expected to comply with State and Federal laws. Members involved in the maintenance of private personnel and student data have the obligation to comply with the Minnesota Government Data Practices Act. The University has the obligation to provide the opportunities necessary to assure awareness. Members are expected to see that those who report to them are informed about, understand and comply with regulations such as those for health and safety in the workplace, including the procedures to assure the ethical treatment of human subjects and animals and the use of hazardous materials.

Subd. 4. Authorship. In an academic environment we continually seek after knowledge and understanding and must transmit our findings faithfully. Members of the University community who create scholarly products or works of art must guarantee the originality of their work and provide credit for the ideas of others upon which their work is built. All authors on a published work are responsible for the accuracy and fairness of the presented information.

It is expected that members of the University community consider individuals for inclusion as authors on work submitted for publication if they have contributed substantially intellectually to the work. Special care must be taken to clarify authorship with entry level professional persons such as graduate students, post doctoral fellows and trainees, preferably before the work is begun. It is inappropriate for members to include individuals as authors if they contributed only peripherally to the work, e.g., providing lab space, equipment or funding; being involved in patient care; providing patient samples; or having a supervisory position.

Subd. 5. Peer Review. Any material received by members of the University community to review for funding or publication is confidential and the ideas contained therein must not be used in any other manner by the reviewer unless specifically permitted.

Subd. 6. Data Collection and Management. Falsification, fabrication and unacknowledged appropriation of the data of others by members of the University community is unethical and prohibited. At the outset of any research project all participants are expected to discuss and agree upon data management and access and retention procedures including procedures for having participants join or leave the project. Privacy of collected data and rights to intellectual property must be protected. Student rights to data are expected to be clearly specified.

All documentation necessary to reconstruct investigations is expected to be available and data are to be recorded in a timely and consistent manner.

Subd. 7. **Fiscal Responsibilities.** Members of the University community must not accept money for research or gifts on behalf of the University or as part of their University activities except as prescribed by University policy. All funds provided for research must be spent in ways consistent with the funding documents and in compliance with the guidelines on allowable costs. Members in charge of budgets have an obligation to monitor records of expenditures for compliance with University policies and procedures and to allow these records to be viewed by appropriate parties. Departmental files are the property of the University.

The University has the obligation to provide up-to-date records of financial transactions.

Related Policies: Academic Misconduct; Conflict of Interest; Legal Defense of Employees; and Outside Consulting, Service Activities and Other Work.

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

Reagan reported that the committee engaged in a discussion relating to proposed changes to the Regents' Policy on Faculty Tenure; reviewed a report from the President's Minority Advisory Committees; reviewed information relating to the final two critical measures; and received a presentation on the proposed University-Fairview affiliation.

REPORT OF THE COMMITTEE OF THE WHOLE July 12, 1996

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

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

RESOLVED, that the Summary of Expenditures for the period of July 1, 1995 to May 31, 1996 for the Board of Regents' Office, the Office of the President, and Eastcliff Maintenance are hereby approved.

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

Reagan reported that the committee also recognized newly-appointed Regents' Professor Avner Friedman; reviewed information relating to the FY97-99 Biennial Request; and received a presentation on the Campus Master Plan for the Twin Cities.

REPORT OF THE FACULTY, STAFF AND STUDENT AFFAIRS COMMITTEE

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

- a) Approval of the Senior Vice President's Monthly Faculty, Staff, and Student Affairs Report as presented to the committee and contained in the docket material.
- b) Approval of a resolution relating to staffing and organization of the University's lobbying and public relations functions, as follows:

The Board of Regents directs the President and the Executive Director and Corporate Secretary to prepare a "request for proposals (RFP)" for the purpose of examining and developing recommendations regarding the organization and staffing of the University's lobbying and public relations functions contained within the Office of Institutional Relations.

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

Spence reported that the committee reviewed the proposed committee agenda for FY97; reviewed Report IV: Dispute Resolution from the Working Group on Human Resources; and discussed a report on policies, benchmarks, and comparisons of tuition and financial aid.

REPORT OF THE FACILITIES COMMITTEE

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

- a) Approval of the Senior Vice President's Monthly Facilities Report as presented to the committee and contained in the docket material.
- b) Approval of a resolution relating to schematic plans for the FY97 Capital Budget, as follows:

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

- A. Center for Magnetic Resonance Research, Twin Cities Campus
Estimated cost of the project: \$8,000,000
Funding: 1996 State Capital Appropriation; National Science Foundation (NSF) grant application (primarily for the animal facilities); and an internal loan
Estimated completion date: May 1996
- B. Classroom Renewal, Systemwide
Estimated cost of the project: \$6,200,000
Funding: 1996 State Capital Appropriation
Estimated completion date: Phase I of this project is scheduled to be completed summer 1996. Additional classrooms will be completed as coordinated with the

classroom scheduling office over the next two years.

- C. Apartment Housing Project (Revision)
Crookston Campus
Estimated cost of the project: \$1,000,000
Funding: University Internal Loan
Estimated completion date: August 1997

- c) Approval of a resolution relating to an amendment to the FY97 Capital Budget, as follows:

RESOLVED, that on the recommendation of the President and the Senior Vice President for Finance and Operations, the FY97 Capital Budget is hereby amended to incorporate the following project:

- A. Sixth Street Parking Complex (Buckeye Lot)
Twin Cities Campus
Estimated cost of the project: \$675,000
Funding: Parking and Transportation
Services Funds
Estimated completion date: October 1996

- d) Approval of a resolution relating to the Quarterly Capital Improvement Plan Report, as follows:

RESOLVED, that on the recommendation of the President and the Senior Vice President for Finance and Operations, the Board of Regents approves the fourth Quarterly Report on the FY96 Capital Budget summarized in Attachment A and approves amendments to the FY96 Capital Budget as itemized in the table contained in the docket materials.

- e) Approval of a resolution relating to the sale of property at 2703 Territorial Road, as follows:

RESOLVED, that on the recommendation of the President and Senior Vice President for Finance and Operations, the appropriate administrative officers are authorized to execute the appropriate documents providing for the sale of approximately 102,400 square feet of land at 2703 Territorial Road, St. Paul, to Hubbard Broadcasting for the sum of \$512,000.

- f) Approval of a resolution relating to the construction of student housing, as follows:

WHEREAS, the Board of Regents has previously adopted a resolution advising the University administration to pursue the construction of up to \$50 million of new residential housing for students at the Twin Cities campus; and

WHEREAS, the Regents and the administration agreed on the importance of a sufficient amount of housing for students wishing to live on or near campus; and

WHEREAS, the Regents have identified three potential sites on the Twin Cities campus for the construction of new student housing; and

WHEREAS, the Regents have been advised by the administration of the constraints on the University's debt capacity with regard to new capital investments, including student housing; and

WHEREAS, it is the desire of the Regents to review all appropriate financing alternatives for the construction of new student housing without impacting the University's bond rating or debt capacity;

NOW, THEREFORE, BE IT RESOLVED, that the Board of Regents requests that the administration pursue the development of new student housing by soliciting proposals from external parties to build on University owned property. Acceptance of any proposal shall be contingent on (i) full financing of the construction of student housing by external parties be acceptable to the University, (ii) there being no impact on the University's debt capacity, balance sheet, financial condition, or credit rating, and (iii) the University, under any circumstances, retaining title to the land upon which the housing would be constructed.

The Board of Regents voted unanimously to approve the recommendations of the Facilities Committee. Regent Anderson abstained from voting on the sale of property at 2703 Territorial Road due to a conflict of interest.

Anderson reported that the committee reviewed information on a three-year lease of the premises at 568 Rice Street in St. Paul. The agenda item relating to information on the sale of property at 419-425 Ontario Street was delayed. The committee also reviewed the proposed committee agenda for FY97.

REPORT OF THE FINANCIAL OPERATIONS COMMITTEE

Regent Spence, reporting for the Chair of the committee, reported that the committee voted unanimously to recommend:

- a) Approval of the Senior Vice President's Monthly Financial Operations Report as presented to the committee and contained in the docket material.
- b) Approval of a resolution relating to the purchase of goods/services over \$250,000, as follows:

RESOLVED, that on the recommendation of the President and the Senior Vice President for Finance and Operations, the appropriate staff are authorized to award pending purchases/contracts over \$250,000 to the following:

- Coopers & Lybrand for \$269,600 for performance of the Financial Statement Audit for FY96.
- IBM Corporation for \$417,000 for hardware maintenance from 7/1/96 to 6/30/97 for IBM equipment for Business and Student Information Services.

- IBM Corporation for \$929,569 to provide support for IBM software from 7/1/96 to 6/30/97 for Business and Student Information Services.
- Medica Health Plans/Allina Health Systems for \$3,648,000 for medical insurance for Twin Cities Graduate Assistants for Employee Benefits for the period from 9/1/96 to 8/31/97.

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

Spence reported that the committee also reviewed the proposed committee agenda for FY97; engaged in a discussion relating to the University's Travel Policy; and reviewed the Quarterly Management Report.

REPORT OF THE EDUCATIONAL PLANNING & POLICY COMMITTEE

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

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

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


Sahlstrom reported that the committee also reviewed the proposed committee agenda for FY97; received a presentation on outreach activities from the Minnesota Extension Service; reviewed information on the program for orientation of new students; and reviewed information on the MacArthur Program as part of the quarterly international programs report to the committee.

NEW BUSINESS

John Erickson, Director of Employee Relations, provided a brief report on collective bargaining issues relating to the University-Fairview affiliation. Senior Vice President Jackson reported that a report detailing all of the issues will be provided to the Board within one week.

General Counsel Rotenberg presented a resolution for information relating to the University's layoff/non-renewal program. It will be on the agenda for action at the special meeting of the Board of Regents to be held on July 29, 1996.

The meeting adjourned at 12:20 p.m.


STEVEN BOSACKER
Executive Director &
Corporate Secretary

UNIVERSITY OF MINNESOTA

BOARD OF REGENTS

Committee of the Whole

July 29, 1996

A meeting of the Committee of the Whole of the Board of Regents was held on Thursday, July 29, 1996, at 10:00 a.m. in the Regents' Room, 238 Morrill Hall.

Regents present: Regent Thomas Reagan, presiding; William Hogan, Hyon Kim, Warren Larson, H. Bryan Neel, William Peterson, Stanley Sahlstrom, and Patricia Spence. Regents Wendell Anderson and Jessica Phillips participated via telephone.

Staff present: President Nils Hasselmo; Provosts C. Eugene Allen, Frank Cerra, and W. Phillips Shively; Senior Vice Presidents JoAnne Jackson and Marvin Marshak; General Counsel Mark Rotenberg; Executive Director Steven Bosacker; Associate Vice Presidents Carol Carrier and Roger Paschke.

Student Representative present: James Reed.

APPOINTMENT OF CLA DEAN

A motion was made and seconded and the committee voted unanimously to recommend approval of the appointment of Steven J. Rosenstone as dean of the College of Liberal Arts effective September 1, 1996. Documentation relating to the appointment is included in the docket material.

PROMOTION AND TENURE RECOMMENDATIONS

Senior Vice President Marshak presented the following resolution as an addendum to the May 1996 promotion and tenure recommendations:

WHEREAS, it is the recommendation of the Provost of the Academic Health Center and the Provost for Professional Studies that the promotion and/or tenure recommendations on page 17 of the docket material be presented to the Board of Regents on July 29, 1996,

NOW, THEREFORE BE IT RESOLVED, that the Board of Regents hereby approves the recommendations of promotion and tenure, effective with the beginning terms of appointment in 1996-97, for the University of Minnesota faculty as listed.

The committee voted unanimously to recommend approval of the resolution.

UNIVERSITY-FAIRVIEW AFFILIATION

Chair Reagan provided introductory remarks on the University-Fairview affiliation before the Board for approval. He acknowledged the work done by numerous individuals to bring this proposal for adoption, indicating that the affiliation is an extremely complex issue and is important not only to the State of Minnesota but to the nation.

Reagan noted a letter received from Regent Bleyhl recusing herself from voting on the issue due to a conflict of interest. The letter is on file in the Board of Regents' Office.

The following resolution was moved and seconded:

WHEREAS, the Regents of the University of Minnesota (the "University") own and operate the University of Minnesota Hospital and Clinic ("UMHC") to provide a flagship hospital campus for the health sciences programs of the University's Academic Health Center ("AHC"); and

WHEREAS, changes in the health care market in the Twin Cities metropolitan area, the State of Minnesota, and the nation, including the rapid increase in managed care, health care system consolidations and cost pressures, have required the University to reexamine UMHC's role in delivering care to the citizens of Minnesota, and in supporting health-related education and research; and

WHEREAS, after extensive analysis and review of available options, the University decided to pursue a potential sale of certain of UMHC's assets to another Minnesota-based health care system and enter into an academic affiliation with that system; and

WHEREAS, on January 12, 1996, the University entered into a Memorandum of Understanding ("MOU") with Fairview Hospital and Healthcare Services ("Fairview") evidencing each party's intent to proceed with an integration transaction generally on the terms and condition set forth in the MOU, subject to certain conditions; and

WHEREAS, the parties have substantially completed their due diligence examinations and have successfully concluded negotiating the primary attributes of the transaction;

NOW, THEREFORE, BE IT RESOLVED by the Board of Regents that:

1. The Board of Regents hereby authorizes the sale of certain assets and the transfer of certain liabilities more fully described in that certain Report to the Regents of the University of Minnesota regarding the Sale of the University of Minnesota Hospital and Clinic to and Subsequent Academic Affiliation with Fairview Hospital and Heath Services, dated July 11, 1996 (the "Report"), to University of Minnesota Health Systems Affiliated Clinics ("UMHSAC") on the terms and conditions generally described in the Report, for a purchase price of approximately \$87,000,000. Such purchase price shall be evidenced by a note made payable to the University. The Board of Regents further authorizes the subsequent merger of UMHSAC with and into Fairview. The President and the Senior Vice President for Finance and Operations are authorized to approve the detailed terms of such sale and merger and to execute and deliver on behalf of the University such documents as may be required to effectuate the sale and merger, provided such documents are generally consistent with the terms described in the Report and are approved by the University's General Counsel. The Board of Regents delegates to the President and Senior Vice President for Finance and Operations its authority as the sole member of UMHSAC to approve, execute, and deliver the Plan of Merger, Articles of Merger, and any other documents desirable or necessary to effectuate the sale and merger of

UMHSAC with and into Fairview and to exercise all such member power and authority and to take all such actions as may be desirable or necessary to effectuate the foregoing, provided such documents are generally consistent with terms described in the Report and are approved by the University's General Counsel.

2. The President, the Senior Vice President for Finance and Operations, and the Provost of the AHC are authorized to approve the terms of an academic affiliation with Fairview and to execute and deliver on behalf of the University such documents as may be required to effectuate such affiliation provided such documents are generally consistent with the terms described in the Report and are approved by the University's General Counsel.

3. The President and the Senior Vice President for Finance and Operations are authorized to approve the transfer of all UMHC's affiliated corporations (as defined below), including those located in Red Wing, Hibbing, and the metropolitan area to Fairview and to execute and deliver on behalf of the University such documents as may be required to effectuate the foregoing, including any amendments to the Articles of Incorporation and Bylaws that change the composition of the Board of Directors of UMHSAC before the sale/merger, provided that such documents are generally consistent with the terms described in the Report and are approved by the University's General Counsel. The Board of Regents delegates to the President and Senior Vice President for Finance and Operations its authority as the sole member of UMHSAC, University Medical Center - Mesabi, Mesaba Clinic, Interstate Medical Center, and Range Physicians ("UMHC's affiliated corporations") to approve any amendments to the Articles of Incorporation and/or Bylaws of UMHC's affiliated corporations and to approve the transfer of UMHC's affiliated corporations to Fairview and to exercise all such member power and authority, and take all such actions, execute, and deliver on behalf of the University all such documents as may be desirable or necessary to effect the foregoing, provided such documents are generally consistent with the terms described in the Report and are approved by the University's General Counsel.

4. The President and Senior Vice President for Finance and Operations are authorized to approve the terms of a ground lease and ancillary space leases by and between the University and Fairview and to execute and deliver on behalf of the University such documents as may be required to effectuate such leases provided such documents are generally consistent with the terms described in the Report and are approved by the University's General Counsel.

5. The President and Senior Vice President for Finance and Operations are authorized to approve the terms of a services agreement by and between the University and Fairview and to execute and deliver on behalf of the University such documents as may be required to effectuate the foregoing, provided such documents are generally consistent with the terms described in the Report and are approved by the University's General Counsel.

6. The President, the Senior Negotiating Team, and the Associate Vice President for Human Resources are authorized to negotiate, approve, and implement a transition plan with representatives of the current unionized employees provided such plan is generally consistent with the terms described in the Report.

7. The appropriate University Officers are authorized to execute and deliver all other documents and certificates and to take such other action as they deem necessary or appropriate for completion of the sale, merger and affiliation involving Fairview provided such actions are generally consistent with the terms of the Report and approved by the University's Senior Vice President for Finance and Operations and the University's General Counsel.

8. The execution of any document by the appropriate officers of the University herein authorized shall be conclusive evidence of the approval of such documents in accordance with the terms hereof.

9. On June 14, 1996, a Nominating Committee of the Board of Regents was appointed by the Board Chair to propose individuals to serve as University-appointed members of the Board of Trustees of the newly created Division and the Fairview Board of Directors. The Nominating Committee shall file its report with the Board of Regents Office at least one week prior to the Board's meeting in September 1996 so that action on the report can occur at that meeting.

10. The authority contained in this Resolution shall expire on January 3, 1997.

Senior Vice President Jackson introduced Kathleen Costine, Senior Managing Director of Bear, Stearns & Co. Inc., who provided information from the fairness opinion rendered by Bear Stearns related to the transaction, indicating that "it is our preliminary opinion that the consideration to be received in connection with the Transaction, taken as a whole, is reasonable, from a financial point of view, to the University in light of its stated objectives, including its health-related education and research mission." A complete copy of the Bear, Stearns fairness opinion is on file in the Regents' Office.

In answer to a question from Regent Hogan, Provost Cerra assured the Board that the research and education mission of the Academic Health Center (AHC) will be protected in this transaction and will be put in a position to grow and develop. He stated that this relationship does not solve all of the problems in the AHC, but that the AHC is well on its way to establishing a strategic plan that will provide solutions to its problems.

Regent Peterson posed a number of questions relating to the human resource issues relating to the transaction that were responded to by Associate Vice President Carrier. Peterson complimented the administration for the work they have done on this complex assignment. He stated that he would be unable to support the resolution at this time because there are a number of human resource issues that remain to be resolved.

Responding to a question from Regent Kim, Cerra briefly described the internal and external structures being developed to provide oversight assurance that the educational and research mission of the Academic Health Center is being protected.

General Counsel Rotenberg provided a summary of his evaluation of the legal and governance protections granted to the University in the proposed relationship. With regard to the proposed transaction, it is his opinion "that the University possesses sufficient legal and governance protections to enable the University to accomplish its public purposes and to preserve its public, constitutionally-autonomous status." His opinion is based in large measure on the responsibility delegated to the University appointees to the division board and system board to protect the public mission of the University of Minnesota. It is also based on the presumed fidelity of the officers who are appointed to perform the management and governance functions.

Rotenberg also provided an update on progress of the financial aspects of the transaction. Negotiations between the parties continues on the various aspects of the sale, merger, and academic affiliation. They are still involved in daily discussions with the Fairview System representatives to achieve the final documentation in a timely way. The Attorney General's Office was provided with copies of the Regents' Report and to date has not expressed opposition to the transaction on any ground. The federal government has also not expressed any opposition on antitrust grounds to the transaction. The Department of Finance for the State of Minnesota has reviewed the Regents' Report and University staff will discuss with the Department of Finance the implications, if any, of the leasehold agreements on any state and general obligation bonds. The legal and operational financial due diligence is being finalized to make sure there are no last minute issues prior to the actual signing and execution of the documents.

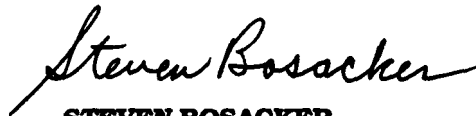
With regard to an exit strategy, Rotenberg reported that in the event that the system and division develop a systemic problem that is in the opinion of the University representatives serious enough to warrant unusual steps be taken, there are a series of procedures incorporated into the agreement that will protect the University's ability to be at the table and defend its interest. In the event, those procedures are not adequate, the documents also contain a process for an orderly dissolution of the relationship.

Regent Neel stated that Board of Governors' members Michael Dougherty and John Morrison played an important role in the development of this transaction. He requested that the two individuals continue to be involved in the process as the negotiations move forward.

Regent Sahlstrom requested that information regarding this transaction be provided to the citizens of Minnesota so there is an understanding of why this transaction is so crucial to the University of Minnesota Academic Health Center.

The committee voted by a majority of 9 to 1 to recommend approval of the resolution with Regent Peterson voting against the motion.

The meeting adjourned at 11:15 a.m.



STEVEN BOSACKER
Executive Director and
Corporate Secretary

UNIVERSITY OF MINNESOTA

BOARD OF REGENTS

July 29, 1996

A meeting of the Board of Regents of the University of Minnesota was held on Monday, July 29, 1996, at 11:16 a.m. in the Regents' Room, 238 Morrill Hall.

Regents present: William Hogan, Hyon Kim, Warren Larson, H. Bryan Neel, William Peterson, Thomas Reagan, Stanley Sahlstrom, and Patricia Spence. Regents Wendell Anderson and Jessica Phillips participated via telephone. President Nils Hasselmo, presiding.

Staff present: Provosts C. Eugene Allen, Frank Cerra, and W. Phillips Shively; Senior Vice Presidents JoAnne Jackson and Marvin Marshak; General Counsel Mark Rotenberg; Executive Director Steven Bosacker; Associate Vice Presidents Carol Carrier and Roger Paschke.

REPORT OF THE COMMITTEE OF THE WHOLE

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

- a) Approval of the appointment of Steven J. Rosenstone as dean of the College of Liberal Arts effective September 1, 1996.
- b) Approval of a resolution relating to promotion and tenure recommendations, as follows:

WHEREAS, it is the recommendation of the Provost of the Academic Health Center and the Provost for Professional Studies that the promotion and/or tenure recommendations on page 17 of the docket material be presented to the Board of Regents on July 29, 1996,

NOW, THEREFORE BE IT RESOLVED, that the Board of Regents hereby approves the recommendations of promotion and tenure, effective with the beginning terms of appointment in 1996-97, for the University of Minnesota faculty as listed.

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

Reagan further reported that the committee voted by a majority to recommend:

- a) Approval of a resolution relating to the University-Fairview affiliation, as follows:

WHEREAS, the Regents of the University of Minnesota (the "University") own and operate the University of Minnesota Hospital and Clinic ("UMHC") to provide a flagship hospital campus for the health sciences programs of the University's Academic Health Center ("AHC"); and

WHEREAS, changes in the health care market in the Twin Cities metropolitan area, the State of Minnesota, and the nation, including the rapid increase in managed care, health care system consolidations and cost pressures, have required the University to reexamine UMHC's role in delivering care to the citizens of Minnesota, and in supporting health-related education and research; and

WHEREAS, after extensive analysis and review of available options, the University decided to pursue a potential sale of certain of UMHC's assets to another Minnesota-based health care system and enter into an academic affiliation with that system; and

WHEREAS, on January 12, 1996, the University entered into a Memorandum of Understanding ("MOU") with Fairview Hospital and Healthcare Services ("Fairview") evidencing each party's intent to proceed with an integration transaction generally on the terms and condition set forth in the MOU, subject to certain conditions; and

WHEREAS, the parties have substantially completed their due diligence examinations and have successfully concluded negotiating the primary attributes of the transaction;

NOW, THEREFORE, BE IT RESOLVED by the Board of Regents that:

1. The Board of Regents hereby authorizes the sale of certain assets and the transfer of certain liabilities more fully described in that certain Report to the Regents of the University of Minnesota regarding the Sale of the University of Minnesota Hospital and Clinic to and Subsequent Academic Affiliation with Fairview Hospital and Health Services, dated July 11, 1996 (the "Report"), to University of Minnesota Health Systems Affiliated Clinics ("UMHSAC") on the terms and conditions generally described in the Report, for a purchase price of approximately \$87,000,000. Such purchase price shall be evidenced by a note made payable to the University. The Board of Regents further authorizes the subsequent merger of UMHSAC with and into Fairview. The President and the Senior Vice President for Finance and Operations are authorized to approve the detailed terms of such sale and merger and to execute and deliver on behalf of the University such documents as may be required to effectuate the sale and merger, provided such documents are generally consistent with the terms described in the Report and are approved by the University's General Counsel. The Board of Regents delegates to the President and Senior Vice President for Finance and Operations its authority as the sole member of UMHSAC to approve, execute, and deliver the Plan of Merger, Articles of Merger, and any other documents desirable or necessary to effectuate the sale and merger of UMHSAC with and into Fairview and to exercise all such member power and authority and to take all such actions as may be desirable or necessary to effectuate the foregoing, provided such documents are generally consistent with terms described in the Report and are approved by the University's General Counsel.

2. The President, the Senior Vice President for Finance and Operations, and the Provost of the AHC are

authorized to approve the terms of an academic affiliation with Fairview and to execute and deliver on behalf of the University such documents as may be required to effectuate such affiliation provided such documents are generally consistent with the terms described in the Report and are approved by the University's General Counsel.

3. The President and the Senior Vice President for Finance and Operations are authorized to approve the transfer of all UMHC's affiliated corporations (as defined below), including those located in Red Wing, Hibbing, and the metropolitan area to Fairview and to execute and deliver on behalf of the University such documents as may be required to effectuate the foregoing, including any amendments to the Articles of Incorporation and Bylaws that change the composition of the Board of Directors of UMHSAC before the sale/merger, provided that such documents are generally consistent with the terms described in the Report and are approved by the University's General Counsel. The Board of Regents delegates to the President and Senior Vice President for Finance and Operations its authority as the sole member of UMHSAC, University Medical Center - Mesabi, Mesaba Clinic, Interstate Medical Center, and Range Physicians ("UMHC's affiliated corporations") to approve any amendments to the Articles of Incorporation and/or Bylaws of UMHC's affiliated corporations and to approve the transfer of UMHC's affiliated corporations to Fairview and to exercise all such member power and authority, and take all such actions, execute, and deliver on behalf of the University all such documents as may be desirable or necessary to effect the foregoing, provided such documents are generally consistent with the terms described in the Report and are approved by the University's General Counsel.

4. The President and Senior Vice President for Finance and Operations are authorized to approve the terms of a ground lease and ancillary space leases by and between the University and Fairview and to execute and deliver on behalf of the University such documents as may be required to effectuate such leases provided such documents are generally consistent with the terms described in the Report and are approved by the University's General Counsel.

5. The President and Senior Vice President for Finance and Operations are authorized to approve the terms of a services agreement by and between the University and Fairview and to execute and deliver on behalf of the University such documents as may be required to effectuate the foregoing, provided such documents are generally consistent with the terms described in the Report and are approved by the University's General Counsel.

6. The President, the Senior Negotiating Team, and the Associate Vice President for Human Resources are authorized to negotiate, approve, and implement a transition plan with representatives of the current unionized employees provided such plan is generally consistent with the terms described in the Report.

7. The appropriate University Officers are authorized to execute and deliver all other documents and certificates and to take such other action as they deem necessary or appropriate for

completion of the sale, merger and affiliation involving Fairview provided such actions are generally consistent with the terms of the Report and approved by the University's Senior Vice President for Finance and Operations and the University's General Counsel.

8. The execution of any document by the appropriate officers of the University herein authorized shall be conclusive evidence of the approval of such documents in accordance with the terms hereof.

9. On June 14, 1996, a Nominating Committee of the Board of Regents was appointed by the Board Chair to propose individuals to serve as University-appointed members of the Board of Trustees of the newly created Division and the Fairview Board of Directors. The Nominating Committee shall file its report with the Board of Regents Office at least one week prior to the Board's meeting in September 1996 so that action on the report can occur at that meeting.

10. The authority contained in this Resolution shall expire on January 3, 1997.

The Board of Regents voted by a majority of 9 to 1 to approve the recommendation of the Committee of the Whole with Regent Peterson voting against the recommendation.

OLD BUSINESS

General Counsel Rotenberg presented the following resolution relating to the University's layoff/non-renewal program:

WHEREAS, the University of Minnesota provides a layoff/non-renewal program for its civil service, bargaining unit, and professional and administrative employees for the purpose of providing certain benefits to those University employees who receive a notice of layoff or a notice of non-renewal, and meet other qualifications; and

WHEREAS, in certain circumstances, the University is able to arrange for an alternative employment opportunity following University employment; and

WHEREAS, the University has consistently viewed its layoff/non-renewal program as intended only for University employees who do not have alternative employment opportunities arranged by the University following their University employment;

NOW, THEREFORE, be it resolved by the Board of Regents that:

1. The University reaffirms its longstanding policy that its layoff/non-renewal program is not intended to apply to any University employee for whom the University has arranged an alternative employment opportunity following University employment.

2. The University's layoff/non-renewal program shall not apply to any University employee for whom the University has arranged an alternative employment opportunity, as in the example of the planned affiliation with Fairview Hospital and Healthcare Services.

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

The meeting adjourned at 11:26 a.m.

Steven Bosacker
STEVEN BOSACKER
Executive Director &
Corporate Secretary

UNIVERSITY OF MINNESOTA

BOARD OF REGENTS

MINUTES

BOARD OF REGENTS' MEETING

AND

REGENTS' COMMITTEE MEETINGS

**July 29-30, 1996
September 5-6, 1996**

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

September 5-6, 1996

<u>CONTENTS</u>	<u>PAGE</u>
I. Committee Meeting	
A. Audit Committee - July 29, 1996 -----	48
B. Litigation Review Committee - July 30, 1996 -----	52
C. Audit Committee - September 5, 1996 -----	53
D. Facilities Committee - September 6, 1996 -----	58
E. Financial Operations Committee - September 5, 1996 -----	61
F. Faculty, Staff & Student Affairs Committee - September 6, 1996 -----	64
G. Educational Planning & Policy Committee - September 5, 1996 -----	68
H. Committee of the Whole - September 5, 1996 -----	71
I. Committee of the Whole - September 5, 1995 -----	76
II. Board of Regents' Meeting - September 8, 1995	
A. Approval of Minutes -----	83
B. Report of the President -----	83
1) Continuation of Accreditation for the Twin Cities campus	
2) Biennial Request	
C. Report of the Chair -----	83
1) President's Performance Assessment Report	
2) Progress on the Presidential Search	
D. Receive and File Reports -----	84
1) Quarterly Report on Grants and Contracts	
E. Gifts -----	84
F. Report of the Committee of the Whole - September 5, 1996	
1) Approval of resolution - Campus Master Plans, UMC, UMD, UMM, & UMTC ---	84
2) Regents' Policy: Faculty Tenure -----	85
G. Report of the Committee of the Whole - September 5, 1996	
1) Approval of resolution - All-University Honors Committee Report -----	85
2) Approval of Revised Board Meeting Schedule -----	85
3) Approval of resolution - Appointment of the Fairview-University Medical Center Board of Trustees -----	85
4) Approval of resolution - Dissolution of UMHS Board of Governors -----	86
5) Approval of resolution - "The Final 2" Critical Measures -----	87
6) Biennial Request -FY98-99 -----	88
H. Report of the Faculty, Staff & Student Affairs Committee	
1) Approval - Senior Vice President's Monthly Report -----	88
2) Discussion - Development of Committee Agenda -----	88
3) Report - Minority and Diversity Programs & Initiatives -----	88
4) Report - Strategic Decisions & Policy Direction: Tuition & Financial Aid -----	88
5) Approval of motion - Extension of Dr. Richard Chait's contract & Authorization of Chair to Enter into Contractual Arrangements -----	89
I. Report of the Facilities Committee	
1) Approval - Senior Vice President's Monthly Report -----	89
2) Approval of resolution - Schematic Plans - FY97 Capital Budget -----	89
3) Approval of resolution -Amendment to FY97 Capital Budget -----	89
4) Approval of resolution - Three-year lease with HealthEast -----	90
5) Discussion - Public-Private Partnerships: Financing & Managing Non- Academic Space -----	90
6) Tour: UMM Facilities -----	90

J. Report of the Financial Operations Committee	
1) Approval - Senior Vice President's Monthly Report-----	90
2) Approval of resolution- Purchase of Goods and Services over \$250,000 -----	90
3) Quarterly Purchasing Report -----	91
4) Programmatic and Financial Performance - UMM-----	91
K. Report of the Educational Planning & Policy Committee	
1) Approval - Senior Vice President's Monthly Report-----	91
2) U of M Coordinate Campuses & MnSCU Cooperative Programming -----	91
3) MnSCU/U of M Joint Project for Distance Learning-----	91
L. Report of the Audit Committee (July 29, 1996)	
1) Approval - Senior Vice President's Monthly Report-----	91
2) Approval - Director of Audits Report -----	91
3) Approval - Annual Audit Plan FY96-97-----	91
4) Review - Unbilled Receivables -----	92
5) External Audit Update -----	92
6) Discussion of possible name change for Audit Committee -----	92
7) Implementation of Integrated Framework of Internal Control-----	92
M. Report of the Audit Committee (September 5, 1996)	
1) Approval - Senior Vice President's Monthly Report-----	92
2) Approval of resolution - External Audit Contract-----	92
3) Implementation of Integrated Framework of Internal Control Discussion #3-----	92
4) College of Veterinary Medicine's Audit Report -----	92
5) Medical School Update - Status of Office of the Legislative Audit -----	92
6) Medical School Departmental Practice Group -----	92
7) Grants Management Project Update -----	92
N. Report of the Litigation Review Committee	
1) Attorney Client Privileged Matters -----	92
O. New Business	
1) Thank you to Morris Campus -----	92

UNIVERSITY OF MINNESOTA

BOARD OF REGENTS

Audit Committee

July 29, 1996

A meeting of the Audit Committee of the Board of Regents was held on Monday, July 29, 1996, at 8:00 a.m. in Room 300, Morrill Hall.

Regents present: William Hogan, presiding; Hyon Kim, Warren Larson, and H. Bryan Neel.

Staff present: President Nils Hasselmo; Provost C. Eugene Allen; Senior Vice Presidents JoAnne Jackson and Marvin Marshak; Vice President Mark Brenner; Director of Audits Gail Klatt; Executive Director Steven Bosacker; and Associate Vice Presidents Roger Paschke, Richard Pfitzenreuter.

Student Representative present: James Reed.

Others present: Mark Chronister from Coopers and Lybrand.

SENIOR VICE PRESIDENT'S MONTHLY REPORT

Senior Vice President Jackson reviewed the Senior Vice President's Monthly Report, which was included in the docket. A motion was made and seconded to recommend approval of the report.

Jackson noted there are a number of technology issues facing the University in the future that the Board will need to have knowledge about in order to ensure that the University is channeling in the right direction and receiving the best return on investments. The committee discussed the importance of reviewing the issue overall and not "piecemeal," as the investment in technology will be a major expenditure with enormous monetary and operational risks. Regent Hogan requested that the Board be kept informed on this issue.

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

DIRECTOR OF AUDITS QUARTERLY REPORT

Director of Audits Klatt presented her report to update the committee on internal audit activities and results since the May 31, 1996 meeting. A detailed description of these audits can be found in the docket materials.

Attention was drawn to an essential recommendation relating to the Arboretum Foundation examining alternatives to their present accounting and financial information processes. Regents' Policy on Foundations states that foundation funds should be expended through University accounts. The Arboretum Foundation currently makes capital and equipment expenditures directly from foundation accounts and does not go through University accounts. Peter Olin, Director of the Minnesota Landscape Arboretum, addressed the committee indicating that the Arboretum Foundation strongly disagrees with any changes to its present method of

accounting processes as it is felt that they cannot meet the level of accountability required by their donors and their board if they have to transfer the monies first through the general ledger. Klatt recommends that the Board of Regents review its Policy on Foundations for clarification. Senior Vice President Jackson stated that discussions have been scheduled with Provost Allen on this issue and she is confident that a resolution can be reached.

In answer to a question from Regent Larson, Klatt reported that the most significant concern in the audits that were contained in the report is the lack of oversight and subsidized research in the Urolith Center in the College of Veterinary Medicine. The Dean of the College of Veterinary Medicine is aware of the issues and is being aggressive to develop action plans to address the situation. It was requested that followup on this issue be reported to the committee.

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

UNBILLED RECEIVABLE GOAL

Controller Rob Super presented a followup report from the March 1996 meeting relating to progress on unbilled receivables for sponsored accounts. When the committee reviewed the issue in March it was reported that the University had an outstanding receivable balance of \$37 million. At that time, Super reported that the goal of the controller's office for outstanding receivables is \$25 million. Currently, the outstanding receivables still remain in the area of \$37 million, however, progress is being made to reduce that amount.

Super explained that there are three components to accounts receivable for sponsored projects:

- expenses billed by letter of credit (20% of total)
- expenses incurred but not yet invoiced (33% of total)
- expenses invoiced but not collected (47% of total)

He indicated that the payment terms for the first two components are negotiated by the University with its research sponsors and those terms dictate the level of receivables. Representatives from the Office of Research Technology Transfer Administration is currently reviewing areas to determine where it may be advantageous to negotiate better payment terms with the sponsors.

Super reported that the third component, expenses invoiced but not collected, represents approximately half of the outstanding receivables. Currently, aged receivables older than 90 days constitute about 50% of the total aged receivables. Attention is focused on this area to reduce the amount of the deficit into an acceptable range. There are four sponsors with whom there has been difficulty in collection of receivables: the Minnesota Department of Transportation, the Veterans Administration, the Department of Defense and the Office of Naval Research. Good progress is being made with three of the payers and it is anticipated that the outstanding balances will be reduced in the next year.

ANNUAL AUDIT PLAN

A motion was made and seconded to recommend approval of the Annual Audit Plan for FY96-97 that was presented to the committee in May 1996.

The committee voted unanimously to recommend approval of the Annual Audit Plan for FY96-97.

EXTERNAL AUDIT UPDATE

Mark Chronister of Coopers & Lybrand provided a brief update on the external audit conducted by that firm.

Preliminary procedures have been completed on the application and monitoring controls for preparation of setting procedures for the year-end audit. He sees no major changes in approach. Year-end fieldwork begins in August and is completed in September.

The audit scope is near completion for the Hospital and Clinics transaction with Fairview and discussions are ongoing regarding reporting requirements.

The A-133, a report relating to specific compliance and internal controls that relate to grants, will be issued this month for 1995. Research and development work has commenced for the 1996 report.

Change orders that are anticipated to be approved by management and discussed by the Audit Committee include the final scope and reporting for the Hospital and Clinics and additional procedures requested relating to compliance with the State of Minnesota student financial aid funding.

COMMITTEE NAME AND AGENDA FOR FY97

The committee reviewed the proposed Audit Committee agenda for FY96-97 presented in the docket materials and engaged in a discussion relating to a possible name change for the committee.

Hogan noted how the committee has evolved over the past year with regard to the scope of its review and discussion. The committee no longer reviews only financial matters, its agenda includes a number of items relating to programmatic issues. It would seem appropriate that the name of the committee should better reflect the issues that come before it.

Senior Vice President Jackson stated that the University has had many issues raised relating to control and oversight that the Audit Committee has addressed. She stressed that it is very important that the name of the committee reflects that it will maintain a keen awareness of oversight and control. President Hasselmo agreed with Jackson that the term "audit" should remain in the name and be a central responsibility of this committee. The committee discussed several possibilities for a name and Hogan requested that Director Klatt review what was proposed and report back to the committee with a recommendation.

IMPLEMENTATION OF INTEGRATED FRAMEWORK OF INTERNAL CONTROL

Associate Vice President Jackson facilitated the discussion relating to the implementation of the Integrated Framework of Internal Control (IFIC). Incorporation of the principles of the IFIC into a new proposed evaluation process will provide the University with a mechanism to establish formal guidelines and methods for bringing proposals forward. It will foster more effective risk assessment and analysis, improve accountability and oversight, and enhance internal communications. The strategic framework for decision-making in evaluating proposals as they come forward contains five elements: 1) quality; 2) centrality; 3) comparative advantage; 4) efficiency, effectiveness, & risk factors; and 5) demand. These five elements will be incorporated into a four-step evaluation process. Step 1 will be the initial program review. Step 2 will provide a critical analysis of alternatives for delivery of the program. Step 3 addresses the selection of the best alternative for delivery of the program and Step 4 is the program decision within the context of other

academic priorities and financial constraints. Jackson called on Provost Allen to provide an example of a proposal for evaluation.

Allen provided information on a proposal for a Turfgrass and Grounds Research Education Center, a research and education center located at the Rosemount Research Center. Allen demonstrated how the evaluation process applied to this proposal and provided details regarding the programmatic issues that have been explored to determine whether this is a program the University wants to pursue.


Jackson continued that after the programmatic issues are reviewed and it is determined that this is a quality program that will fit into the University's mission, it moves to the second stage whereby a multidisciplinary review team will review the program to determine the financial restraints, the community restraints, and the risks entailed in the project. All aspects will be evaluated. To make the IFIC work, the process cannot be bureaucratic and projects cannot get bogged down. A timeline has been established for the Turfgrass and Grounds Research Education Center project that indicates that the program review will be complete by the end of August; alternative reviews will be complete by the end of September; discussion, consultation, and an administrative decision will be made by the end of October with a recommendation to be made to the Board for information in November and action in December.

Mark Chronister, Coopers & Lybrand, commented that it is important to recognize that implementing the IFIC in the University environment is difficult as it deals with human behavior. He sees this as a tool for experimentation in arriving at what works within the University of Minnesota. He encourages everyone to be open-minded and enthusiastic as the implementation of the IFIC proceeds.

Highlights of IFIC Discussion (July 29, 1996)

- New proposed evaluation process, a "strategic framework for decision-making," establishes formal guidelines for assessing programmatic proposals.
Five elements of assessment:
 - *Quality*
 - *Centrality*
 - *Comparative advantage*
 - *Efficiency*
 - *Demand*
- Process cannot be bureaucratic and projects cannot get bogged down.

The meeting adjourned at 9:55 a.m.



STEVEN BOSACKER
Executive Director and
Corporate Secretary

UNIVERSITY OF MINNESOTA

BOARD OF REGENTS

Litigation Review Committee

July 30, 1996

A meeting of the Litigation Review Committee of the Board of Regents was held on Tuesday, July 30, 1996, at 7:40 a.m. in Room 325, Morrill Hall.

Regents participating via telephone: William Peterson, presiding; Thomas Reagan, and Patricia Spence.

Staff present: Senior Vice President JoAnne Jackson and General Counsel Mark Rotenberg.

Others present: Mark Bohnhorst, Kim Isenberg, and Jan Symcyh.

**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 the General Counsel 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, July 30, 1996, in Room 325 Morrill Hall, for the purpose of discussing attorney-client privileged matters.

The committee voted unanimously to approve the resolution.

The meeting adjourned at 7:41 a.m.



**STEVEN BOSACKER
Executive Director and
Corporate Secretary**

UNIVERSITY OF MINNESOTA

BOARD OF REGENTS

Audit Committee

September 5, 1996

A meeting of the Audit Committee of the Board of Regents was held on Thursday, September 5, 1996, at 8:00 a.m. in the Study Lounge of the Student Center, University of Minnesota, Morris.

Regents present: Julie Bleyhl, presiding; Hyon Kim, Warren Larson, and H. Bryan Neel.

Staff present: President Nils Hasselmo; Chancellor David Johnson; Provosts W. Phillips Shively and Frank Cerra; Senior Vice Presidents JoAnne Jackson and Marvin Marshak; Vice Presidents McKinley Boston and Mark Brenner; Executive Director Steven Bosacker; and Associate Vice Presidents Roger Paschke and Richard Pfitzenreuter;.

Student Representative present: Eric Gustafson.

SENIOR VICE PRESIDENT'S MONTHLY REPORT

Senior Vice President Jackson reviewed the Senior Vice President's Monthly Report, which was included in the docket materials, and noted the following:

- Substantial progress has been made on sponsored project receivables in controlling and lowering dollar amounts.
- Jackson introduced Director of Audits Klatt, who gave a report on the University of Minnesota, Duluth (UMD) audit report. Klatt noted that the results of the audit report are an example of the need for an integrated framework of internal control. During the course of the audit and investigation, the athletic director resigned, and Klatt reported that she is happy with the person named as the interim athletic director. Klatt stated that the UMD action plan is comprehensive and that the chancellor is very committed to making the necessary corrective actions. Two issues still open from the audit and investigation involve the booster group, and departmental funds which were deposited into an employee's bank account. These matters require the assistance of public authorities.
- Jackson distributed a copy of the Audit Committee Charter, and noted that the committee should review the charter when considering a new name for the Audit Committee.

A motion was made and seconded, and the committee voted unanimously to recommend approval of the Senior Vice President's Monthly Report.

EXTERNAL AUDIT CONTRACT

Senior Vice President Jackson presented a resolution recommending Deloitte & Touche LLP as the University's next external auditor. Jackson reminded the committee that Coopers and Lybrand has served as the University's external auditor since the FY 1990 audit. The contract with Coopers and Lybrand will expire at the end of the audit of FY 1996.

Jackson noted the process followed by the External Audit Firm Selection Committee, including public announcements, presentations, and discussions with representatives of the firms who submitted proposals in response to the RFP. After weighing all factors, the Selection Committee unanimously recommended Deloitte & Touche to be the University's next external auditor.

A motion was made and seconded, and the committee voted unanimously to approve Deloitte & Touche LLP as the University's next external auditor.

IMPLEMENTATION OF INTEGRATED FRAMEWORK OF INTERNAL CONTROL DISCUSSION #3

Senior Vice President Jackson introduced Associate Vice President Pfutzenreuter who presented the third discussion on implementation of the Integrated Framework of Internal Control (IFIC). Pfutzenreuter reminded the committee that by incorporating the principles of the IFIC into a new proposal evaluation process, the University seeks to: 1) establish formal guidelines and methods for bringing proposals forward; 2) foster more effective risk assessment/analysis; 3) improve accountability and oversight; and, 4) enhance internal communications.

The two prior discussions presented to the committee regarding the IFIC related to the framework for decision making and the proposal evaluation process. Pfutzenreuter stated that the focus for this discussion would be on the approval process and delegation of authority.

Pfutzenreuter noted four significant concerns or questions relating to the approval process: 1) There are currently 14 Regents' policies on delegation that specify 90 delegations to 30 different positions. 2) What is the appropriate level of approval? 3) What requires Regent approval? and, 4) What are the expectations on compliance?

In addition to the approval process and the issues related to delegation of authority, making the IFIC work at the University requires basing decisions on good information. Managers need information on a variety of issues to make informed decisions: financial, human resources, student, productivity, etc. Pfutzenreuter stated that a management reporting vision team is being assembled to try to define how to bring together financial and programmatic information in one place. While financial information is now available on the worldwide web, the goal is to have other information available as well.

Pfutzenreuter noted that management reporting is complicated because there is no current definition of what level of detail is necessary and at what level of authority decisions should be made. The goal is to make all information available to everyone at the click of a button.

Regent Larson expressed concern about the Regents' policies on delegation, and asked what the Regents can do to help streamline the policies to make them fit within

the IFIC. Jackson explained that the IFIC committee will need to make a recommendation to the Regents regarding how the policies will be revised. Executive Director Bosacker noted that the Regents' Office has revised the policy book and will be establishing proposals to streamline them. Pfutzenreuter added that the Board of Regents must decide what powers will stay with the Regents and what powers will be delegated.

Klatt noted that the next discussion on the IFIC will include looking at the process for policy development and maintenance to keep the policies relevant and current.

In response to Regent Kim's concern that the Regents may not get an appropriate level of detail to make sound decisions, Pfutzenreuter explained that when a report comes to the Board, the Regents will receive an outline of steps that were taken and the analysis that was done, which will give the Regents the information they need to make an informed decision. Klatt added that the Board will always be given the amount of detail they feel necessary to make an informed decision, but noted that if there is confidence that those at a lower level of authority are looking at the same criteria and are evaluating things in the same context, then perhaps the level of detail that the Board feels is necessary will decrease.

In response to a question from Regent Neel, Jackson stated that the IFIC is sufficiently generic so that it will be readily adaptable to new leadership.

President Hasselmo explained that as the University has created a hierarchical structure, the working relationships between the different levels of administration have been defined, which makes delegation of authority much easier. Rather than overwhelm the Regents with information, a base of information is provided, and more information would readily be available at the request of the Board.

COLLEGE OF VETERINARY MEDICINE AUDIT REPORT

Provost Cerra and Dean David Thawley presented for discussion a follow-up on management's actions regarding control issues identified in the audit report of the College of Veterinary Medicine, issued in July 1996. Cerra reminded the committee that the findings of the audit report were discussed at the July 1996 Audit Committee meeting and this follow-up report is at the committee's request for additional information concerning the actions planned by management.

Thawley stated that a plan has been created to deal with the essential and significant audit report recommendations. Thawley noted the possible creation of a policy dealing with private practice if it competes with the Veterinary Teaching Hospital, and stated that they are also looking at including a non-competitive clause. The department is also dealing with lack of oversight in the urology program, effort certification, and software development and management.

MEDICAL SCHOOL UPDATE: STATUS OF OFFICE OF THE LEGISLATIVE AUDITOR - AUDIT RECOMMENDATIONS

Director of Audits Klatt presented a status report of Departmental Practice Groups (DPG) compliance with the Office of the Legislative Auditor (OLA). The OLA conducted a review of the Medical School's oversight of DPG and issued a report on October 18, 1995. This report is a periodic update on the progress of the plan, requested by the committee at the November 9, 1995 Audit Committee meeting.

Klatt reported that the Medical School has either completed or made significant progress in the development and implementation of many aspects of the infrastructure needed to provide oversight to the DPG's, including: 1) completion of the DPG policy manual; 2) completion of most aspects of electronic data entry process; 3) DPG budget process significantly enhanced; 4) completion of DPG legal documents; 5) a better-defined financial oversight process; 6) completion of development of policy and process to ensure oversight of compensation; 7) development of a contract between the Faculty Practice Organization (FPO) and the Medical School to resolve problems of oversight of DPG contracts and use of excess funds; and, 8) the establishment of an annual DPG report of the use of Dean's Fund Assessment.

MEDICAL SCHOOL DEPARTMENTAL PRACTICE GROUP

Provost Cerra and Director of Audits Klatt provided an overview of the most significant issues identified in the recently completed audit of the Departmental Practice Group (DPG).

Cerra stated that with the evolution of the practice plans into a single faculty practice organization (FPO), comes potential implications on the Administration as well as implications to the Regents' policy which currently governs those plans.

Klatt explained that the original policy established by the Regents looked at a one-year implementation timeframe for compliance with that policy. As of today, the Medical School is still not in total compliance. There is still one practice plan that is not under alignment with the Regents' policy. In terms of timeliness, as the single FPO evolves, there are a number of legal and organizational considerations that the practice plans need to work out.

Klatt noted that there is also a need for more common financial reporting standards. Monitoring of practice plan deficits in University accounts needs to be attended to on a more active basis, and there is a need for clarification of employment relationships.

In response to a question from Regent Larson, Cerra explained that there is much confusion in the definition of practice plans vs. consulting. While there is regental policy on private practice and consult, services are not always what the employee was specifically employed for, and the confusion lies in where the revenue goes.

Cerra stated that in response to the audit report, some issues have been resolved, some will be resolved with the formation of a single practice plan, and some will require clarification by regental policy.

Cerra said he feels that the decision to move to a single practice plan is right, not only from the point of view of competing in the market, but also to help with oversight issues.

In response to a question from Regent Larson, Cerra said that the main concern is how to get everything done. The merger with Fairview is only one of many complex relationships, including the formation of a single practice plan and the reengineering of the Academic Health Center.

GRANTS MANAGEMENT PROJECT UPDATE

Senior Vice President Marshak and Dean Brenner presented a progress report on the Grants Management Project.

Brenner detailed the accomplishments of the project over the past five months including: 1) the completion of the Roles and Responsibilities document; 2) the Responsible Conduct of Research program was offered three times with 875 faculty members attending; 3) publication of the new "Introduction to Sponsored Programs" handbook; 4) development or revision of eight research-related policies; and, 5) the release of "financial reports" software package on the worldwide web.

Brenner stated that the University is leading the country with FormsNirvana, the next step of technology advancement. FormsNirvana is a crypting system -- a safe way of transmitting authorized documents with an automatic routing procedure. Brenner said this system will allow timely entry into the system, bypassing the slow paper transactions and improving both timesaving and accuracy.

The Grants Electronic Management System, the replacement system for GAMS, will be going through testing this fall.

Brenner stated that work with the NIH on a pending compliance agreement is still in progress. Activities must be completed to demonstrate the University is operating at an acceptable level to permit restoration of the expanded authorities and removal of the designation as an "exceptional organization." Brenner added that activities to be performed in partnership with the NIH will help the University become an exemplary institution for the conduct of research.

In response to a question from Regent Neel, Marshak stated that these activities will not create more bureaucracy and make it harder to apply for grants. Rather, it will raise accountability and ease the burden on faculty investigators by using automation effectively and redesigning cumbersome processes.

The meeting adjourned at 10:08 a.m.



STEVEN BOSACKER
Executive Director and
Corporate Secretary

UNIVERSITY OF MINNESOTA

BOARD OF REGENTS

Facilities Committee

September 6, 1996

A meeting of the Facilities Committee of the Board of Regents was held on Friday, September 6, 1996, at 9:00 a.m. in the Student Center on the Morris campus.

Regents present: Wendell Anderson, presiding; Julie Bleyhl, William Peterson, Thomas Reagan, and Jessica Phillips.

Staff present: Senior Vice President JoAnne Jackson; Vice President McKinley Boston; Executive Director Steven Bosacker; and Associate Vice President Ron Campbell.

Student Representatives present: Mark Erickson and Tonia Zehrer.

SENIOR VICE PRESIDENT'S MONTHLY REPORT

Senior Vice President Jackson presented the Senior Vice President's Monthly Report for September 1996. The following items were highlighted for the committee:

1. Information was provided in the docket material regarding efforts to improve transit service and access to University parking facilities.

2. Jackson provided an update on the steam plant. Permits were not received as anticipated during August. There was a problem with the Pollution Control Agency (PCA) that arose and the University is working with the PCA and the City of Minneapolis to resolve the issue.

A motion was made and seconded and the committee voted unanimously to recommend approval of the Senior Vice President's Monthly Report.

SCHEMATIC PLANS, FY97 CAPITAL BUDGET

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

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

- A. Recreational Sports Facilities: Phase IC, Twin Cities Campus/
St. Paul Gym and Cooke Hall Skyway
Estimated project cost: \$4,000,000
Funding: Internal Loan to be repaid by Recreational Sports
Estimated completion date: Cooke Hall Skyway - March 1997;
St. Paul Gym - June 1998

Regent Anderson asked if individuals can use the tunnel to go from Cooke Hall to Williams Arena. Dan Allen, Recreational Sports Department, responded that it is not possible at this time but the issue can be explored.

The committee voted unanimously to recommend approval of the resolution.

AMENDMENT, FY97 CAPITAL BUDGET

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

RESOLVED, that on the recommendation of the President and the Senior Vice President for Finance and Operations, the FY97 Capital Budget is hereby amended to incorporate the following projects:

- A. Life Science Laboratories 350 & 352 Remodeling
Duluth Campus
Estimated project cost: \$115,000
Funding: Duluth Indirect Cost Recovery Funds; Duluth College of Science and Engineering Operating Appropriation; and Asbestos Abatement Capital Appropriation
Estimated completion date: December 1996
- B. Residential Research Facility
Cloquet Forestry Center
Estimated project cost: \$245,000
Funding: Certain Teed Corporation
Estimated completion date: March 1997

REAL ESTATE TRANSACTION

Three-Year Lease of Medical Clinic Building at 568 Rice Street, St. Paul

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

RESOLVED, that on the recommendation of the President and Senior Vice President for Finance and Operations, the appropriate administrative officers are authorized to execute a three-year lease with HealthEast for the use of the premises at 568 Rice Street, St. Paul, consisting of approximately 16,000 square feet of office and medical clinic space, by the Department of Family Practice and Community Health for relocation of its Bethesda Family Physicians Clinic.

The committee voted unanimously to recommend approval of the resolution.

PUBLIC-PRIVATE PARTNERSHIP: FINANCING AND MANAGING NON-ACADEMIC SPACE

Senior Vice President Jackson introduced the discussion on public-private partnerships relating to the financing and management of non-academic space. Various alternatives are being explored with private developers and financial firms for the construction of and improvement in non-academic facilities such as student housing, parking, food services, and academic housing for visiting faculty and staff.

The University has been engaged in discussions to determine the best way to issue a request for proposal (RFP) that would obtain the maximum responses in a short period of time in order to be able to engage in the construction of dormitories and in providing food and other services on campus. Discussions with potential partners have indicated that there is a need for a new format for the RFP, one that is more broad based in concept and that will solicit more of a partnership type of arrangement. From the discussions, an RFP was developed that provides for the potential of a "prime developer" type of relationship that will allow for the University to have a "prime developer" for certain facilities and spaces around the University. It is anticipated that the RFP will go out in the next couple of weeks and responses should be received in a short period of time. Another report will occur at the October meetings.

In response to a concern from Regent Peterson, Jackson stated that all Regents' policies will be followed relating to these projects.

TOUR: UMM FACILITIES

The meeting adjourned and the committee participated in a tour of selected facilities on the Morris campus.

The meeting adjourned at 9:30 a.m.



STEVEN BOSACKER
Executive Director and
Corporate Secretary

UNIVERSITY OF MINNESOTA

BOARD OF REGENTS

Financial Operations Committee

September 5, 1996

A meeting of the Financial Operations Committee of the Board of Regents was held on Thursday, September 5, 1996, at 4:20 p.m. in the Black Box Theater of the Humanities Fine Arts Center on the Morris campus.

Regents present: Julie Bleyhl, presiding; Wendell Anderson, Warren Larson, William Peterson, Thomas Reagan, and Patricia Spence.

Staff present: Chancellors David Johnson and Donald Sargeant, Executive Director Steven Bosacker; and Associate Vice Presidents Robert Kvavik, Roger Paschke, and Richard Pfutzenreuter.

Student Representative present: Tonia Zehrer.

**PROGRAMMATIC AND FINANCIAL PERFORMANCE ASSESSMENT
UNIVERSITY OF MINNESOTA MORRIS**

Senior Vice President Jackson introduced the agenda item indicating that this presentation is the first of a series that will be presented on a bi-monthly basis from each provostal and chancellor area to report on the programmatic and financial performance of the respective unit.

Chancellor Johnson and Vice Chancellor Cathleen Brannen presented the report for the University of Minnesota Morris (UMM). As background information, Johnson reported that the strategic plan for UMM proposes to gradually increase tuition above the undergraduate norm for the University of Minnesota in order to increase its revenues to use as investments in quality programs. In addition, an increase in the size of the student body is proposed by recruiting more juniors and retaining more sophomores. The rationale for these proposals is to enhance revenues as an avenue to quality rather than cutting a single unit program in the liberal arts structure. Secondly, the master plan for the UMM campus includes the combination of a systematic program for the rehabilitation of the historic mall buildings with the construction of a first-class liberal arts science facility. The strategic plan and the campus master plan are the basis from which this financial presentation was formulated.

Johnson provided information on 14 institutions that are comparable to UMM in size and in mission. Comparisons were made with regard to the percentage of educational and general expenses invested in instruction, institutional support, plant operations, scholarships and financial aid. He noted where UMM ranks among the institutions in the various categories. The financial data indicates that UMM is ranked lower than it should be in instruction, very low on institutional support, and slightly above the norm on plant operations. With regard to investment in scholarships and financial aid, the data indicates that UMM is comparable to its private institution counterparts in the amount of money that it invests in scholarships and financial aid and is much more generous than its public counterparts.

SENIOR VICE PRESIDENT'S MONTHLY REPORT

Senior Vice President Jackson presented the Senior Vice President's Monthly Report for July 1996. The following items were highlighted for the committee:

1. Central Reserves. Jackson noted that the General Contingency has been amended relating to the amount to be paid for outstanding employment tax liabilities for prior years. The final settlement amount from the Internal Revenue Service is \$685,605.

2. Debt Management Report. Associate Vice President Paschke reported that in June the committee had been informed that various bond underwriting firms have approached the University with different, proprietary proposals for restructuring a portion of the University's short-term debt to reduce its costs of debt. To the extent that such proposals have merit, it has been the University's practice to issue an RFP (which was recently done) offering an opportunity for essentially any firm to submit a proposal, which the University will evaluate. By the October meeting, he expects to have evaluated and selected a debt restructuring alternative, which will be recommended to the committee. This will likely involve a request for a bonding resolution from the Board to authorize the issuance of new debt to replace the bonds involved in the restructuring.

A motion was made and seconded and the committee voted unanimously to recommend approval of the Senior Vice President's Monthly Report.

PURCHASE OF GOODS & SERVICES OVER \$250,000

Karen Triplett, Director of Purchasing Services, presented a resolution relating to the purchase of goods and services over \$250,000:

RESOLVED, that on the recommendation of the President and the Senior Vice President for Finance and Operations, the appropriate staff are authorized to award pending purchases/contracts over \$250,000 to the following:

- Harlan Sprague Dawley for \$675,000 for the purchase of lab animals for Research Resources for the period 9/6/96 through 6/30/97.
- Heidelberg USA, Inc. for \$408,650 for a used printing press for Printing Services.
- PeopleSoft, Inc. for \$1,800,000 for Student Information System software for Academic Affairs and for \$1,600,000 for a Human Resources Management System software for the Department of Human Resources.
- Midway Ford for purchase and lease/purchase of Ford vehicles not to exceed \$750,000 as called for the period 9/6/96 to 6/30/97 for Fleet Services.
- Reliance National Insurance Company for \$2,570,000 for Indemnification of Risk for University of Minnesota Student Insurance for the period 7/1/96 through 6/30/97 for Boynton Health Service.

- University of Chicago Press for stocking and distribution of University of Minnesota Press publications for the period 10/1/96 through 9/30/99 estimated at \$351,000 annually or \$1,053,000 total.
- Welsh Companies for \$461,310 for building maintenance for the West Bank Office Building for the period 9/1/96 through 8/31/97 for Facilities Management.
- Xerox Corporation for \$412,000 for the 4th year renewal of a 4-year contract for copier and facsimile supplies for the period from 10/1/96 to 9/30/97 for University Stores.

Senior Vice President Jackson provided some background information on the selection of Peoplesoft, Inc. for the Student Information System software and the Human Resources management systems software. The information is on file with the docket material in the Regents' Office.

Regent Peterson expressed concern that there may be departments contracting externally for jobs that the University can do internally. He stressed the importance of using the internal capabilities of the University whenever possible.

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

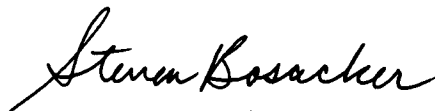
QUARTERLY PURCHASING REPORT

Karen Triplett, Director of Purchasing Services, presented the Quarterly Purchasing Report highlighting the following:

April, May, June 1996

- A total of 110,179 transactions were processed for a value of \$74,272,035.
- Of the total, 45 were justified sole source awards totaling \$2,233,769.
- There were four Regents policy violations.
- Eight change orders exceeded \$100,000.
- Fourteen purchase awards were made that were over \$100,000 and under \$250,000.

The meeting adjourned at 4:55 p.m.



STEVEN BOSACKER
Executive Director and
Corporate Secretary

UNIVERSITY OF MINNESOTA**BOARD OF REGENTS****Faculty, Staff and Student Affairs Committee****September 6, 1996**

A meeting of the Faculty, Staff and Student Affairs Committee of the Board of Regents was held on Friday, September 6, 1996 at 9:00 a.m. in Black Box Theater of the Humanities Center at the University of Minnesota, Morris.

Regents present: Jean Keffeler, presiding; H. Bryan Neel III, and Patricia Spence.

Staff present: Chancellors David Johnson and Donald Sargeant; Vice Chancellor Gary McGrath; Senior Vice President Marvin Marshak; Vice President McKinley Boston; Executive Director Steven Bosacker; Associate Vice Presidents Nancy Barcelo and Robert Kvavik; and Associate General Counsel William Donohue.

Student Representatives present: Andrew Toftey and Karl Thorson.

Regent Keffeler addressed the committee, suggesting a number of items the committee should address in the coming months. Keffeler specifically noted the recent American Association of University Professors (AAUP) survey of the faculty and the issues facing the University, and suggested that the AAUP be invited to meet with the Committee to share their perspectives of the things the Board can do to ensure all have a common ground to achieve success at the University. Senior Vice President Marshak responded that he would be pleased to pass on the suggestion to Professor V. Rama Murthy, Chair of the local AAUP Chapter. He reminded the Committee that American higher education systems have been in an expansive mode for the past 50 years and although the future is extremely bright, changing the way education functions is a challenge. Marshak compared the resources and funding available to private research institutions versus the public research institutions, and asked that the University and the community put into perspective all the actions affecting the University as we view the future of the University of Minnesota and the region.

Regent Spence commented on the AAUP article noting the negative outlook of the University faculty and hoped it would not be a self-fulfilling prophecy because we have so much positive potential.

Regent Neel noted the challenges everywhere in education. The budget is based on the current growth mode and changes in the economy that will affect the University. The economy in the years ahead will not be local or regional, but international.

Regent Keffeler requested an open and conversational interaction, formal and informal, with the University community and Senior Vice President' Marshak's assistance as a facilitator in making this information available to the committee.

SENIOR VICE PRESIDENT'S MONTHLY REPORT

Senior Vice President Marshak presented the Senior Vice President's Monthly Report and noted several late items to the report that were not included in the docket and called attention to the Biennial Budget Request.

In the Biennial Request there is a major emphasis on the use of technology to streamline the University, improve our internal processes, move students ahead, provide access to the University of Minnesota and our knowledge base through distance education, etc., and build on the 25-year experience of the McKnight Program and others. He also noted two expectations: 1) By 1999, as we work with MnSCU to put together the information infrastructure, that each new student will have a personal computer, as pioneered at the University of Minnesota, Crookston; and 2) Work with MnSCU to set a technological preparation standard in the high schools and high school graduation in Minnesota.

Marshak reported on the progress of the four-year graduation opportunity at the University -- approximately 40% of eligible students will participate in the program. The Carlson School of Management has the highest college participation rate. He also noted that students have registered for 1/3 more credits than in the past.

Lastly, Marshak reported on the Denny Commission discussions regarding compensation of coaches and the issues of comparability among coach salaries in both the women's and men's programs. Those discussions have resulted in an administrative policy that will be put into effect for an initial two-year period and extended pending evaluation.

Vice President Boston reminded the committee that the necessity for the policy was due to a request from the State Legislature. These guidelines will be submitted to the Legislature in late October or early November. Boston stated that the University is in compliance with Title IX and the equal pay act. He then reviewed the historical context of salary levels in collegiate athletics dealing with revenue vs. non-revenue sports and the suggested University model, comparing salaries across gender lines and the overall market to achieve internal equity.

Student Representative Andrew Toftey inquired when the student evaluations of professors would go on-line. Regent Keffeler suggested that this was in the context of the Committee's agenda for the next year and that it be addressed in that discussion at the October meeting. Marshak responded that he expects the Senate Committee will discuss this during Fall Quarter and work toward implementation at the end of Fall Quarter.

It was the consensus of the members present to forward the Senior Vice President's Monthly Report to the Board of Regents.

MINORITY AND DIVERSITY PROGRAMS & INITIATIVES: COORDINATE CAMPUSES - REPORT

Senior Vice President Marshak introduced a report on minority and diversity programs and initiatives on the coordinate campuses. Marshak noted that Chancellor Martin of Duluth would not be in attendance. He introduced Chancellor Donald Sargeant, Vice Chancellors McGrath and Schuman, and Vice President Barcelo.

Chancellor Sargeant reviewed the demographics of the Crookston area as 97 percent white, 3 percent Hispanic and American Indian. UMC has exceeded its goal of 3% and is now at the 4-5% level. The campus is working on integrating a diversity plan into everyday campus life and assisting the students in understanding, working with, and interacting with a diverse population. Sargeant also reported that UMC will continue to work with other institutions in the region on minority and diversity integration.

Vice Chancellor McGrath from the University of Minnesota, Morris briefly highlighted some of the people involved in their programs: Ferolyn Angell, Disabilities Coordinator, and Ron Kubik, Gay, Lesbian, and Bisexual student issues. McGrath reported UMM's success in both recruiting and retaining students of color: 264

students representing 13-1/2% of the student body (higher than any campus of the University and any other four-year public institution in the state), and raising the five-year graduation rate from 12% to 28%. UMM's goal is to make the five-year graduation rate comparable to the student body as a whole, which is 51%. He reviewed the work and programs of the campus since the 1970s to increase the diversity of the student body, including the campus-wide commitment of faculty, staff, and alumni. UMM will continue to be challenged both internally and externally in dealing with diversity. Lastly, McGrath suggested ways the Regents could assist UMM in its efforts by: continuing its existing support of American Indian Tuition Waivers; continuing its policy of allowing out-of-state minority students in the top 25% of their classes to pay in-state tuition; and securing UMM's fair share of scholarship money on the Twin Cities campus that was given to the University of Minnesota. In addition, McGrath noted UMM's appreciation of the expertise of the Twin Cities campus.

Associate Vice President Barcelo stated that she has been very impressed throughout the system by the breath and depth of the diversity programs and that she has visited every campus of the University except Crookston, which will be done after fall classes start. She will be looking at how joint diversity programs can be established through the system, such as the UMD American Indian program that conferred MD degrees on 12 American Indians who in turn represent 50% of all American Indians receiving MD degrees in this country. Barcelo reported that she will be addressing campus climate on all the campuses. A full report will be presented in the fall.

Regent Spence inquired if there was an alternative delivery system for cultural awareness. McGrath responded that the cultural inquiry is on hold until a semester program is put together, but in the interim there will be a program.

Barcelo responded to questions by Regents Spence and Neel and Student Representative Tofey that racial issues are different in rural UMM than downtown Chicago and that learning must go both ways. She noted the minority population is growing very fast and she will be preparing a report on the demographics with particular attention to the positive aspects of the campuses and why students stay. In addition, McGrath noted that a mentoring program involving alumni has a positive effect on recruiting and retention.

STRATEGIC DECISION & POLICY DIRECTION: TUITION & FINANCIAL AID

Senior Vice President Marshak and Peter Zetterberg, Director of the Office of Planing and Analysis, presented a report regarding tuition and financial aid. Marshak stated that tuition at the University of Minnesota has gone up, but remains in the middle of the Big Ten. Tuition has increased because the state has cut its contribution to the University's budget. The question now is whether the University should continue its current tuition policy and move with its peer group, or make a planned move from this policy

Zetterberg reviewed the University's student financial aid policy and objectives in the 1995-96 academic budget and the University's continued move toward its own fund-based tuition aid package. He stressed the questions of access, choice and quality in a world of declining support. Zetterberg reviewed the financial aid scenario under the "high tuition-high aid" and the "lowest possible tuition-no aid" plans for three different types of students -- Student A with an expected family contribution of \$0; Student B from a moderate-income family; and Student C from a relatively affluent background. He also discussed the effect of the Pell and Minnesota State Grant Programs on student tuition.

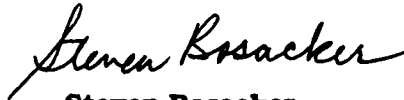
Associate Vice President Kvavik stated that he is doing an analysis of the University's financial aid resources and how they can be leveraged. He believes the information is needed for the Board to make the financial aid choices for the future.

Regent Keffeler stated there are two different needs for tuition policy: 1) to rationalize what the University does in its practices; and 2) to give the University a platform from which to engage in the discussion at the legislature. She would like to see the Board frame a policy.

Regent Spence responded that she would like to see a report on waiver programs, etc. at the University. Zetterberg responded that he would provide that to the committee.

Lastly, Regent Keffeler requested a discussion at a future meeting on student financial aid that would include students, the low tuition position, and what it really means. She would like the groups that presented information on tuition last year to be alerted to the discussion at the Committee meeting. Marshak responded that he would schedule it, promising that information would outweigh passion. Regent Neel suggested that actual information from students would be helpful to the Board.

The meeting adjourned at 11:08 a.m.



Steven Bosacker
Executive Director and
Corporate Secretary

UNIVERSITY OF MINNESOTA

BOARD OF REGENTS

Educational Planning and Policy Committee

September 5, 1996

A meeting of the Educational Planning and Policy Committee of the Board of Regents was held on Thursday, September 5, 1996, at 4:25 p.m. in the Study Lounge of the Student Center, University of Minnesota, Morris.

Regents present: Stanley Sahlstrom, presiding; Jean Keffeler, Hyon Kim, H. Bryan Neel III, and Jessica Phillips.

Staff present: Chancellors David Johnson, Donald Sargeant; Provost C. Eugene Allen; Senior Vice President Marvin Marshak; Executive Director Steven Bosacker; and Associate Vice Presidents Nancy Barcelo and Denis Cabral.

Student Representatives present: Eric Gustafson and Andrew Toftey.

SENIOR VICE PRESIDENT'S MONTHLY REPORT

Senior Vice President Marshak reviewed the Senior Vice President's Monthly Report, which was included in the docket materials, and noted the following items:

- A summary of the expansion and use of interactive television and the worldwide web as a means of distance education. It is anticipated that a student will be able to complete courses of study using the internet in about two years.
- An update on the activities in Rochester and the agreement in principle of a shared partnership in finding a leader of the Rochester program.
- Appointment of Dr. Harald Schmidt from the Hormel Institute to the Board of the Hormel Foundation.

Regent Keffeler asked for a progress report on the proposal of the critical analysis of General College which the Board had expected as an implementation of the Board's resolution. She also requested that the report include the administration's view of how the University differs from other institutions.

Marshak responded that a formal report will be brought forward in October. The report will take a broad look at access, specifically access for underprepared students.

Regent Kim requested that the administration also include information of how the University can work with other Minnesota institutions to serve underprepared students. She would also like information about how universities throughout the United States serve underprepared students.

Vice President Barcelo reported that her office is doing an analysis of the programs we have at the University. She added that the office of the Mayor in

Minneapolis has pulled together a group of people from all educational institutions which will be analyzing the access issue. This group intends to address ways to increase the pool of college students.

A motion was made and seconded and the committee voted unanimously to approve the Senior Vice President's monthly report.

U OF M COORDINATE CAMPUS & MnSCU COOPERATIVE PROGRAMMING

Senior Vice President Marshak introduced Chancellors David Johnson and Donald Sargeant to give a presentation on coordinate campus and MnSCU cooperative programming.

Johnson reported on a number of cooperative programs between the University of Minnesota, Morris (UMM) and the MnSCU system.

- UMM has a cooperative program with Moorhead State University, Global Student Teaching Program, which gives students in teacher education the opportunity to student teach in other countries.
- The Northern Sun Intercollegiate Athletic Conference is a seven member conference, four from the MnSCU, two from UMM and one from South Dakota.
- The telecommunications distance learning consortium hopes to export liberal arts education courses from Morris to the technical colleges and receive classes of a technical nature.
- MnSCU and UMM are working to increase the ease of ability for community college students to transfer to UMM.

Johnson concluded with a statement on his vision for a program that better serves graduates with a liberal arts-technical education.

Chancellor Sargeant discussed cooperative programs between the University of Minnesota, Crookston (UMC) and the MnSCU system.

- There has been a long history of collaboration. Planning has been on a regional basis with two year institutions. UMC has 15 cooperative programs with other institutions.
- There are two baccalaureate programs with Bemidji State, Early Childhood Management and Accounting.
- UMC has participated with Northwest Technical College in the preparation of two grants, one for computer-assisted courses in electronics and robotics instruction and the other for a virtual college (University College).

Regent Neel pointed out the challenges in cooperation between MnSCU and the U of M in Rochester and the need for integration as a key to success.

MnSCU/UM JOINT PROJECT FOR DISTANCE

Senior Vice President Marshak introduced Associate Vice President Denis Cabral for his presentation on distance learning. Marshak noted that the legislature

appropriated \$400,000 to each system for projects in distance learning and Cabral has been instrumental in moving the process forward.

Cabral noted that the purpose of the legislative appropriation is for a joint project for distance learning or education to:

- acquire, develop and distribute high quality distance learning resources and courseware that are needed to meet identified distance learning needs;
- award grants to faculty to develop technology based courseware for a variety of delivery modes including the internet, multimedia and other types of technology;
- decide which courses and degrees shall be offered at each institution in order to eliminate overlap and promote efficient use of resources; and
- develop strategies to market and distribute the distance learning products within Minnesota, within the region, and throughout the nation and the world.

Cabral gave an overview of the work to date. A liaison team has been identified and has met quite regularly. They have received input from faculty. They have identified four targeted areas of collaboration: nursing, mathematics, teacher education, and information technology.

Cabral concluded with a discussion on the next steps. Steering committees and an oversight committee will be established. These committees will become the mechanisms to start driving and evaluating these collaborations.

Regent Neel asked if there are any plans to develop more operations like the Rochester Center. Cabral responded that Rochester is a pilot site that could be used in other places.

A brief discussion prompted by Regent Kim followed regarding the amount of distance education taking place beyond the boundaries of the state. Provost Allen concluded the discussion by informing the committee that the University of Minnesota is a member of Midwest Universities Consortium for International Activities, Inc. (MUCIA) which currently contracts with China, Malaysia, and Indonesia to bring education to them. China's enrollment could be well over one million.

The meeting adjourned 5:40 p.m.



STEVEN BOSACKER
Executive Director and
Corporate Secretary

UNIVERSITY OF MINNESOTA

BOARD OF REGENTS

Committee of the Whole

September 5, 1996

A meeting of the Committee of the Whole of the Board of Regents was held on Thursday, September 5, 1996, at 10:24 a.m. in Recital Hall, Humanities Fine Arts Center, University of Minnesota, Morris.

Regents present: Thomas Reagan, presiding; Wendell Anderson, Julie Bleyhl, Jean Keffeler, Hyon Kim, Warren Larson, H. Bryan Neel, William Peterson, Jessica Phillips, Stanley Sahlstrom and Patricia Spence. Regent William Hogan participated via telephone.

Staff present: President Nils Hasselmo; Chancellors David Johnson and Donald Sargeant; Provosts C. Eugene Allen, Frank Cerra, and W. Phillips Shively; Senior Vice Presidents JoAnne Jackson and Marvin Marshak; Associate General Counsel William Donohue; Vice Presidents McKinley Boston and Mark Brenner; Acting Vice President Thomas Swain; Executive Director Steven Bosacker; and Associate Vice Presidents Clint Hewitt, Robert Kvavik, Roger Paschke and Richard Pfitzenreuter.

Student Representative present: Tonia Zehrer.

REGENTS' POLICY: FACULTY TENURE

Regent Reagan presented for review revisions to the Regents' Policy on Faculty Tenure. Reagan stated that the Board has been devoted to a deliberate and meaningful review of the tenure code, adding that for the Regents to do less, or simply to rubber-stamp the Faculty Senate proposal, would fall short of the role and responsibility entrusted in the Board by the state constitution and the tenure code itself. The Regents will take into account the comments received, and then adopt a revised code at the October 1996 meeting.

Reagan introduced Marty Michaelson of Hogan & Hartson; and, by telephone, Dr. Richard Chait of the Center for Higher Education; consultants to the Board of Regents, to discuss the suggested revisions.

Michaelson explained that the Board of Regents instructed the authors of the proposed revisions to the tenure code to follow six principles: 1) be fair; 2) afford due process; 3) respect academic freedom and tenure; 4) cut red tape; 5) remove any strait jackets that impede progress and impose rigidity; and, 6) if it ain't broke, don't fix it.

Michaelson commended the tremendous contributions of the Faculty Senate and its committee, noting that many of their proposals were incorporated.

In response to a question from Regent Bleyhl regarding reductions in base salary, Chait stated that he is not aware of any university that contractually guarantees salaries and stated that reductions in salaries during fiscal emergencies are very commonplace. Fewer institutions in their post-tenure review plans provide a mechanism to reduce salaries as a result of a post-tenure review. Chait added that the

Faculty Senate's proposal is less typical, having more teeth than found at other universities.

Bleyhl expressed concern regarding the wording "compelling reasons" for reducing faculty base salaries, noting that what is compelling to one person may not be compelling to another. Michaelson explained that most institutions have felt it best to state a standard that has a strong meaning, and then let the rule of reason and practical experience of the institution govern its application. In the law, the application of a word such as compelling would be a very strong standard and subject to legal review if necessary.

In response to a question from Regent Neel, Michaelson explained that the current tenure code, for no particular reason, speaks in terms of a faculty member's "salary," but in fact, the understanding and practice at the University of Minnesota has been that only the base salary is subject to the guaranteed non-reductions. If a faculty member actually received compensation for administrative service or some special contribution, that component of the "salary" was reducible. The suggestions of both the Faculty Senate and the Board of Regents has attempted to codify the existing practice of the University, to make clear that when discussing base salary, they mean only base salary.

In answer to questions from Regents Sahlstrom and Anderson regarding comparisons with other institutions, Michaelson stated that the University's present tenure code is one of the most stringent of any in terms of protecting base salary. With respect to other Big 10 schools, Michaelson stated that when talking about salary adjustments and the actual practices of an institution, few institutions make a practice of cutting faculty pay. The modification that the Regents wish to make would put the University of Minnesota right in the mainstream of the practice and rules of other leading research universities.

In response to a question from President Hasselmo, Michaelson stated that "compelling reasons" would authorize the Regents to reduce the base pay of an individual faculty member, however, it would be subject to repeated guarantees that neither base salary nor any other salary would be adjusted downward in a way to infringe on the academic freedom of a faculty member. Under the proposed code, such reductions would not be permissible legally.

In answer to a question from Regent Hogan regarding the fiscal exigency provision of the current code, Michaelson explained that the proposed revisions will give more flexibility to deal with academic units of the institution, but would not give the ordinary personnel discretion to cut base salaries at will. There must be a compelling reason to make such a decision.

Regent Keffeler explained that the suggestions being made would increase the authority of the Board to decrease base compensation in very extraordinary circumstances and would give the Board the authority to do that at a unit level. There would not have to be an institution-wide emergency, however, the provisions are not designed to allow an individual targeting of salary reduction. Keffeler suggested that the core question for the Board in considering adoption of the code is whether the Regents want authority to exercise discretion differently in some units of the University rather than at the University overall.

With respect to faculty performance review, Michaelson stated that the Faculty Senate proposed a very extensive and thoughtful, but complex peer review system. The feedback from the Board was that the Regents liked the idea of a peer review system, but expressed some uncertainty as to how it would work and concern about a cumbersome and complicated process. Therefore, the Board asked for peer review that is considerably more streamlined than the Faculty Senate's proposal. The proposal would require every collegiate unit to have a peer review process consistent with the guidelines respecting academic freedom.

In the area of disciplinary actions, Michaelson stated that the Board was concerned about the difficulty with administering sensitive cases, and asked for revisions to Section 10 of the tenure code, making a slight adjustment to the definition of misconduct that warrants discipline.

Chait stated that the operative standard for institutions as endorsed by the AAUP has been adequate cause. Several institutions have defined certain aspects of adequate cause more carefully, including "repeatedly ineffective teaching" as a new standard.

With respect to programmatic change, Michaelson stated that the current code at the University recognizes that changes in academic programs is essential to growth. The Board asked for modification in two ways. First, the University administration must give 60 days notice to the Board and Faculty Senate before the discontinuation or restructuring of any University program. This report would state both the educational considerations and all other reasons that support the proposed discontinuance or restructuring, with an explanation of how the action is consistent with the University's long-term planning and policy aims, as well as how it would affect faculty appointments. Second, the proposed revisions would require the University to provide faculty in programs that are discontinued or restructured reassignment to another program or retraining and reassignment if practicable. If it is impracticable to reassign or retrain a faculty member, the University could terminate the faculty member's appointment, with provision for notice or severance pay, continuing health benefits, and assistance in locating new employment.

Regent Keffeler noted that the language in the proposed code is consistent with language found in codes of comparable universities and with AAUP principles, but that few governing bodies ever exercise the authority that they have reserved. Keffeler asked if this authority is so rarely used, why would a Board want to have it, especially if the cost of achieving it creates a flashpoint of institutional unease. Michaelson stated that from a fiduciary prospective, not having this provision would have serious litigious complications.

In response to President Hasselmo's concern that the provisions on programmatic change will hinder the recruitment of quality faculty, Chait explained that one should consider the provisions in terms of casualty insurance. While the premium the institution pays is a flashpoint for the faculty, you must consider whether or not the insurance is needed. Chait noted that regarding recruitment, it may be hard to attract the very best people if it is their understanding that irrespective of their performance, those who are tenured will always outlive them. Chait noted that he is very sensitive that once the premium becomes the goodwill of the faculty, it is a very high price to pay for insurance.

Keffeler stated that the purpose now is to get the issues and possibilities before the University community in order to learn from the faculty perspective what the implications of the suggestions will be on recruiting, retention, and academic freedom.

CAMPUS MASTER PLANS: UMC, UMD, UMM, UMTC

President Hasselmo presented a resolution related to the approval of campus master plans at the Crookston, Morris, Duluth, and Twin Cities campuses.

Regent Reagan reminded the committee that in 1993, then Board Chair Elton Kuderer and President Hasselmo recommended to the Board of Regents that the updating of all campus master plans, long overdue, be undertaken. The Board concurred, acknowledging that planning should be guided by underlying planning principles. A task force developed four "principles for planning," which subsequently were approved by the Board. The four principles are noted in the following:

WHEREAS, in 1992 the Chair of the Board of Regents and the President of the University of Minnesota appointed a Master Plan Steering Committee to "design and recommend a set of principles which will discipline and inspire the development of a master planning process

WHEREAS, in 1993 , the Board of Regents adopted the following four Campus Master Planning principles as developed by the Master Plan Steering Committee:

- The principle of creating and maintaining a distinctive and aspiring vision for the physical development of each campus;
- The principle of enriching the experience of all who come to the campus;
- The principle of maximizing the value of existing physical assets while responding to emerging/changing physical needs;
- The principle of an inclusive, accountable, and timely process for creating and implementing the master plan vision;

and directed the preparation of a Master Plan for each of the campuses.

WHEREAS, in January, 1996, the Board of Regents received a presentation of the Master Plan for the Crookston campus, and

WHEREAS, in February, 1996, the Board of Regents received a presentation of the Master Plan for the Morris campus, and

WHEREAS, in March, 1996, the Board of Regents received a presentation of the Master Plan for the Duluth campus, and

WHEREAS, in July, 1996, the Board of Regents received a presentation of the Master Plan for the Twin Cities campus;

WHEREAS, the Administration from each campus has recommended the adoption of these Master Plans;

NOW, THEREFORE, BE IT RESOLVED, that the Board of Regents directs that these Campus Master Plans be used to guide the future development of the campuses in accordance with the four planning principles and that the policies, procedures and strategies therein will be the basis for all future master planning decisions.

BE IT FURTHER RESOLVED, that in accordance with the fourth planning principle, the leadership of each campus will submit its Annual Report on its conformance with the Master Plan to the Board of Regents in July of each year.

Hasselmo stated that this is a historic moment because the University has, for perhaps the first time ever, a set of master plans thought through by professionals, faculty, staff, students and community people.

Senior Vice President Jackson commended Associate Vice President Hewitt for his outstanding work on this project. Jackson stated that master planning represents a blueprint for change and is a vehicle to help each organization carry forward on the vision for the year 2000.

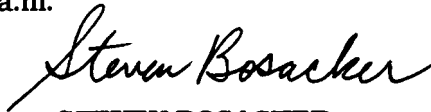
Hewitt stated that as the University enters a period of change, those who succeed will be those who plan and have a planning process. In approving the planning principles and directing that campus plans be prepared, the Board has enabled the four campuses to be ready for this change.

Hewitt stated that as you look at the four different plans, although they each appear to be different, the common thread that pulls them all together is the basis of the four planning principles.

Hewitt told the committee how proud he is to have been involved in this undertaking, and noted that the Society for College and University Planning has sent letters to the Board and the President acknowledging the campus master plans as a great example of an institution taking leadership and setting an example for other colleges.

A motion was made and seconded, and the committee voted unanimously to recommend approval of the campus master plans.

The meeting adjourned at 11:51 a.m.



STEVEN BOSACKER
Executive Director and
Corporate Secretary

UNIVERSITY OF MINNESOTA

BOARD OF REGENTS

Committee of the Whole

September 5, 1996

A meeting of the Committee of the Whole of the Board of Regents was held on Thursday, September 5, 1996, at 2:11 p.m. in Recital Hall, Humanities Fine Arts Center, University of Minnesota, Morris.

Regents present: Thomas Reagan, presiding; Wendell Anderson, Julie Bleyhl, Jean Keffeler, Hyon Kim, Warren Larson, H. Bryan Neel, William Peterson, Jessica Phillips, Stanley Sahlstrom and Patricia Spence.

Staff present: President Nils Hasselmo; Chancellors David Johnson and Donald Sargeant; Provost W. Phillips Shively; Senior Vice Presidents JoAnne Jackson and Marvin Marshak; Vice President McKinley Boston; Executive Director Steven Bosacker; Director of State Relations Donna Peterson; and Associate Vice Presidents Dennis Cabral, Robert Kvavik, Roger Paschke and Richard Pfitzenreuter.

Student Representative present: Tonia Zehrer.

HONORS COMMITTEE NOMINATIONS

President Hasselmo presented a resolution recommending approval of the All-University Honors Committee nominations which were previously forwarded to the Regents for review.

A motion was made and seconded and the committee voted unanimously to recommend approval of the All-University Honors Committee nominations.

REVISED BOARD MEETING SCHEDULE

Regent Reagan presented a resolution recommending approval of a revised committee meeting schedule of the Board of Regents. The proposed meeting schedule is included in the docket materials. Reagan explained that because the Audit and Litigation Review Committees have had a more extensive workload than earlier anticipated, it is necessary to add more meetings to the yearly schedule, thus lowering the yearly totals of other standing committee meetings.

Reagan noted that the Regents' Policy on Agenda Guidelines would be amended to reflect the change, effective immediately.

A motion was made and seconded and the committee voted unanimously to recommend approval of the revised Board of Regents meeting schedule.

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

Regent Neel, Chair of the Special Nominating Committee for Fairview-University Medical Center Board of Trustees, presented a resolution related to appointments to the Fairview-University Medical Center Divisional Board.

Neel stressed the importance of these appointments because this board will be the initial leaders in relationship with the Fairview system. The proposed members of the new board were chosen after extensive consultations with Provost Cerra, members of the hospital board of governors, members of the administrative staff and the general counsel's office. Neel stated that the Fairview-University Medical Center Divisional Board will be launching a venture never before undertaken in the world, and it will be very important for the leadership of this board to have a clear understanding of the importance of the University's research and education endeavors.

On behalf of the committee, Regent Neel made a motion recommending approval of the resolution, and the motion was seconded. Before calling for a vote, Regent Reagan asked if there were any nominations from the floor. There were none. The committee voted unanimously to recommend approval of the following resolution:

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WHEREAS, on July 29, 1996, the Regents of the University of Minnesota ("University") authorized the negotiation and formation of agreements relating to the sale of certain assets and the transfer of certain liabilities, generally including the University of Minnesota Hospital and Clinics, to Fairview Hospital and Health Care Services ("Fairview"); and

WHEREAS, under the terms of the proposed affiliation agreement between the University and Fairview, the Board of Regents shall appoint certain members to the Divisional Board of Trustees of Fairview University Medical Center, and shall at the time of this initial appointment, but not thereafter, designate certain of those trustees to serve on the Fairview Board of Directors; and

WHEREAS, in addition to the aforementioned Board of Regents' appointees, under the terms of the proposed affiliation agreement the Dean of the Medical School and the Chief of Staff serve as *ex officio* voting members of the Divisional Board of Trustees of Fairview-University Medical Center;

NOW, THEREFORE, be it resolved by the Board of Regents, that on the recommendation of the Regents' Special Nominating Committee, the following appointments are hereby made, to be effective as of the date of closing of the transaction:

John Morrison	Appointed for a three-year term
Johnathan Ravdin	Appointed for a two-year term
Michael Dougherty	Appointed for a one-year term
Roby Thompson	Appointed for a three-year term
Thomas Madison	Appointed for a two-year term
Nellie Johnson	Appointed for a one-year term
Edith Leyasmeyer	Appointed for a three-year term

BE IT FURTHER RESOLVED that the following Regents' appointees to the Divisional Board of Trustees are designated for appointment to the Fairview Board of Directors:

John Morrison
Roby Thompson
Jonathan Ravdin
Michael Dougherty

DISSOLUTION OF UMHS BOARD OF GOVERNORS

Senior Vice President Jackson presented the following resolution related to the dissolution of the UMHS Board of Governors upon the date of closing of the Fairview merger transaction:

WHEREAS, on July 29, 1996, the Regents of the University of Minnesota ("University") authorized the negotiation and formation of agreements relating to the sale of certain assets and the transfer of certain liabilities, generally including the University of Minnesota Hospital and Clinics, to Fairview Hospital and Health Care Services ("Fairview"); and

WHEREAS, upon the closing of this transaction, the University of Minnesota Health System will effectively cease to exist,

NOW, THEREFORE, be it resolved by the Board of Regents that the University of Minnesota Health System and the Board of Governors of the University of Minnesota Health System shall be dissolved as of the date of closing of this transaction.

Be it further resolved, that the Regents hereby express the appreciation and gratitude of the entire University for the diligent efforts of the present and past members of the Board of Governors, and for their invaluable, dedicated service on behalf of the University.

Regent Reagan stated that the Regents have received letters from state legislators voicing concerns on complaints received by the unions about the lack of cooperation and the inflexibility that they are experiencing from University and Fairview hospital representatives. Reagan stated that the Board of Regents wishes to reaffirm its position, which has consistently been that all UMHS employees affected by the merger should be treated fairly and that their concerns should be given every consideration during these difficult negotiations. The Board strongly recommends that the University and Fairview administrations move as expeditiously as possible to settle all unresolved labor relations issues.

President Hasselmo echoed the Board's sentiments on behalf of the administration, and his hope that all parties can work together in good faith to resolve the outstanding labor issues they currently face.

Before voting to dissolve the UMHS Board of Governors, Regent Reagan thanked the Board of Governors on behalf of the Board of Regents, for their hard work during these difficult times.

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

CRITICAL MEASURES "THE FINAL 2"

Senior Vice President Marshak and Associate Vice President Kvavik presented a resolution related to the adoption of the last two critical measures.

Marshak stated that with adoption of the last two ("third phase") critical measures, this will complete the set of 14 measures which will allow the administration to measure how well the University is progressing on its U2000 plan.

Kvavik reminded the committee that the purpose of the critical measures is to: 1) guide and facilitate University self-improvement; 2) publicly confirm success in reaching stated goals; 3) link performance to budget allocations; 4) provide means of comparison with other institutions; and, 5) meet increasing demands of outside agencies and groups for demonstrated performance.

The fourteen U2000 Critical Measures were organized into three phases: Phase 1 (1994): 1) characteristics of entering students; 2) graduation rate; 3) underrepresented groups/diversity; 4) sponsored funding; and, 5) investment per student. Phase 2 (1995): 6) student experience; 7) post-graduation experience; 8) scholarship, research, and artistic accomplishments; 9) overall satisfaction of Minnesota citizens; 10) faculty and staff experience; 11) facilities infrastructure; and, 12) investment and voluntary support. Phase 3 (1995-96): 13) the University's interaction with society: partnerships, services, and impacts; and, 14) information resources.

Kvavik stated that the goal now is to communicate these measures to the public to make them understand that the University does have very clearly-stated public goals. This information will be made available on wallet cards, brochures and the worldwide web. These measures will be used to guide future resource allocation discussions and will be used to report progress over time by showing what the University has accomplished with the dollars received.

In response to a question from Regent Neel, Kvavik stated that there is a definite relationship between the Integrated Framework of Internal Control and the critical measures because the entire critical measures process was designed to be a rolling, innovative plan which can continue for many years to come. Kvavik explained that the critical measures set clear goals, and one can ask whether the investments being made are reaching the goals that the institution intends.

A motion was made and seconded, and the committee voted unanimously to recommend approval of the following resolution relating to the establishment of the final two critical measures to assess institutional performance:

WHEREAS, the establishment and application of critical measures and performance goals serve to evaluate the progress of the University of Minnesota in reaching its stated goals and objectives in the six strategic areas of research, scholarship, and artistic activity; graduate and professional education; undergraduate education; outreach and access; user-friendly community; and diversity; to guide institutional, collegiate, and support unit self improvement; to serve as an important link between planning, performance evaluation, and resource allocation through the budget process; and to provide a means for comparison with other institutions in the search of best practices for the accomplishment of institutional goals; and

WHEREAS, the University administration has undertaken a process of consultation with appropriate internal and external University constituencies in the development of appropriate measures to evaluate progress toward the achievement of University 2000;

NOW, THEREFORE, BE IT RESOLVED, that the Board of Regents approves the two new critical measures of "The University's Interaction With Society: Partnerships, Services, and Impacts" and "Information Resources" for measuring institutional performance in realizing the goals of University 2000; and therefore

BE IT ALSO RESOLVED, that the Board of Regents approves the general goals for these two measures as follows:

1. For the critical measure of The University's Interaction With Society: Partnerships, Services, and Impacts, the Board of Regents approves a general goal to continue and increase the University's successful interactions with and benefits to its external constituencies in research and discovery, teaching and learning, and outreach and public service.
2. For the critical measure of Information Resources, the Board of Regents approves a general goal to increase access to and use of information resources to advance the University's three-part mission of teaching and learning, research and discovery, and outreach and public service.

BE IT ALSO RESOLVED, that the Board of Regents approves the modification of three previously approved measures as follows: the addition of language on interdisciplinary and applied programs to the measure of "Scholarship, Research, and Artistic Accomplishments;" the addition of language on student services and a new measure on advising to the measure of "Student Experience;" the addition of new measures on students engaged in non-traditional learning to the measure "Characteristics of Entering Students;" and the addition of a new measure on service learning, community-based programs, and internships to the measure of "Student Experience."

BE IT ALSO RESOLVED, that the Board of Regents directs the administration of the University of Minnesota to continue to develop performance goals for these critical measures and incorporate them into the long-term and annual academic planning and budgetary process, the biennial request, and the capital planning process; and that the President provides to the Board of Regents for review and discussion, and action as appropriate, an annual progress and performance report based on these measures and associated performance goals in light of changing external circumstances;

BE IT FURTHER RESOLVED, that the administration also bring forward for review and approval a statement concerning priorities as well as any needed adjustments, to achieve the appropriate balance and incentives considering the set of critical measures as a whole.

BIENNIAL REQUEST

President Hasselmo introduced Senior Vice Presidents Jackson and Marshak, and Associate Vice Presidents Pfitzenreuter and Kvavik to join him in the presentation of the biennial budget proposal for fiscal years 1998 and 1999. The biennial budget proposal represents the first two years of the University's four-year planning framework.

Hasselmo noted the shared visions -- mutually compatible state and University goals -- and emphasized the University's desire for a partnership with the State of Minnesota. Excellence is the shared destiny of the State of Minnesota and its University, a premier 21st century, land-grant, research university. Hasselmo noted that the biennial budget proposal to the governor and the legislature is an ambitious, but realistic plan, guided by the University Plan and U2000 strategic directions and resource goals.

Through the investments proposed in the biennial request, University of Minnesota students in the year 2000 will experience a University community's full diversity of people, ideas, and cultural resources; will complete new curricula that link them to the world of work, the global economy, and the full knowledge resources of a research, land-grant university; will be taught by high quality faculty dedicated to, and rewarded for, excellent teaching as well as scholarship; will be more likely to have an on-campus residential experience; will take classes in modern, well-equipped classrooms and teaching labs; will be better prepared for University level courses through intensified University/K-12 cooperation; will be able to attend the University, regardless of socio-economic background; will be computer-literate; will have her or his own personal computer, with value-added access to the international resources of the Super-Internet; will be able to use the worldwide web to complete most of their student services transactions with the University; will have fewer obstacles and more incentives to timely graduation; will graduate with a commitment from the University to provide placement support and lifelong educational opportunities that are not limited by distance; and, will have career opportunities in Minnesota made possible by University research, technology transfer, and outreach.

Hasselmo explained that the Governor has embarked upon four themes which the biennial budget will address for a shared vision : 1) educational reforms; 2) educated citizenry and tomorrow's workforce; 3) economic vitality; and, 4) government accountability.

The University will meet its financial needs through continued aggressive reallocation of existing resources; through continued growth of existing revenue streams; through the generation of new resources by better marketing of new and existing programs, private fundraising, and public-private partnerships; and, through state investments supporting the University's self-help efforts.

Marshak stated that the University of Minnesota has positioned itself among the great research universities in the United States in a way that is particularly suitable for the State of Minnesota and its people. The University has sought a balance between quality and access -- quality itself is not good and useful for the state unless it is accessible to the citizens of the state. If the University obtains more resources as a result of the biennial request, the University can work together with the State of Minnesota to improve the national quality rankings of its programs while keeping access constant. Marshak stated that the University proposes to do this in the biennial request through five major aspects: 1) technology; 2) programmatic investments; 3) compensation; 4) U-based financial aid; and, 5) facilities.

Pfutzenreuter noted that this biennial budget request is a new and different approach than the administration has taken in its financial planning by extending the horizon to four years. However, because the four-year framework must be translated into a biennial request for the state, this presentation is an outline of a request that has grown out of a four-year outlook.

Marshak explained that the biennial budget proposal calls for a shared responsibility between the University and the state for meeting the University's operating investment needs. Assuming a \$244.6 million average annual investment over the next four years, and tuition increases being held to an inflation rate of 2.5% per year (\$13.6

million), the shared responsibility for the University and the state breaks down to a four-year average of \$115 million each per year.

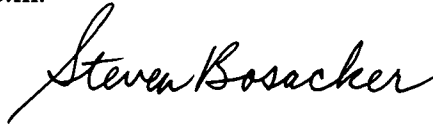
The plan calls for the University to average, over the next four years, \$43 million in existing revenue growth and \$72.5 million in either reallocation or new revenue. The University's proposed strategy to meet this share includes: 1) adjusting the size of tenure/tenure track faculty; 2) adjusting the size of central and other support staff; 3) process simplification; 4) organization-wide technology strategy; 5) enrollment management; 6) revenue growth; 7) hospital sale revenue; 8) improving facility utilization; 9) decommissioning buildings; and, 10) outsourcing.

In response to a question from Regent Sahlstrom, Marshak stated that members of the administration have recently met with Governor Carlson, his staff, and the Commissioner of Finance to discuss the budget proposal. Marshak commended Associate Vice President Pfutzenreuter for the excellent working relationship he has fostered with the governor and his staff.

Regent Reagan noted that the Board is prepared to have additional meetings to discuss ongoing development of the budget proposal, if necessary.

The biennial budget will be on the agenda for action at the October 1996 Committee of the Whole meeting.

The meeting adjourned at 4:00 p.m.



STEVEN BOSACKER
Executive Director and
Corporate Secretary

UNIVERSITY OF MINNESOTA

BOARD OF REGENTS

September 6, 1996

A meeting of the Board of Regents of the University of Minnesota was held on Friday, September 6, 1996, at 11:00 a.m. in the Recital Hall of the Humanities Fine Arts Center on the Morris campus.

Regents present: Julie Bleyhl, Jean Keffeler, Warren Larson, H. Bryan Neel, Jessica Phillips, Thomas Reagan, Stanley Sahlstrom, and Patricia Spence. President Nils Hasselmo, presiding.

Staff present: Chancellors David Johnson and Donald Sargeant; Senior Vice President Marvin Marshak; Vice President McKinley Boston Executive Director Steven Bosacker; and Associate Vice President 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:

Facilities Committee - July 11, 1996
Financial Operations Committee - July 11, 1996
Faculty, Staff & Student Affairs Committee July 11, 1996
Educational Planning & Policy Committee July 11, 1996
Committee of the Whole - July 11, 1996
Committee of the Whole - July 12, 1996
Board of Regents Meeting - July 11, 1996
Board of Regents - July 12, 1996

REPORT OF THE PRESIDENT

President Hasselmo presented his monthly report, which pertained to the following: continuation of accreditation for the Twin Cities campus and the biennial request proposal.

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

REPORT OF THE CHAIR

Chair Reagan reported that the President's Performance Assessment Report for 1996 is complete and on file in the Regents' Office.

The search for a new president is progressing well. Over 160 individuals have been nominated for the position. The pool of nominees is national in scope and diverse in terms of gender and ethnic origin. Nearly 50 active candidates have provided the Advisory Committee with complete dossiers for review and evaluation.

Reagan called on a several committee chairs who reported briefly on progress being made on their respective committee goals that were established last year.

RECEIVE AND FILE REPORTS

President Hasselmo noted the receipt and filing of the Quarterly Grants & Contracts Report.

GIFTS

Associate Vice President Fischer presented the monthly list of gifts to the University of Minnesota, the University of Minnesota Foundation, the Arboretum Foundation, and the Minnesota Medical Foundation as listed in the docket material and on file in the Regents' 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 September 5, 1996 a.m.

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

- a) Approval of a resolution relating to the Campus Master Plans for UMC, UMD, UMM, and UMTC, as follows:

WHEREAS, in 1992 the Chair of the Board of Regents and the President of the University of Minnesota appointed a Master Plan Steering Committee to "design and recommend a set of principles which will discipline and inspire the development of a master planning process"

WHEREAS, in 1993, the Board of Regents adopted the following four Campus Master Planning principles as developed by the Master Plan Steering Committee:

- The principle of creating and maintaining a distinctive and aspiring vision for the physical development of each campus;
- The principle of enriching the experience of all who come to the campus;
- The principle of maximizing the value of existing physical assets while responding to emerging/changing physical needs;
- The principle of an inclusive, accountable, and timely process for creating and implementing the master plan vision;

and directed the preparation of a Master Plan for each of the campuses.

WHEREAS, in January, 1996, the Board of Regents received a presentation of the Master Plan for the Crookston campus, and

WHEREAS, in February, 1996, the Board of Regents received a presentation of the Master Plan for the Morris campus, and

WHEREAS, in March, 1996, the Board of Regents received a presentation of the Master Plan for the Duluth campus, and

WHEREAS, in July, 1996, the Board of Regents received a presentation of the Master Plan for the Twin Cities campus;

WHEREAS, the Administration from each campus has recommended the adoption of these Master Plans;

NOW, THEREFORE, BE IT RESOLVED, that the Board of Regents directs that these Campus Master Plans be used to guide the future development of the campuses in accordance with the four planning principles and that the policies, procedures and strategies therein will be the basis for all future master planning decisions.

BE IT FURTHER RESOLVED, that in accordance with the fourth planning principle, the leadership of each campus will submit its Annual Report on its conformance with the Master Plan to the Board of Regents in July of each year.

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

Reagan reported that the committee also engaged in a discussion relating to the Regents' Policy on Faculty Tenure.

REPORT OF THE COMMITTEE OF THE WHOLE
September 5, 1996 p.m.

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

- a) Approval of a resolution relating to the All-University Honors Committee Report, as follows:

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

Documentation is on file in the Regents' Office.

- b) Approval of the revised Board of Regents' meeting schedule as presented to the committee and on file in the Regents' Office.
- c) Approval of a resolution relating to the appointment of the Fairview-University Medical Center Board of Trustees, as follows:

WHEREAS, on July 29, 1996, the Regents of the University of Minnesota ("University") authorized the negotiation and formation of agreements relating to the sale of certain assets and the transfer of certain liabilities, generally including the University of Minnesota Hospital and Clinics, to Fairview Hospital and Health Care Services ("Fairview"); and

WHEREAS, under the terms of the proposed affiliation agreement between the University and Fairview, the Board of Regents shall appoint certain members to the Divisional Board of Trustees of Fairview University Medical Center, and shall at the time of this initial appointment, but not thereafter, designate certain of those trustees to serve on the Fairview Board of Directors; and

WHEREAS, in addition to the aforementioned Board of Regents' appointees, under the terms of the proposed affiliation agreement the Dean of the Medical School and the Chief of Staff serve as *ex officio* voting members of the Divisional Board of Trustees of Fairview-University Medical Center;

NOW, THEREFORE, be it resolved by the Board of Regents, that on the recommendation of the Regents' Special Nominating Committee, the following appointments are hereby made, to be effective as of the date of closing of the transaction:

John Morrison	Appointed for a three-year term
Johnathan Ravdin	Appointed for a two-year term
Michael Dougherty	Appointed for a one-year term
Roby Thompson	Appointed for a three-year term
Thomas Madison	Appointed for a two-year term
Nellie Johnson	Appointed for a one-year term
Edith Leyasmeyer	Appointed for a three-year term

BE IT FURTHER RESOLVED that the following Regents' appointees to the Divisional Board of Trustees are designated for appointment to the Fairview Board of Directors:

John Morrison
Roby Thompson
Jonathan Ravdin
Michael Dougherty

- d) Approval of a resolution relating to the dissolution of the UMHS Board of Governors, as follows:

WHEREAS, on July 29, 1996, the Regents of the University of Minnesota ("University") authorized the negotiation and formation of agreements relating to the sale of certain assets and the transfer of certain liabilities, generally including the University of Minnesota Hospital and Clinics, to Fairview Hospital and Health Care Services ("Fairview"); and

WHEREAS, upon the closing of this transaction, the University of Minnesota Health System will effectively cease to exist,

NOW, THEREFORE, be it resolved by the Board of Regents that the University of Minnesota Health System and the Board of Governors of the University of Minnesota Health System shall be dissolved as of the date of closing of this transaction.

Be it further resolved, that the Regents hereby express the appreciation and gratitude of the entire University for the diligent efforts of the present and past members of the Board of Governors, and for their invaluable, dedicated service on behalf of the University.

- e) Approval of a resolution relating to "The Final 2" Critical Measures, as follows:

WHEREAS, the establishment and application of critical measures and performance goals serve to evaluate the progress of the University of Minnesota in reaching its stated goals and objectives in the six strategic areas of research, scholarship, and artistic activity; graduate and professional education; undergraduate education; outreach and access; user-friendly community; and diversity; to guide institutional, collegiate, and support unit self improvement; to serve as an important link between planning, performance evaluation, and resource allocation through the budget process; and to provide a means for comparison with other institutions in the search of best practices for the accomplishment of institutional goals; and

WHEREAS, the University administration has undertaken a process of consultation with appropriate internal and external University constituencies in the development of appropriate measures to evaluate progress toward the achievement of University 2000;

NOW, THEREFORE, BE IT RESOLVED, that the Board of Regents approves the two new critical measures of "The University's Interaction With Society: Partnerships, Services, and Impacts" and "Information Resources" for measuring institutional performance in realizing the goals of University 2000; and therefore

BE IT ALSO RESOLVED, that the Board of Regents approves the general goals for these two measures as follows:

1. For the critical measure of The University's Interaction With Society: Partnerships, Services, and Impacts, the Board of Regents approves a general goal to continue and increase the University's successful interactions with and benefits to its external constituencies in research and discovery, teaching and learning, and outreach and public service.
2. For the critical measure of Information Resources, the Board of Regents approves a general goal to increase access to and use of information resources to advance the University's three-part mission of teaching and learning, research and discovery, and outreach and public service.

BE IT ALSO RESOLVED, that the Board of Regents approves the modification of three previously approved measures as follows: the addition of language on

interdisciplinary and applied programs to the measure of "Scholarship, Research, and Artistic Accomplishments;" the addition of language on student services and a new measure on advising to the measure of "Student Experience;" the addition of new measures on students engaged in non-traditional learning to the measure "Characteristics of Entering Students;" and the addition of a new measure on service learning, community-based programs, and internships to the measure of "Student Experience."

BE IT ALSO RESOLVED, that the Board of Regents directs the administration of the University of Minnesota to continue to develop performance goals for these critical measures and incorporate them into the long-term and annual academic planning and budgetary process, the biennial request, and the capital planning process; and that the President provides to the Board of Regents for review and discussion, and action as appropriate, an annual progress and performance report based on these measures and associated performance goals in light of changing external circumstances;

BE IT FURTHER RESOLVED, that the administration also bring forward for review and approval a statement concerning priorities as well as any needed adjustments, to achieve the appropriate balance and incentives considering the set of critical measures as a whole.

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

Reagan reported that the committee also reviewed information on the biennial budget proposal for fiscal years 1998 and 1999.

REPORT OF THE FACULTY, STAFF AND STUDENT AFFAIRS COMMITTEE

Regent Keffeler, Chair of the committee, reported that the committee did not have a quorum at its meeting. It was the consensus of those members present that the following item be recommended:

- a) Approval of the Senior Vice President's Monthly Faculty, Staff, and Student Affairs Report as presented to the committee and contained in the docket material.

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

Keffeler reported that the committee also discussed items that the committee should address in the coming months; received a report on minority and diversity programs and initiatives for the coordinate campuses; and reviewed information relating to strategic decisions and policy directions regarding tuition and financial aid.

Keffeler then referred to the issue of tenure and the contract that the Board has entered into with Dr. Richard Chait. She moved the following motion:

The Board of Regents authorizes the Chair to extend the contract with Dr. Richard Chait to allow the completion of his independent analysis related to tenure and to authorize an increase in the contractual amount sufficient to complete the work under contract.

The Board of Regents authorizes the Chair to enter into other contractual arrangements as may be necessary to support the work of the Board in tenure matters and report those actions back to the Board.

The motion was seconded and the Board of Regents voted unanimously to approve Regent Keffeler's motion.

REPORT OF THE FACILITIES COMMITTEE

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

- a) Approval of the Senior Vice President's Monthly Facilities Report as presented to the committee and contained in the docket material.
- b) Approval of a resolution relating to schematic plans for the FY97 Capital Budget, as follows:

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

- A. Recreational Sports Facilities: Phase IC, Twin Cities Campus/St. Paul Gym and Cooke Hall Skyway
Estimated project cost: \$4,000,000
Funding: Internal Loan to be repaid by Recreational Sports
Estimated completion date: Cooke Hall Skyway - March 1997;
St. Paul Gym - June 1998

- c) Approval of a resolution relating to an amendment to the FY97 Capital Budget, as follows:

RESOLVED, that on the recommendation of the President and the Senior Vice President for Finance and Operations, the FY97 Capital Budget is hereby amended to incorporate the following projects:

- A. Life Science Laboratories 350 & 352 Remodeling
Duluth Campus
Estimated project cost: \$115,000
Funding: Duluth Indirect Cost Recovery Funds; Duluth College of Science and Engineering Operating Appropriation; and Asbestos Abatement Capital Appropriation
Estimated completion date: December 1996
- B. Residential Research Facility
Cloquet Forestry Center
Estimated project cost: \$245,000
Funding: Certain Teed Corporation
Estimated completion date: March 1997

- d) Approval of a resolution relating to a three-year lease with HealthEast, as follows:

RESOLVED, that on the recommendation of the President and Senior Vice President for Finance and Operations, the appropriate administrative officers are authorized to execute a three-year lease with HealthEast for the use of the premises at 568 Rice Street, St. Paul, consisting of approximately 16,000 square feet of office and medical clinic space, by the Department of Family Practice and Community Health for relocation of its Bethesda Family Physicians Clinic.

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

Phillips reported that the committee also engaged in a discussion relating to public-private partnerships as it relates to financing and managing non-academic space and participated in a tour of UMM facilities.

REPORT OF THE FINANCIAL OPERATIONS COMMITTEE

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

- a) Approval of the Senior Vice President's Monthly Financial Operations Report as presented to the committee and contained in the docket material.
- b) Approval of a resolution relating to the purchase of goods/services over \$250,000, as follows:

RESOLVED, that on the recommendation of the President and the Senior Vice President for Finance and Operations, the appropriate staff are authorized to award pending purchases/contracts over \$250,000 to the following:

- Harlan Sprague Dawley for \$675,000 for the purchase of lab animals for Research Resources for the period 9/6/96 through 6/30/97.
- Heidelberg USA, Inc. for \$408,650 for a used printing press for Printing Services.
- PeopleSoft, Inc. for \$1,800,000 for Student Information System software for Academic Affairs and for \$1,600,000 for a Human Resources Management System software for the Department of Human Resources.
- Midway Ford for purchase and lease/purchase of Ford vehicles not to exceed \$750,000 as called for the period 9/6/96 to 6/30/97 for Fleet Services.

- Reliance National Insurance Company for \$2,570,000 for Indemnification of Risk for University of Minnesota Student Insurance for the period 7/1/96 through 6/30/97 for Boynton Health Service.
- University of Chicago Press for stocking and distribution of University of Minnesota Press publications for the period 10/1/96 through 9/30/99 estimated at \$351,000 annually or \$1,053,000 total.
- Welsh Companies for \$461,310 for building maintenance for the West Bank Office Building for the period 9/1/96 through 8/31/97 for Facilities Management.
- Xerox Corporation for \$412,000 for the 4th year renewal of a 4-year contract for copier and facsimile supplies for the period from 10/1/96 to 9/30/97 for University Stores.

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

Bleyhl reported that the committee also reviewed the Quarterly Purchasing Report and received a presentation on the programmatic and financial performance assessment for the UMM campus.

REPORT OF THE EDUCATIONAL PLANNING & POLICY COMMITTEE

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

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

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

Neel reported that the committee also reviewed information on the University of Minnesota coordinate campus and MnSCU cooperative programming and reviewed information relating to a MnSCU/University of Minnesota joint project for distance learning.

REPORT OF THE AUDIT COMMITTEE July 29, 1996

Regent Larson reported that the committee voted unanimously to recommend:

- a) Approval of the Senior Vice President's Monthly Report as presented to the committee and included in the docket material.
- b) Approval of the Director of Audits Report as presented to the committee and included in the docket material.
- c) Approval of the Annual Audit Plan for FY96-97 as presented to the committee in May 1996.

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

Larson reported that the committee also reviewed information on unbilled receivables; received an external audit update; discussed a possible name change for the committee; and engaged in a discussion relating to the implementation of the integrated framework of internal control.

REPORT OF THE AUDIT COMMITTEE
September 5, 1996

Regent Bleyhl reported that the committee voted unanimously to recommend:

- a) Approval of the Senior Vice President's Report Monthly Report as presented to the committee and included in the docket material.
- b) Approval of a resolution relating to the University's external auditor, as follows:

RESOLVED, that on the recommendation of the President and the Senior Vice President for Finance and Operations, Deloitte & Touche LLP be chosen as the University's external auditor.

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

Bleyhl reported that the committee also reviewed a number of items for information which included a discussion on the implementation of the Integrated Framework of Internal Control; a follow-up report on the College of Veterinary Medicine Audit Report; an update on the status of audit recommendations from the Legislative Auditor relating to the Medical School; an overview of the most significant issues identified in the recently completed audit of the Departmental Practice Group; and an update on the Grants Management Project.

REPORT OF THE LITIGATION REVIEW COMMITTEE

Regent Spence reported that the committee met in non-public session on July 30, 1996 to discuss attorney-client privileged matters.

NEW BUSINESS

President Hasselmo moved that an expression of appreciation be extended to the entire University of Minnesota, Morris community for their hospitality during the September meetings of the Board of Regents.

The Board of Regents voted unanimously to approve President Hasselmo's motion.

The meeting adjourned at 11:55 a.m.



STEVEN BOSACKER
Executive Director &
Corporate Secretary

**UNIVERSITY OF MINNESOTA
BOARD OF REGENTS**

MINUTES

**BOARD OF REGENTS' MEETING
AND
REGENTS' COMMITTEE MEETINGS**

October 10-11, 1996

**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

October 10-11, 1996

<u>CONTENTS</u>	<u>PAGE</u>
I. Board of Regents' Meeting - October 3, 1996	
A. Resolution to Conduct Non-Public Meeting -----	93
II. Committee Meetings	
A. Litigation Review Committee - October 9, 1996-----	94
B. Facilities Committee - October 10, 1996-----	95
C. Financial Operations Committee - October 10, 1996-----	102
D. Faculty, Staff & Student Affairs Committee - October 10, 1996 -----	105
E. Educational Planning & Policy Committee - October 10, 1996-----	109
F. Committee of the Whole - October 10, 1996 -----	113
G. Committee of the Whole - October 11, 1996 -----	116
III. Board of Regents' Meeting - October 10, 1996	
A. Resolution to Conduct Non-Public Meeting -----	122
IV. Board of Regents' Meeting - October 11, 1996	
A. Approval of Minutes -----	123
B. Report of the President	
1) Edna McConnell Clark Foundation Grant -----	123
2) FY96 sponsored research -----	123
3) Private Fundraising -----	123
4) 1996 State of the University Address -----	123
C. Report of the Chair	
1) Status of Presidential Search -----	123
2) November Dinner -----	123
D. Receive and File Reports	
1) Athletic Directors' Reports -----	124
E. Gifts -----	124
F. Report of the Committee of the Whole - October 10, 1996	
1) Task Force on Human Resources: Final Report -----	124
G. Report of the Committee of the Whole - October 11, 1996	
1) Approval of resolution - FY98-99 Biennial Budget Request -----	124
2) Approval of motion - Tenure proposal for UMTC Law School -----	125
3) Recognition of UMTC Student Athletes and Coaches-----	125
H. Report of Faculty, Staff & Student Affairs Committee	
1) Approval - Senior Vice President's Monthly Report -----	125
2) Strategic Decision & Policy Direction: Tuition & Financial Aid -----	125
3) Minority and Diversity Programs & Initiatives -----	125

I. Report of the Facilities Committee	
1) Approval - Senior Vice President's Monthly Report -----	126
2) Approval of resolution - Real Estate Exchange at Willmar -----	126
3) Approval of resolution - Quarterly Capital Improvement Plan Report -----	126
4) Review - Amendment to FY97 Capital Budget- renovation of University Stores South-----	126
5) Review - Amendment to FY97 Capital Budget- upgrade of convenience store- St. Paul Student Center -----	126
6) Review of real estate transactions-----	126
7) Discussion of public-private partnerships -----	126
8) Review of information and tour of Finance & Operations facilities and capital needs -----	126
J. Report of the Financial Operations Committee	
1) Approval - Senior Vice President's Monthly Report -----	126
2) Review of Debt Restructuring Recommendation-----	126
3) External Sales Administrative Policy Report-----	126
4) Service Delivery Alternatives Report -----	126
5) Annual Asset and Debt Management Report-----	127
6) Money Manager Report -----	127
K. Report of the Educational Planning & Policy Committee	
1) Approval - Senior Vice President's Monthly Report-----	127
2) Turf & Grounds Research & Education Center-----	127
3) Coordinate Campus and MnSCU Cooperative Programming -----	127
4) Rochester Cooperative Program Update-----	127
L. Report of the Litigation Review Committee	
1) Non-public session held on October 9 to discuss attorney-client privileged matters -----	127
M. New Business	
1) Christmas Tea at Eastcliff-----	127

UNIVERSITY OF MINNESOTA

BOARD OF REGENTS

October 3, 1996

A meeting of the Board of Regents was held on Thursday, October 3, 1996, at 10:03 a.m. in 238 Morrill Hall.

Regents present: Julie Bleyhl, William Hogan, Jean Keffeler, Hyon Kim, William Peterson, Thomas Reagan, Stanley Sahlstrom, and Patricia Spence. President Nils Hasselmo, presiding. Regents Wendell Anderson, H. Bryan Neel, and Jessica Phillips participated via telephone.

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

Others present: Mario Bognanno, Kathy Brown, William Donohue, and Daniel Wachtler.

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

RESOLVED, that on the recommendation of the President and the General Counsel as provided by Minnesota State Statute 471.705, Subd. 1d, a non-public meeting of the Board of Regents be held on Thursday, October 3, 1996, in the Regents' 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 10:04 a.m.



STEVEN BOSACKER
Executive Director and
Corporate Secretary

UNIVERSITY OF MINNESOTA

BOARD OF REGENTS

Litigation Review Committee

October 9, 1996

A meeting of the Litigation Review Committee of the Board of Regents was held on Wednesday, October 9, 1996, at 4:05 p.m. in Room 238, Morrill Hall.

Regents present: William Peterson, presiding; Thomas Reagan, and Patricia Spence.

Staff present: President Nils Hasselmo; Provost Frank Cerra; Senior Vice Presidents JoAnne Jackson and Marvin Marshak; Vice President Mark Brenner; General Counsel Mark Rotenberg; Executive Director Steven Bosacker; and Associate Vice President Roger Paschke.

Others present: Karin Birkeland, Mark Bohnhorst, William Donohue, Mark Miller, Jan Symych, Julie Switzer, and Harry Wilson.

**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 the General Counsel as provided by Minnesota State Statute 471.705, Subd. 1d, & Subd. 1d, a non-public meeting of the Board of Regents' Litigation Review Committee be held on Wednesday, October 9, 1996, in Room 238 Morrill Hall, for the purpose of discussing attorney-client privileged matters and labor negotiations and proposals.

The committee voted unanimously to approve the resolution.

Although the resolution refers to discussion relating to labor negotiations and proposals, the committee did not discuss any matters relating to labor negotiations or proposals.

The meeting adjourned at 5:15 p.m.



STEVEN BOSACKER
Executive Director and
Corporate Secretary

UNIVERSITY OF MINNESOTA

BOARD OF REGENTS

Facilities Committee

October 10, 1996

A meeting of the Facilities Committee of the Board of Regents was held on Thursday, October 10, 1996, at 8:00 a.m. in Room 238, Morrill Hall.

Regents present: Wendell Anderson, presiding; Julie Bleyhl, Warren Larson, Jessica Phillips, and Thomas Reagan.

Staff present: Senior Vice President JoAnne Jackson; Vice President McKinley Boston; Executive Director Steven Bosacker; and Associate Vice Presidents Ron Campbell, Clint Hewitt, and Roger Paschke.

Student Representatives present: Mark Erickson and Tonia Zehrer.

SENIOR VICE PRESIDENT'S REPORT

Senior Vice President Jackson presented the Senior Vice President's Report for October 1996. The following items were highlighted for the committee:

1. Assistant Vice President Paul Tschida reported that the sale of property (located on the Minneapolis and St. Paul city lines adjacent to Hubbard Broadcasting Company) to Hubbard Broadcasting is being revised to include the entire property. Since the committee approved the sale of six acres of this property at the June meeting, it has been discovered that it will cost over \$4 million to cleanup contamination on the property. In light of this fact, it was determined that it was in the best interest of the University to sell the entire property. Hubbard Broadcasting has expressed interest in purchasing the entire property and the cities of St. Paul and Minneapolis are willing to contribute to the cleanup cost. The administration will bring the proposal back to the committee in November for approval including an agreement with Hubbard and the cities. Regent Reagan reported that Regent Peterson is very familiar with the property and agrees with the administration that the wisest course is to get it cleaned up and sold right away.

2. Jackson reported that the bids for remodeling of the Dance Studio are significantly higher than anticipated. The administration will review the project in light of the fact that new construction and remodeling the existing space are about the same price. This item will come back to the committee with a recommendation sometime in the future.

A motion was made and seconded and the committee voted unanimously to recommend approval of the Senior Vice President's Report.

AMENDMENTS, FY97 CAPITAL BUDGET

University Stores South Renovation to Relocate Office of Measurement Services

The committee reviewed a proposed amendment to the FY97 capital budget to include renovation of the University Stores South location to relocate the Office of Measurement Services. The relocation is required due to the sale of the Lauderdale Computer Facility where Measurement Services is currently located. In an agreement reached between the University's Budget Office, Student Development and Athletics, and Counseling and Consulting Services, the cost of moving and providing "comparable-to-current" quality space will be funded by the University. Construction cost is modest at about \$33 per square foot. Total project cost is approximately \$300,000 funded from state operating appropriations. The project, if approved, would begin in November and be completed in January.

St. Paul Student Center Convenience Store Development, Twin Cities Campus

The committee reviewed a proposed amendment to the FY97 capital budget to move the post office out of Coffey Hall on the St. Paul Campus to the space currently occupied by the convenience store. The convenience store would then be moved to an upgraded location in the St. Paul Student Center. Total project cost is estimated at \$200,000. The project, if approved, would begin in December and be completed in January.

REAL ESTATE TRANSACTION

Real Estate Exchange at Willmar with Duinick Companies, Inc.

A motion was made and seconded to recommend approval of the following resolution for the exchange of real estate in Willmar with Duinick Companies, Inc.

RESOLVED, that on the recommendation of the President and Senior Vice President for Finance and Operations, the appropriate administrative officers are authorized to execute the appropriate documents providing for the exchange of approximately 2.673 acres of University owned property improved with the existing Poultry Testing Laboratory building for approximately .854 acres of property owned by Duinick Companies, Inc. and improved with a new laboratory building, and payment of \$104,000.00 by the University to Duinick Companies, Inc.

The committee voted unanimously to recommend approval of the resolution.

REAL ESTATE TRANSACTIONS

Sale of Properties in the Motley Neighborhood, Southeast Minneapolis

The committee reviewed a proposal to sell several properties in the Motley neighborhood. In addition to the Oak Street Parking Ramp, the University owns 19 parcels of real property scattered throughout the Motley neighborhood in Southeast Minneapolis. Three of the parcels are vacant lots (616 and 619 Erie Street SE and the lot behind 639 Erie Street SE) and one is a former church (425 Ontario Street SE) that was occupied by Intermedia Arts and provided studio space for the Studio Arts Department until 1995. The U Film Society still occupies a portion of the church space

for storage purposes. Fifteen of the parcels are improved with housing units that are managed by Housing and Residential Life (419, 505, 511, 513, 623, 626, 633, and 644 Ontario Street SE; 915, 917, 921, and 929 Essex Street SE; 635 Erie Street SE; and 811 and 815 Fulton Street SE). The primary mission of Housing and Residential Life is to provide on-campus housing for students; these fifteen parcels no longer serve that mission. The properties will be appraised and offered for sale by public bid after the appraisals are completed, with possession to transfer to the new owners after June 30, 1997.

In response to a question from Regent Larson, Ron Campbell stated that the properties house two to three students each and are not in good condition. Campbell believes it would best serve the University's mission to sell these properties.

Sale of the Lauderdale Computer Facility and Adjacent Land and Building, Lauderdale

The committee reviewed a proposal to sell the Lauderdale Computer Facility and adjacent land and building. The site consists of 6.44 acres improved with a single-story brick office building/computer center totaling 48,554 gross square feet (including 12,507 square feet of raised floor area) at 2520 Broadway Drive and a 4,056 gross square feet five-story brick building, vacant since 1986, at 2531 West Summer Street (also known as 2530 Roselawn Avenue West). This property is no longer needed for educational or research related activities by the Minneapolis Campus. The property is currently being appraised and will be offered for sale by public bid after the appraisals are completed.

Dr. Fay Thompson, Director of Environmental Health and Safety, reported that the site is contaminated with polychlorinatedbiphenyls (PCBs) due to research being done by a corporate tenant using capacitors. Most of the contaminated material was removed in 1987 and 1988. The interior of the building still has some contamination and the soil is contaminated; both must be cleaned up before the property can be sold. The Metropolitan Council has given the City of Lauderdale a \$658,000 grant to clean up the property.

Sale of Excess Land Near Glensheen, Duluth

The committee reviewed a proposal to sell excess land near Glensheen in Duluth. Approximately 18.32 acres at Glensheen are no longer needed for educational or research related activities by the Duluth Campus. Approximately 16 acres of the property are located on the north side of London Road across from Glensheen, with the remainder on Lake Superior beyond the existing parking lot. The proceeds from the sale of this property would be used to create a quasi-endowment for the remaining Glensheen property (Glensheen Museum). The property will be appraised and offered for sale by public bid after the appraisals are completed.

Purchase of Lyddon Homesite, Crookston

The committee reviewed a proposal to purchase the Lyddon Homesite in Crookston. The subject property is surrounded by property acquired by the University in 1991 for the development of the Agricultural Operations Management Center at the Crookston Campus. This approximately 5.09 acres parcel is improved with a single-family house and several small buildings. Funds for the purchase of this property are available from the Crookston Campus. This property was originally excluded from the purchase of 142.37 acres approved by the Regents in September 1990 for the development of the Agricultural Operations Management Center at UMC. The additional property will be used for expansion of the Crookston Campus.

QUARTERLY CAPITAL IMPROVEMENT PLAN REPORT

Director Linda McCracken-Hunt reviewed the Quarterly Capital Improvement Plan Report as found in the docket materials. McCracken-Hunt noted there are a total of 307 projects: 35 (11%) of the projects are completed, 21 (7%) are on hold and 251 (82%) are in process. The University is off to a good start in getting the capital budget implemented.

A motion was made and seconded to recommend approval of the following resolution approving the Quarterly Capital Improvement Plan Report:

RESOLVED, that on the recommendation of the President and the Senior Vice President for Finance and Operations, the Board of Regents approve the first Quarterly Report on the FY97 Capital Plan.

The committee voted unanimously to recommend approval of the resolution

PUBLIC-PRIVATE PARTNERSHIP

Senior Vice President Jackson announced the appointment of a Public-Private Partnership Project Group with Roger Paschke serving as chair. The group is charged with developing ways of providing ancillary services to the University.

Senior Vice President Paschke reported that, given the University's demanding capital needs, it is difficult to identify future money sources when dollars are scarce. The group will identify alternatives to solve the problem of financing the University's capital needs: private arrangements, public-private partnerships, etc. The group will also identify any implications of various alternatives, for example, on service and staffing levels. After taking a comprehensive look at the issues, the group will report to Jackson and the Executive Council.

Jackson assured the committee that staff is not waiting for the Public-Private Partnership Group to do its work to issue the request for proposals for housing or food services. The group was charged to look at all options for providing high quality ancillary services to the University. The group will be going to Texas to look at public-private partnership models. The group has been given 30 days to scope the project, review it, and bring to the Executive Council recommendations on how to move forward.

In response to a question from Regent Anderson, Paschke explained the types of funding the University uses for capital expenses: state support through the capital request, for which the state requires the University to pick up 1/3 of the debt service; federal grant dollars; and the University's bonding capacity in the form of general obligation bonds. Revenue bonds are not used due to the higher risk associated with them and the higher interest rate they carry. General obligation bonds maximize the debt capacity.

Anderson questioned why the University couldn't request the State to pledge its full faith and credit to fund housing projects, as the State did with several private colleges? Paschke explained that the rating services would still treat this as debt for the University, even though the State would be standing behind the bonds. Jackson added that one of the mechanisms that was looked at in the preliminary investigation of the public-private partnership was the way in which Texas financed their dormitories. Texas financed one project through a separate corporation using state and

University funding. Staff is evaluating all the options in order to find the lowest cost financing mechanism to accomplish the goals.

Regent Reagan requested that administrative staff at least take a look at the funding mechanism used by the private colleges in the 1970s as discussed by Anderson. Regent Bleyhl discussed the possibility of the State appropriating funds that would back bonds sold by other state agencies. Paschke assured the committee that staff will explore all options, but cautioned against confusing the University's capital request with the Legislature.

In response to a question from Reagan, Jackson listed the members of the committee and explained that the group has no private members at this time because the next 30 days is to scope out what can be done after which time the future work of the group will be evaluated.

At the request of Anderson, Vice President Boston and Director McCracken-Hunt updated the committee on the three housing sites previously approved by the committee for development. McCracken-Hunt informed the committee that a request for proposals (RFP) was being drafted to design/build apartments in the existing Mineral Resources Research Center located along River Road by the steam plant. The building is considered historically significant and is currently unoccupied. Paschke is working out a loan for the project to be paid back from the revenue generated from renting the apartments. The RFP is due out by the November Board meeting. Boston added that this location is consistent with a site identified in the Master Plan and the goal is for occupancy next fall.

McCracken-Hunt explained that the East River Road parking ramp site is part of a recent plan developed for the Coffman area and in coordination with other projects. The housing site cannot be developed until summer or fall 1998 when the East River Road parking ramp is scheduled for demolition. Timing of the demolition of the ramp depends on the Fairview-Hospital merger.

Anderson requested that the Facilities committee hold a special meeting in November to revisit this issue.

FINANCE AND OPERATIONS FACILITIES AND CAPITAL NEEDS

Linda McCracken-Hunt reviewed the facilities initiatives and capital need priorities of Finance and Operations. The strategic initiatives related to Facilities are facility and infrastructure renewal, user-friendliness, and public-private partnerships.

The building renewal backlog currently exceeds \$1 billion. The critical measures goal is to reduce this amount to \$750 million by the year 2000. The \$40 million investment in FY97 represents only 25% of the amount required to meet this goal. The highest priorities for building renewal are Haecker Hall (\$12 million) and the UMM Humanities and Fine Arts building (\$2.3 million).

Provosts and senior management are prioritizing their program relocation efforts to accomplish building decommissioning. The objectives include: placing academic units in the correct amount of functional space to support their activities, placing academic units in locations that will achieve maximum use of clusters of quality classrooms, vacating functionally obsolete space and reducing operating costs.

Needs were identified for classroom renewal systemwide. In 1996, the Legislature appropriated \$6.2 million for classroom renewal. Last summer five

classrooms and two auditoriums were completed. Additional classrooms will be upgraded during the next year.

Infrastructure renewal projects include steam and electrical distribution systems, chilled water loops, streets and sidewalks, and the technology distribution system. In addition, administrative staff intends to proceed with strategic planning for system renewal and replacement.

Due to limited funding, the University must target the most critical needs for repair and replacement: preventing water infiltration; improvements to heating, ventilation, air-conditioning systems; painting and carpeting; fume hoods; and other emergencies.

Health and safety initiatives include: fire and life safety, hazardous materials abatement, accessibility for the disabled, and air quality improvements. Serious health and safety deficiencies were identified in 116 buildings systemwide in 1995. The critical measure goal is to decrease this number by 50% by the year 2000. Funding for the FY97-98 biennium represents less than one-third of the amount required to reach this goal. The budgeting process, capital planning process, and master planning process will be integrated to prioritize these funds.

Parking facilities priorities are: East River Road parking ramp replacement, Huron boulevard parking deck at the Gopher and Hawkeye lots, and the St. Paul parking ramp. University Services facilities priorities are: bookstore expansion; fleet services facility replacement; and Printing & Graphic Arts improvements. Master planning initiatives are: a recreational trail from the southeast plant to the East Bank campus; a wetlands reclamation area by Commonwealth Terrace; and a campus park space.

In response to a question from Regent Anderson, Associate Vice President Hewitt explained that not all the land for the recreational trail project is owned by the University. The administration is currently looking at a public-private partnership.

User-friendly initiatives are: improved and new pedestrian linkages and campus beautification projects. Anderson suggested that administrative staff present to the committee an overview of pedestrian linkages for all campuses and the related costs at a future meeting.

In response to questions from Anderson, McCracken-Hunt explained that at this time no funding has been set aside for pedestrian linkages. Tschida added that funding from parking revenues is going to retire debt commitments on the parking facilities. Anderson suggested linkages could be funded through increased parking fees at those facilities with linkages. Senior Vice President Jackson responded that parking fees were increased this year and a differential fee is charged to those parking inside. Regent Reagan also requested Paschke to be creative with the funding for parking.

In response to a question from Student Representative Zehrer, Jackson explained that there are different rates at different parking facilities.

Tschida invited members of the committee to a meeting regarding parking issues on campus in November at the Radisson

Anderson expressed a desire to know how much parking rates will need to be raised to fund the pedestrian linkages needed.

TOUR OF FINANCE AND OPERATIONS FACILITIES

Members of the committee went on a tour of the classrooms in the Civil Engineering building.

The committee adjourned for the tour at 9:10 a.m.

Steven Bosacker

**STEVEN BOSACKER
Executive Director and
Corporate Secretary**

UNIVERSITY OF MINNESOTA
BOARD OF REGENTS
Financial Operations Committee
October 10, 1996

A meeting of the Financial Operations Committee of the Board of Regents was held on Thursday, October 10, 1996, at 9:57 a.m. in Room 238, Morrill Hall.

Regents present: Julie Bleyhl, presiding; Wendell Anderson, Warren Larson, Thomas Reagan, and Patricia Spence.

Staff present: Senior Vice President JoAnne Jackson; Executive Director Steven Bosacker; and Associate Vice Presidents Robert Kvavik and Roger Paschke.

Student Representative present: Tonia Zehrer.

SENIOR VICE PRESIDENT'S MONTHLY REPORT

Senior Vice President Jackson presented the Senior Vice President's Report which was included in the docket materials. A motion was made and seconded, and the committee voted unanimously to recommend approval of the Senior Vice President's Monthly Report.

PURCHASES OF GOODS AND SERVICES OVER \$250,000

Senior Vice President Jackson noted that this item, which was contained in the docket materials, was canceled.

DEBT RESTRUCTURING RECOMMENDATION

Senior Vice President Jackson and Associate Vice President Paschke presented recommendations to the committee on the restructuring of the University's debt. Paschke explained that several bond underwriting firms have approached the University with different proposals for restructuring all or a portion of the University's outstanding short-term debt. In response to these proposals, a request for proposal was issued to a number of interested firms to solicit the best ideas regarding the most effective means for restructuring the debt.

Six responses to the RFP were received and evaluated, all involving the same basic concept: 1) The University would retire approximately \$189 million of short-term debt (the 1985 series of bonds and the 1991 commercial paper series); 2) Simultaneously, the University would issue new fixed rate bonds of essentially the same amount. The new bonds would provide the funds to retire the 1985 and 1991 series of bonds; and, 3) Upon issuance of the new bonds, the University would enter into an interest rate swap resulting in variable rate payments on the new bonds.

Paschke stated that after reviewing the six responses to the RFP, the counterparty he recommends is Goldman Sachs.

Paschke explained that the impact of the transaction would be that the institution's debt structure and total amount of debt would remain essentially the same. However, it would eliminate remarketing and liquidity fees associated with the current bonds, and result in a lower short-term interest cost, the net result being a reduction in cost of about one-third percent in annual interest costs. The University's annual savings would exceed \$500,000 for the first five years.

The debt restructuring proposal will be on the agenda for approval at the November 1996 meeting.

EXTERNAL SALES ADMINISTRATIVE POLICY

Senior Vice President Jackson introduced Associate Vice President Paschke, Director of University Policy Development Patrick Spellacy, and Assistant to Treasury Operations Ryan Johnson to present a review of the administrative policy and administrative procedures for external sales related to the enhancement of outside income from auxiliary and education sales.

The University's policy on selling to external customers was created to align current policy with the Regents' 1995-96 budget resolution. The policy statement is contained in the docket materials.

SERVICE DELIVERY ALTERNATIVES REPORT

Senior Vice President Jackson introduced Associate Vice President Paschke and Carolyn Parnell, Director of Telecommunications Services to review their report on the process for service delivery alternatives, also known as outsourcing. A summary of the report is contained in the docket materials.

An advisory group on service delivery alternatives was formed to find ways to better support the academic mission of the University. In order to achieve the University's mission within fiscal means, units are analyzing the effectiveness of their operations. Among the options that may be considered is outsourcing. The University has outsourced several operations over the past few years, most notably the steam plant and the laundry. However, future service delivery decisions would benefit from a more formal procedure.

The advisory group was given a charge to: 1) develop a set of principles that would guide units as they consider whether to outsource; 2) create a set of streamlined procedures for making outsourcing decisions and for addressing impacts on affected employees; and, 3) make recommendations on how to best implement the above principles and procedures across the University.

The advisory group's recommendations include: 1) all units should assess existing and prospective services to determine whether outsourcing would improve the unit's ability to accomplish its mission; 2) the guiding principles created by the advisory group should be adopted as the basic components of all outsourcing studies; 3) the principles and Regents' policy should be formalized in appropriate financial, purchasing, and human resources policies and procedures; 4) O&M funded units should be a priority in outsourcing assessments, but other units with non-O&M funding sources should not be precluded from review; 5) representatives of affected faculty and staff groups should be consulted prior to the decision; and, 6) resources should be made available to facilitate alternative strategy decisions.

ANNUAL ASSET AND DEBT MANAGEMENT REPORT

Associate Vice President Paschke presented the annual Asset and Debt Management Report for the University's endowment funds, operating reserves, and bonded debt which is included in the docket materials. The report, which is a means for accountability to the Regents regarding the management of invested assets and outstanding debt, allows the Regents to monitor the results of financial management through broad, long-term objectives. Paschke introduced Professor Tim Nantell, chair of the Asset and Debt Management Advisory Committee.

Nantell explained that the Asset and Debt Management Advisory Committee is an advisory committee to the Senior Vice President of Financial Operations. The committee meets quarterly with Associate Vice President Paschke to review performance and address issues.

Regent Bleyhl told the committee of her involvement on the advisory committee and stated that all proposals that go before the advisory committee are thoroughly scrutinized.

INVESTMENT MANAGER REPORT

Associate Vice President Paschke introduced representatives of Medallion Investments to discuss the firm's management of a portion (\$15,900,000) of the domestic equity assets in the University's endowment fund.

The meeting adjourned at 11:20 a.m.



STEVEN BOSACKER
Executive Director and
Corporate Secretary

UNIVERSITY OF MINNESOTA

BOARD OF REGENTS

Faculty, Staff & Student Affairs Committee

October 10, 1996

A meeting of the Faculty, Staff & Student Affairs Committee of the Board of Regents was held on Thursday, October 10, 1996, at 8:05 a.m. in Room 300, Morrill Hall.

Regents present: Jean Keffeler, presiding; William Hogan, Patricia Spence, and Stanley Sahlstrom.

Staff present: Chancellors David Johnson and Kathryn Martin; Provost W. Phillips Shively; Senior Vice President Marvin Marshak; Executive Director Steven Bosacker; and Associate Vice Presidents Nancy Barcelo, Carol Carrier, Robert Kvavik, and Peter Zetterberg.

Student Representatives present: Andrew Toftey and Karl Thorson.

SENIOR VICE PRESIDENT'S REPORT

Senior Vice President Marshak reviewed the Senior Vice President's Report, which was included in the docket materials, and noted the following:

- Enormous progress has been made in student registration systems. A complete overhaul of the registration system using the worldwide web is currently in process.
- A current effort led by Vice President McKinley Boston focused on involving parents in the education of students.

Marshak noted highlights from registration data not found in the docket materials, including raised enrollment at most campuses, an improved average high school ranking, and an increase in average credit loads per student.

In response to a question from Regent Hogan regarding diversity issues, Marshak stated that the percentage of students of color at the Twin Cities campus is 16.1%, very close to the U2000 goals of 16.5%; students of color at the Duluth campus are at 5.6% compared to a goal of 8.4%; students of color at the Morris campus are at 12.7% compared to a goal of 14.4%; and at the Crookston campus, students of color are 4.5% compared to a goal of 4.8%.

Marshak explained that the trends are mixed. Although the admissions office has had enormous success, Marshak stated that he is concerned that the pool of students of color who are prepared for college is not expanding at the rate that had been predicted. There is particular concern about African American males, not just in the Twin Cities, but nationally. If this trend continues, and the pool of available students continues to shrink the way it has in the past year or two, the University will

be in a very difficult position. With increased competition for a shrinking pool of students, the only cure will be significant amounts of money for scholarship aid.

A motion was made and seconded, and the committee voted unanimously to recommend approval of the Senior Vice President's Report.

STRATEGIC DECISION & POLICY DIRECTION: TUITION AND FINANCIAL AID

Senior Vice President Marshak and Associate Vice President Zetterberg presented the third in a series of discussions on the issue of high tuition/high aid. Marshak introduced two students who have been involved in the tuition and financial aid presentation: Helen Phin, president of the Minnesota Student Association (MSA); and Julia Johnson, chair of MSA's Student Life Committee.

Marshak reminded the committee that the Board has previously engaged in discussion on two reports on this issue -- the Citizens' League Report and the Brandl/Weber Report. The focus of this report is on a low tuition/low aid model. Marshak stated that two reasons that a low tuition policy might be desirable are: 1) If you have high tuition/high aid, you are bound to the federal government's formulas for determining financial need; and 2) With high tuition/high aid, the federal formula suggests a certain amount of family contribution, and in cases where there is no family contribution, students may work too much or delay their graduation, etc.

Zetterberg summarized three low tuition strategies:

- 1) **Low tuition with quality and choice:**
All federal and state financial aids for University students are used to increase the University's appropriation so that tuition can be lowered without decreasing the University's budget. Quality and choice are preserved at the cost of access.
- 2) **Low tuition with access:**
The University lowers its instructional cost and decreases its budget so that tuition can be lowered by 33%. Financial aid is maintained. Access is preserved at the cost of quality and choice.
- 3) **Low tuition with access and quality for some:**
Tuition varies by college to create one "access" college (e.g., CLA), where tuition is 33% lower than in other colleges. Tuition is increased in other colleges to maintain the University's budget. Financial aid is maintained. Access and quality are preserved for some at the cost of choice for many.

Zetterberg noted that while access, choice and quality are not mutually exclusive, they do play against each other. Zetterberg presented for review a possible access, choice, and quality fund policy:

The University shall create and maintain an Access, Choice, and Quality Need-Based Grant Fund in order to provide need-based aid to undergraduate students. The fund shall be used to supplement federal and state need-based grant funds to undergraduate students when increases in tuition that are necessary to preserve the quality of the University's programs and choice among them may reduce access to these programs. While private gifts should eventually provide the principal revenue for this fund, tuition revenue may also be used, if recommended by the president and approved by the Board.

Phin stated that tuition costs have increased by 170% from 1982 to 1993, while financial aid has increased by only 109% in that same period. Phin expressed concern with Zetterberg's proposal stating that under a high tuition/high aid model, the burden of responsibility is dramatically shifted from the state to the student. While it is up to the student to justify what amount he or she can pay for college when applying, the state does not have to justify its expenditures on higher education. A high tuition/high aid model asks for zero public investment and would pull the broad-based political and financial support of the state away from the institution. If students attending the University are making up most of the costs of the instructional support, the University will be asking for less investment from the state, and therefore, the state will have less responsibility in terms of overseeing the University. Phin stressed that the University should increase its efforts of lobbying the state for its share of higher education investment. Because the University of Minnesota is a premier, flagship institution, it is important to encourage the state to return its commitment to higher education.

Johnson explained her own financial situation, and stated that a high tuition/high aid policy would force her to leave the University.

Marshak noted that when examining tuition and financial aid policy, there are three categories of issue: 1) The level of tuition and level of increase in tuition 2) The question of differential tuition -- a philosophy which would be a commitment to a low tuition policy for some base-level education (perhaps CLA), but professional education would be priced at a level consistent with the quality provided, essentially a market-based pricing of professional education. If this philosophy was applied, to what extent would different colleges be priced differently and to what extent would different years be priced differently? 3) Questions involving interaction with the state and with private colleges and what is the University's position on structuring of state financial aid and how those aid funds play out between public and private institutions.

Associate Vice President Kvavik added that a fourth issue to consider is simplicity, noting that he is increasingly concerned about the complexity of the pricing structure, especially with the use of the new student systems.

Regent Keffeler suggested that Zetterberg's proposed policy should be given to the Foundation's scholarship campaign development committee for review.

Keffeler stated that she would like to see the undergraduate tuition kept as low as possible, but would be comfortable with having the professional schools carrying a closer part of their cost structure. Keffeler said she would like to see state financial aid directed more specifically to public institutions and requested a tuition policy that reflects those general principles.

Regent Hogan said that although high tuition could be used to recruit more students, he is concerned that it would drive away the state's commitment. Regarding the idea of tuition being based on the actual cost of the program, Hogan expressed concern that society is shaped by the ability to pay for programs. Hogan agreed that he would favor low tuition, but not by putting the cost on specific programs.

Keffeler agreed with Regent Hogan's concern at the undergraduate level, but stated that she is less concerned at the graduate level. Hogan agreed.

Student Representative Toftey noted that while quality is important, the combination of quality and value is the key to attracting and retaining students.

Keffeler asked Marshak to bring a draft policy reflecting the suggestions of the committee to the November meeting, which, if adopted, could be brought to the Committee of the Whole by the end of the year.

**MINORITY AND DIVERSITY PROGRAMS AND INITIATIVES:
COORDINATE CAMPUSES - DULUTH**

Chancellor Martin introduced Bruce Gildseth, Vice Chancellor for Academic Support and Student Life, to present a report on Minority and Diversity Programs and Initiatives for the Duluth campus.


Gildseth stated that UMD had an outstanding recruitment effort this year. The freshman class is up 100, and 72 of that 100 are from the top 20% of their high school class. Gildseth noted that housing is at capacity.

The number of students from underrepresented populations at UMD has increased by one third since the fall of 1992. Almost all of that increase is coming from residential students. While the dominant population for years has been the American Indian population, there is increased competition with casino employment and tribal college education. Because UMD must recruit residential students, there is a real challenge in putting together total financial aid packages.

Gildseth stated that there is currently a plateau of women and minority faculty trends at UMD, but that is because there has been very little faculty turnover. UMD has recently added a half-time director in the Office of Equal Opportunity; a half-time coordinator of Equity, Education and Service; and four of five academic deans are women or persons of color.

In response to a question from Regent Hogan, Martin stated that there is no programmatic enrollment pattern with minority students. They are enrolled broadly across campus. Martin noted that a very important statistic is that "the retention rate for diverse students is higher than traditional students," which speaks well of the programs currently in place.

The meeting adjourned at 9:40 a.m.



**STEVEN BOSACKER
Executive Director and
Corporate Secretary**

UNIVERSITY OF MINNESOTA

BOARD OF REGENTS

Educational Planning and Policy Committee

October 10, 1996

A meeting of the Educational Planning and Policy Committee of the Board of Regents was held on Thursday, October 10, 1996 at 9:50 a.m. in Room 300, Morrill Hall.

Regents present: Stanley Sahlstrom, presiding; William Hogan, Jean Keffeler, H. Bryan Neel III, and Jessica Phillips.

Staff present: Chancellors David Johnson, Kathryn Martin, and Donald Sargeant; Provost C. Eugene Allen; Senior Vice President Marvin Marshak; Vice Presidents McKinley Boston and Mark Brenner; Executive Director Steven Bosacker; Associate Vice Presidents Nancy Barcelo, Dennis Cabral, and Stephanie Lieberman.

Student Representatives present: Eric Gustafson and Andrew Toftey.

SENIOR VICE PRESIDENT'S REPORT

Senior Vice President Marshak reviewed the Senior Vice President's Report, which was included in the docket materials, and presented the following changes proposed for the University of Minnesota, Duluth. Those changes are as follows:

- Elimination of Pre Mineral Geo Engineering;
- Elimination of two minors: Pre Journalism and Journalism in the Department of Communication;
- Addition of a new minor in Professional Writing and Communication;
- Elimination of all the old minors in Business and Administration and Accounting which will be replaced by minors that more clearly distinguish between the needs of students in business or accounting versus students seeking degrees in programs other than business or accounting;
- Elimination of the B.A.A. degree in Art Education, K-12 Emphasis;
- Addition of a B.A.S. degree in Recreation in the College of Education and Human Service Professions.

Marshak noted that the most recent *US News and World Report* rankings of colleges and universities reported that the U of M is ranked highly on quality. He added that in the area of academic reputation the University is ranked 30th in the nation in the listing of both public and private colleges.

Marshak recently attended the Chief Academic Officers meeting of the American Association of University Professors (AAUP). He said the U of M is viewed as being on the leading edge of a growing trend in Academic Health Centers. Academic Health Centers are under great stress across the United States. California is looking at following in our footsteps regarding a public-private partnership model. At the meeting, there was also discussion pertaining to the direction education is taking in regard to

technology. The discussion surrounded the issue of the value added to traditional campuses and the opportunity technology provides in the areas of small group interaction, students development in presentation (both oral and written), and self-esteem.

Marshak cited a recent award to the Law School. The University of Minnesota Law School has received a \$10 million grant from Edna McConnell Carp Foundation to establish an Institute for Criminal Justice Policies.

Marshak noted that Dr. Peter Zetterberg, at the request of Regent Keffeler has written a report responding to a recent article comparing the University of Minnesota with the University of Wisconsin. That report will be sent to the committee.

Finally, discussions are taking place between Provost Phil Shively, Dean David Taylor, and representatives from MnSCU regarding an Urban Strategy to serve the needs of the students in the Twin Cities metropolitan area. A task force has been appointed with the charge to obtain information and conduct an analysis to determine how the University/Twin Cities can best serve the needs of underprepared students. The task force will be chaired by Vice Provost Louise Mirrer, and will include Vice President Nancy Barcelo, and Vice President McKinley Boston or their designees. Upon the completion of the plan, it will be presented to the Board for discussion and action.

Regent Sahlstrom inquired about the program changes and how those changes would impact faculty. Vice Chancellor Magnuson responded that because of some of the changes a faculty position was eliminated as part of retrenchment.

Following a discussion on the task force on underprepared students, the committee stressed the importance of an overall focus on the plan to meet the needs of underprepared students utilizing Dean Taylor's review of General College as a tool to understanding the whole picture.

A motion was made and seconded and the committee voted unanimously to approve the Senior Vice President's monthly report.

TURF & GROUNDS RESEARCH & EDUCATION CENTER

College of Agricultural, Food, & Environmental Sciences (COAFES) Dean Michael Martin introduced Vice President for Student Development and Athletics McKinley Boston and Provost for Professional Studies Gene Allen.

Martin proposed expanding the existing programs and creating a Turf & Grounds Research and Education Center. The proposed Center represents a unique partnership between the University of Minnesota and the Minnesota Golf Association with potential support and sponsorship from the US Golf Association, the Turf and Grounds Foundation, the Minnesota Amateur Sports Commission, and private sector firms. This facility would greatly strengthen the college's land-grant mission emphasized in its long-range plan. The COAFES has an integrated service of research, teaching and education programs in turf grass development/management, landscape ecology, urban entomology, and landscape materials development. These programs are currently carried out on the St. Paul campus, at the Landscape Arboretum and at other sites around the state. The proposed Center would enhance these programs. Some of the new projects to be undertaken would be: turf grass variety development, disease control and management, irrigation technology, soil compactors and quality sustainability under heavy use conditions, and environmentally-friendly recreation facility design and maintenance.

Martin noted that the leader in this area is Penn State and he feels the University can eclipse them.

Vice President Boston reported that there are on going challenges to administrators in how to operationalize the critical measures with regard to diversity. Rosemount is seen as an opportunity to address diversity. The Big Ten Council of Presidents have established a policy to have ethnic diversity in proportion to their student population. The challenge in this area is in recruiting students of color in non-revenue sports. There is a commitment by the Minnesota Golf Association and United States Golf Association to include minority students in the sport of golf. This program offers the University the opportunity to explore new opportunities for outreach to the changing demographics of the metro area.

Martin introduced President Bill Bohmer and President-elect Roger Gordon of the Minnesota Golf Association to the committee.

Regent Sahlstrom inquired about the financial implications of this proposal. Martin responded that the actual project would be funded by non-university funds and the MN Golf Association and US Golf Association. Other potential funders have been approached. He assured the committee that funding will be secured before the program would go forward. There is also the expectation that revenue from this venture will be a springboard for further program growth.

Regent Keffeler inquired about the process used in working with the municipalities to assure our planning is congruent with those entities that are responsible for land use. Martin responded that discussions are taking place.

COORDINATE CAMPUS AND MnSCU COOPERATIVE PROGRAMMING -- DULUTH

Chancellor Kathryn Martin and Vice Chancellor Vincent Magnuson were introduced to report upon cooperative programming between the University of Minnesota, Duluth (UMD) and MnSCU. Martin reported that UMD is involved with MnSCU in 7 different ways:

- A B.S. in Liberal Studies is in the initial discussion phases with Arrowhead University Center.
- UMD administrators have visited with all the staffs of community colleges in the area of the state -- discussing courses and how UMD could serve them.
- Representatives of the community colleges met at UMD in May 1996 to discuss various ways they could have a seamless process to benefit all. The undergirding principle is to operate from UMD's strength to meet the needs of MnSCU.
- Three concrete programs that are up and operative include an environmental studies in a 2+2 program with Ely; a survey of needs with Rainy River, and a collaboration between UMD, Leach Lake Tribal College and a NIH Bridge grant.
- A joint admissions process with junior colleges for those students that transfer to UMD is under consideration.

Sahlstrom asked if the public schools in the area are involved in the seamless transition from community colleges to UMD as well as from high school to community colleges. Martin noted that past tradition has been that the community college student used to transfer after two years, but now students are place-bound because they want to stay there as long as possible and UMD is working to assure that those students use their time and credits wisely for a smooth transition.

ROCHESTER COOPERATIVE PROGRAM -- UPDATE

Senior Vice President Marshak noted Vice President Dennis Cabral's important role in the Rochester Cooperative Program. Rochester is the largest area of population in the state that does not have a four-year institution. Rochester Center works with MnSCU, Rochester Junior College and Technology Colleges, University of Minnesota, and Winona State College. The Rochester community feels it has unmet needs, including a desire for a greater integration of programs offered in Rochester and greater participation by the University in Rochester. The report recommends that an executive be jointly appointed to run the Rochester Center. Cabral has worked with MnSCU to create a joint job description. A national search is scheduled to begin in the next couple of weeks. The goal is to have a candidate to recommend after the beginning of the year.

Marshak added that an initiative by the University, Governor Carlson, and MnSCU to advance the idea of a virtual university is underway. The goal is to use technology to provide "on-demand" education. Because Rochester has a long history of providing long-distance education, it is an ideal candidate for this initiative.

Cabral acknowledged the contributions of University College Dean Harold Miller in the efforts with Rochester. He noted that a key element in the success of the effort is the community itself. Community support is essential. The community has a direct interface with the Rochester Center. As the project continues a three-part partnership will be established.

Regent Hogan asked for clarification on a possible third board. Cabral responded that the Rochester Center board will not be a statutory or governing board, but rather an actively involved advisory board.

The meeting adjourned 11:20 a.m.



STEVEN BOSACKER
Executive Director and
Corporate Secretary

UNIVERSITY OF MINNESOTA

BOARD OF REGENTS

Committee of the Whole

October 10, 1996

A meeting of the Committee of the Whole of the Board of Regents was held on Thursday, October 10, 1996, at 2:45 p.m. in 238 Morrill Hall.

Regents present: Thomas Reagan, presiding; Wendell Anderson, Julie Bleyhl, William Hogan, Jean Keffeler, Warren Larson, Jessica Phillips, Stanley Sahlstrom, and Patricia Spence. Regent Hyon Kim participated via telephone.

Staff present: President Nils Hasselmo; Chancellors David Johnson and Donald Sargeant; Provosts C. Eugene Allen, Frank Cerra, and W. Phillips Shively; Senior Vice Presidents JoAnne Jackson and Marvin Marshak; General Counsel Mark Rotenberg; Vice President McKinley Boston; Acting Vice President Thomas Swain; Executive Director Steven Bosacker.

Student Representative present: Tonia Zehrer.

TASK FORCE ON HUMAN RESOURCES: FINAL REPORT

Chuck Denny, Chair of the Working Group on Human Resource Policies, and Associate Vice President Carrier presented the sixth and final report of the Working Group.

Denny reported that the Working Group on Human Resources has now completed its full review and analysis of the four areas of human resource policy and practice requested by President Hasselmo in his charge to the group. The areas include: 1) recruitment and staffing; 2) education, training, development and performance management; 3) compensation; and 4) dispute resolution. The issue of tenure was specifically excluded from this study as other university committees were already examining tenure issues. Denny summarized the Working Group's conclusions. Five themes emerged from the Group's work:

- 1) The University must define its key values and actualize them through its management policies.
- 2) Human resource philosophies and principles are effective only when they reflect these values and are integrated into the institution's management practices.
- 3) Regental and senior management commitment to effective human resource strategies must be reflected in the University's budgets.
- 4) Successful management of such a massive and complex enterprise requires a large cadre of well-trained and experienced administrators.
- 5) Because of the centrality of their role to the University's mission, because of privileges extended to them by rights of tenure, because their behaviors will be mirrored in the behaviors of other University employees, and because of their responsibility as collegial governors

of the institution, the faculty's self-imposed standards will determine the quality and effectiveness of the University. That is to say, the University of Minnesota will be only as good as the faculty chooses to make it.

Denny reviewed the individual recommendations contained in the report, and provided suggested action steps to address the recommendations. He noted that the staff of the Office of Human Resources has prepared detailed action plans with timelines where appropriate. Costs to implement the action plans will be refined as the administration's priorities are defined.

Associate Vice President Carrier highlighted the major areas that need improvement in the four areas of human resource policy and practice. In the recruitment and staffing area, a plan is required for future workforce needs, and processes must be simplified. Flexibility needs to be increased. In regard to education, training, development and performance management there needs to be an investment in every employee. With regard to compensation, the University needs to articulate its compensation philosophy; it should seek to be competitive with appropriate markets; and priority should be given to compensation in the University's budget determination. In the fourth area, dispute resolution, the committee recommends that all grievances should be handled in a fair, simple, and expeditious manner and resolution should be achieved through informal means wherever possible.

Denny acknowledged the work of the Working Group members and also expressed appreciation to Associate Vice President Carol Carrier and her staff for their contributions to the Working Group. He noted that the committee has volunteered to remain active to review progress in implementing recommended changes and to correct or fine tune recommendations as experience dictates.

Regent Spence urged that the recommendations be implemented as soon as possible.

President Hasselmo added that the full implementation of these recommendations will take a number of years, but it is extremely important that progress continue to be made. He will be looking to the task force and the administration to help identify areas where changes can be made immediately. The Board will be kept apprised of progress on the human resource issues.

TARGETED GROUP BUSINESS POLICY

Senior Vice President Jackson reported that President Hasselmo requested in September that the University targeted group business (TGB) programs be reviewed in light of recent legal developments concerning the race and gender-based preference programs of public institutions. During the past year, the continued use of affirmative action programs such as the TGB program have come under critical scrutiny. A number of cases in the last few months have resulted in race-based preference programs for public construction projects being struck down by federal courts.

In February 1996, the University General Counsel asked Mr. Donald Lewis, a principal in the Minneapolis law firm of Hallelund Lewis Nilan, to provide legal advice regarding the constitutionality of the University's TGB programs. Mr. Lewis addressed the committee. It is his opinion that while recent court decisions do not absolutely bar the University from maintaining affirmative action programs in construction and procurement, the university's TGB programs, as currently designed and implemented, present an unacceptable legal risk. The most serious risk is related to the lack of statistical evidence indicating that the University has a sufficient history of underutilization of TGB firms to justify the current numerical preferences given to TGBs. Lewis also is concerned that the University has not sufficiently explored available race-neutral alternatives which also might advance the University's primary goal in this area: economically empowering women and people of color.

General Counsel Rotenberg reported that an ad hoc committee, that included a number of administrators involved in University project development and purchasing, was formed to develop program alternatives that would reaffirm and enhance the University's commitment to diversity and the promotion of economic development within disadvantaged communities, while at the same time reduce the University's increasing legal risks. The committee recommends that the Board of Regents adopt a revised targeted business program that will incorporate innovative race and gender-neutral initiatives and place an emphasis on urban community economic development and outreach to small businesses. A draft policy was presented to the committee.

Regent Hogan asked a number of questions, indicating that he is very disturbed by this proposed change. He stated that it was his understanding that the federal programs were still operative. Lewis responded that the federal programs are currently under administrative review regarding this issue and the state is also beginning to reevaluate the area.

Hogan stated that before the policy is up for approval, he would like to receive feedback on the proposal from the community, from the individuals that will be affected. He would also like to receive information regarding what other communities have done with regard to this issue. It is his experience that race-neutral policies have not worked and he is very concerned that this policy will not work.

Regent Keffeler stated that she is disturbed about Hogan's prediction on the proposed policy, but is pleased that the administration is viewing the issue in a proactive manner and would like to be provided with additional information on the rationale for the proposed policy.

Hogan asked if a member of the minority business community, present in the audience, could speak briefly to the committee. The individual, Mr. Copeland, stated that the University's current program which is a race and gender specific program, has worked successfully over the past year and a half. If the proposed policy is approved, it will reverse the progress the University has made in this area.

In response to a question from Regent Spence, Associate Vice President Barcelo reported that she has met with the chairs of the President's Minority Advisory Committees with regard to this issue. There are a number of concerns that have been expressed, but the meetings have been productive and there will be continued discussion with the committee chairs as this issue continues to be reviewed.

Associate Vice President Ron Campbell indicated that he also has had concerns about this issue. He has not been satisfied with progress of the current TGB program. In the past two and a half years that he has been at the University of Minnesota, he personally has participated in a number of outreach efforts to help the University reach out to the community through its procurement efforts. However, the policy will only be as effective as the individuals who work with the policy. It is important that the individuals working with the policy are committed to accountability. He would urge that the University not back away from dealing with this difficult issue, but rather be in the forefront and make a difference.

The meeting adjourned at 11:51 a.m.



STEVEN BOSACKER
Executive Director and
Corporate Secretary

UNIVERSITY OF MINNESOTA

BOARD OF REGENTS

Committee of the Whole

October 11, 1996

A meeting of the Committee of the Whole of the Board of Regents was held on Friday, October 11, 1996, at 8:00 a.m. in Room 238, Morrill Hall.

Regents present: Thomas Reagan, presiding; Wendell Anderson, Julie Bleyhl, William Hogan, Jean Keffeler, Hyon Kim, Warren Larson, Jessica Phillips, Stanley Sahlstrom, and Patricia Spence. Regents William Peterson and H. Bryan Neel participated via telephone.

Staff present: President Nils Hasselmo; Chancellors David Johnson and Donald Sargeant; Provosts C. Eugene Allen and W. Phillips Shively; Senior Vice Presidents JoAnne Jackson and Marvin Marshak; Vice Presidents McKinley Boston and Mark Brenner; Acting Vice President Thomas Swain; General Counsel Mark Rotenberg; Executive Director Steven Bosacker; and Associate Vice Presidents Robert Kvavik, Roger Paschke, and Richard Pfutzenreuter.

Student Representative present: Tonia Zehrer.

RECOGNITIONS: UMTC ATHLETES

The committee recognized student athletes and coaches from the Twin Cities campus for their athletic and academic accomplishments during the 1995-96 year. Vice President Boston presented introductory remarks and Athletic Directors Mark Dienhart and Chris Voelz presented highlights from their annual report to the Board of Regents provided in the docket material under Receive and File Reports.

BIENNIAL LEGISLATIVE REQUEST

A motion was made and seconded to recommend approval of the following resolution relating to the FY98-99 biennial budget proposal to the State of Minnesota:

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

WHEREAS, the University of Minnesota is committed to achieving standards of national and international excellence and to realize goals set forth in *University 2000* in six strategic areas: research, graduate and professional education, undergraduate education, outreach and access to the University, a user-friendly University community, and diversity; and

WHEREAS, the biennial budget is derived from the *University 2000's* mission, vision, strategic areas, goals, and action plans; and

WHEREAS, the *University 2000* vision 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; and

NOW, THEREFORE, BE IT RESOLVED that to achieve these goals, the Biennial Budget Proposal for FY98-99 be adopted by the Board of Regents for presentation to the State of Minnesota; that this proposal, detailed in the attached material to this resolution, represents biennial investments and financial needs of \$380.0 million to be financed by a biennial increase in state appropriations of \$230.9 million, a tuition increase to average 2.5% for each of the two years to yield a biennial increase of \$16.1 million in tuition revenue, growth in existing revenue and internal reallocation/new revenue growth of \$133.0 million for internal reinvestment over the biennium; and

BE IT STILL FURTHER RESOLVED, that the University engage its faculty, students, and staff, together with the State of Minnesota, to join in a partnership of commitment and shared financial responsibility for the maintenance and enhancement of the University's programs and goals in support of the well being of the State of Minnesota and the nation.

President Hasselmo introduced Senior Vice Presidents Jackson and Marshak, and Associate Vice Presidents Kvavik and Pfutzenreuter to join him in the presentation of the biennial budget proposal for FY98-99.

The proposed biennial budget proposal for FY98-99 represents the next major step in the implementation of the U2000 plan that the Board of Regents adopted in FY93-94 and has been prepared against the backdrop of a four-year plan prepared for 1996-2000. The request reflects the values of the institution and is based on a shared responsibility between the University of Minnesota and the State of Minnesota. It clearly communicates the investment needs of the University and promotes the important role that the University plays in the economic, social, and political viability for the State of Minnesota in the 21st century. The request is based on continued efforts to reallocate and generate resources due to a steady decline in state support. It is also based on the assumption that tuition increases will be held at the rate of inflation, contingent on state investment. The proposal does not take into account the funds that may or may not be available from the State.

Regent Spence referred to the proposal for reducing the number of faculty by not replacing a percentage of faculty members who will be retiring during the biennium. She stated that since there is no plan showing the location of retirements, she would urge that reductions not be made in high-priority programs. Marshak responded that the provostal system will be utilized to pursue a process of determining where the greatest needs are in the University, and where there are areas that reductions can be made. Jackson added that three of the University institutional goals include reductions in faculty and staff. Significant changes in human resources are proposed and all areas will be reviewed as changes are made.

Regent Hogan questioned the reasonableness of the request in terms of how much the State is likely to provide. Hasselmo responded that the request is not based on speculation about what the State can afford. It is based on the needs of the University to drive an ambitious agenda for the future. The plan will be proposed to the

legislature and Governor for discussion and negotiation. Priorities are also included in the plan to assist in determining the ultimate outcome of the process.

Regent Keffeler stated she is concerned that the University's overall academic priorities are not clear in the proposed biennial budget. She recommended that the request be forwarded to the legislature with the strong endorsement of the Board for the needs of the University for state support but indicate that there is more work to be done with regard to how investments will be tailored in the future. She suggested the creation of a "set aside" investment pool whereby the University and the state could work together to identify priority areas. Hasselmo responded that there are priorities contained in the biennial request. Strategic investments and reallocations in the request reflect the University's priorities. However, the priorities are part of an evolving plan and unfortunately there is no simple formula for providing details. Marshak noted that the Governor has formed a study group to review the University's request and priorities. It is anticipated that mutual interests between the University and the State will be identified in the process.

Regent Anderson stated that he supports the proposed biennial request and believes that the Board should be unified and enthusiastic about its presentation to the Legislature. He does not believe that further prioritizing needs to be made in the biennial request. He believes that the Legislature will take a more general approach as it is deciding where to allocate dollars and will trust that the University has developed the specifics.

The committee voted unanimously to recommend approval of the 1998-99 biennial budget proposal to the State of Minnesota.

REGENTS' POLICY: FACULTY TENURE

Chair Reagan introduced the agenda item relating to proposed revisions to the tenure policy for the University of Minnesota Twin Cities (UMTC) Law School.

Reagan stated that since the Board's last meeting, a good deal has been written and spoken about the Board's suggestions for revisions to the Faculty Senate's draft for a revised Board of Regents' Policy on Faculty Tenure. The Board has been widely characterized as an enemy of tenure -- a force bent on destroying academic freedom. The Board's intent from the beginning of the discussions on this issue was to stimulate modernization of tenure at the University of Minnesota. The current policy does not give the University the flexibility it needs to meet the rapidly changing circumstances in higher education. It does not have the flexibility to shape the academic programs to meet the needs of the University's teaching, research, and outreach missions; the flexibility to make the changes demanded for quality; or the flexibility to respond to the increasing competition for students, teachers, and money.

The Board was hopeful at its September meeting that suggestions to the Faculty Senate's draft would prompt a dialogue aimed at achieving greater mutual understanding of the issues. The status quo order issued by the Bureau of Mediation Services (BMS) has halted any dialogue on proposed revisions for the Twin Cities, Morris, and Crookston campuses with the exception of the UMTC Law School. However, the Board continues to pursue every possibility within the constraints of the BMS order to carry on its discussions with the faculty on the matter. The proposed revised tenure policy being presented for the UMTC Law School demonstrates progress toward a synthesis of views.

Reagan called on Regent Spence who moved that the Board forward a synthesized proposal for the UMTC Law School to the Faculty Senate for their advice and recommendation. The motion was seconded.

Spence stated that the revised document for the UMTC Law School accepts nine of the 12 major motions for tenure code reform that were contained in the Faculty Senate proposal. She provided information on the principal changes proposed in the UMTC Law School document from the proposal presented at the September meeting of the Board of Regents. Areas of change in the new proposal relate to faculty compensation (Section 4.4); review of faculty performance (Section 7A); disciplinary actions (Section 10.2); and programmatic change (Section 12.1).

President Hasselmo spoke in favor of adopting the proposal endorsed by the Faculty Senate and presented in June 1996. He stated that this is a decision that "does not have to do just with rules and regulations on a sheet of paper, but it is fundamentally an issue of trust and respect." He believes that adoption of the June proposal is the best way to restore trust and respect between the faculty, administration and Regents. It would demonstrate that governance shared with the faculty is still the process at the University of Minnesota. It would also demonstrate that the principles of academic freedom and responsibility are "alive and well" at the University of Minnesota. And, it would help convince the University's outstanding faculty members that they should continue to invest their time and talent at the University of Minnesota. U2000 restructuring has been "stopped dead in its tracks" because of the tenure issue. He believes that a decision that would reaffirm the University's commitment to strong faculty governance and an unambiguous tenure code for the areas not under the status quo order would again move restructuring forward.

Hasselmo stated that he considers the basic requirements that must be met by the tenure code to be:

- 1) It must clearly support the strong tradition of academic freedom and responsibility at the University of Minnesota.
- 2) It must help create an environment where outstanding faculty members can invest their time and talent over a long period of time with protection against vested interests, political power, and conventional wisdom.
- 3) It must help the University of Minnesota compete successfully for scarce academic talent.
- 4) It must help the University retain its scientists and scholars and help to recruit the scientists and scholars of the future.
- 5) It must help to secure support for necessary changes from the University's tenured faculty by not placing their careers in jeopardy when change occurs.

Hasselmo stated that there is room for further revision if the fundamental elements are secured, especially relating to procedures. He asked that Thomas Sullivan, Dean of the Law School, be permitted to address the committee regarding his view of the new tenure policy proposed for the UMTC Law School. After consultation and an opinion from the General Counsel relating to protocol, Reagan ruled that Sullivan could address the committee.

Before commenting on the proposed new tenure policy for the UMTC Law School, Sullivan emphasized that this is his personal view. He has not had time to engage in any formal consultation with the faculty in the Law School on the issue. Sullivan stressed the need to get beyond the present impasse and stated that he believes the October 9 proposal from the Board of Regents provides a reason to believe that the positions of the parties are coming closer together. No one wins if the present course

continues. As a dean, he is already confronting serious faculty recruitment and retention issues as a result of the tenure controversy. He hopes that there will be a meeting of the minds at the University, that there will be further discussions held between the Board and the faculty. Sullivan presented a preliminary draft of proposed language for several sections of the proposed policy. He believes that his proposal builds on the portions of the proposal that the Regents and the Faculty Senate have in common, but suggests new or combined language and approaches for other issues. He briefly outlined his proposed changes.

With regard to the need to accommodate change and promote financial flexibility, certain measures should continue to be addressed:

- A sharing of the risk of programmatic change between the University and the affected faculty member, under which the faculty member would accept the obligation to perform other tasks or accept a severance package, while the University would have the ability to recoup part of the faculty member's salary; and,
- A potential for University-wide (or possibly college-wide) pay cuts in cases of financial stringency that do not amount to a financial emergency under the policy.

With regard to discipline and discipline-related procedures, he proposes:

- Adding a single new "gross misconduct" standard to the grounds for removal, thus reaching cases of blatant misconduct which arguable are not covered by the current policy, without creating dangerous ambiguities;
- Adding an express provision for the imposition of lesser disciplinary sanctions, but limiting those sanctions, assuring due process, and protecting academic freedom; and,
- Studying other changes in structures and procedures more carefully before enactment.

A preliminary draft of Sullivan's proposed language for several sections of the proposed policy was provided.

Reagan thanked Sullivan for his remarks and reminded the Board that the motion before the committee relates only to the Tenure Policy for the UMTC Law School.

Regent Keffeler asked if there are any problems or disadvantages in forwarding both the Board's and Dean Sullivan's proposal to the Faculty Senate for consideration. Regent Spence responded that she would have no problem in forwarding both proposals.

Spence amended her motion, moving that the Board forward the synthesized proposal for the UMTC Law School as well as the information contained in the letter from Dean Thomas Sullivan dated October 10, 1996 to the Faculty Senate for their advice and recommendation. The amended motion was seconded.

The committee voted unanimously to recommend approval of the amended motion.

Keffeler indicated that she has received correspondence during the past few weeks with good suggestions relating to the tenure policy. She asked if there is a way to ensure that as other good suggestions come forward, they can be reviewed and

considered. Reagan stated he will work with the Executive Director to provide a process that can be utilized to receive such suggestions.

The meeting adjourned at 10:40 a.m.

Steven Bosacker

STEVEN BOSACKER
Executive Director and
Corporate Secretary

UNIVERSITY OF MINNESOTA

BOARD OF REGENTS

October 10, 1996

A meeting of the Board of Regents was held on Thursday, October 10, 1996, at 4:22 p.m. in 238 Morrill Hall.

Regents present: Julie Bleyhl, Jean Keffeler, Warren Larson, Jessica Phillips, Thomas Reagan, Patricia Spence, and Stanley Sahlstrom. President Nils Hasselmo, presiding. Regent Hyon Kim participated via telephone.

Staff present: Provost Frank Cerra; Senior Vice Presidents JoAnne Jackson and Marvin Marshak; Vice President Mark Brenner, General Counsel Rotenberg; and Executive Director Steven Bosacker.

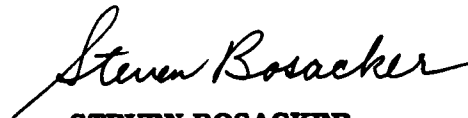
Others present: Mark Bohnhorst, Kathryn Brown, Carol Carrier, William Donohue, Keith Dunder, John Erickson, Gail Klatt, Jeanette Louden, Mark Miller, Julie Sweitzer, and Jan Symych.

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

RESOLVED, that on the recommendation of the President and the General Counsel as provided by Minnesota State Statute 144.581, Subd.5 and Statute 471.705, Subd. 1d, a non-public meeting of the Board of Regents be held on Thursday, October 10, 1996, in the Regents' Room, 238 Morrill Hall, for the purpose of discussing University of Minnesota Hospital and Clinic marketing activity and contracts and attorney-client privileged matters, respectively.

The Board of Regents voted unanimously to approve the resolution.

The meeting adjourned at 4:24 p.m.



STEVEN BOSACKER
Executive Director and
Corporate Secretary

UNIVERSITY OF MINNESOTA

BOARD OF REGENTS

October 11, 1996

A meeting of the Board of Regents of the University of Minnesota was held on Friday, October 11, 1996, at 10:55 a.m. in Room 238, Morrill Hall.

Regents present: Julie Bleyhl, Jean Keffeler, Warren Larson, H. Bryan Neel, Jessica Phillips, Thomas Reagan, Stanley Sahlstrom, and Patricia Spence. President Nils Hasselmo, presiding.

Staff present: Chancellor Donald Sargeant; Provost C. Eugene Allen; Senior Vice President Marvin Marshak; Executive Director Steven Bosacker; and Vice President Mark Brenner.

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 - July 29, 1996
Litigation Review Committee - July 30, 1996
Audit Committee - September 5, 1996
Facilities Committee - September 6, 1996
Financial Operations Committee - September 5, 1996
Faculty, Staff & Student Affairs Committee - September 6, 1996
Educational Planning & Policy Committee - September 5, 1996
Committee of the Whole - September 5, 1996
Committee of the Whole - September 5, 1996
Board of Regents Meeting - September 5, 1996

REPORT OF THE PRESIDENT

President Hasselmo presented his monthly report, which pertained to a grant from the Edna McConnell Clark Foundation to the University of Minnesota Law School; FY96 sponsored research; private fundraising for the University of Minnesota; and his 1996 State of the University address.

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

REPORT OF THE CHAIR

Chair Reagan presented a status on the presidential search. The committee's work is progressing very well. The total pool of applicants and nominees is currently over 200. The committee is in the process of calling on references and will be conducting a number of confidential interviews soon.

Reagan reported that the November dinner of the Board of Regents will be with a random group of Minnesota citizens from throughout the state. Two individuals will be randomly selected from each of the eight congressional districts to tour the Twin Cities'

campuses and then join the Board and the President for dinner to talk informally about "their" University.

RECEIVE AND FILE REPORTS

President Hasselmo noted the receipt and filing of the Athletic Directors' Reports.

GIFTS

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

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 October 10, 1996

Chair Reagan reported that the committee reviewed the Task Force on Human Resources' final report and reviewed information relating to a new University targeted group business (TGB) policy.

REPORT OF THE COMMITTEE OF THE WHOLE October 11, 1996

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

- a) Approval of a resolution relating to the FY98-99 biennial budget proposal to the State of Minnesota:

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

WHEREAS, the University of Minnesota is committed to achieving standards of national and international excellence and to realize goals set forth in *University 2000* in six strategic areas: research, graduate and professional education, undergraduate education, outreach and access to the University, a user-friendly University community, and diversity; and

WHEREAS, the biennial budget is derived from the *University 2000's* mission, vision, strategic areas, goals, and action plans; and

WHEREAS, the *University 2000* vision 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; and

NOW, THEREFORE, BE IT RESOLVED that to achieve these goals, the Biennial Budget Proposal for FY98-99 be adopted by the Board of Regents for presentation to the State of Minnesota; that this proposal, detailed in the attached material to this resolution, represents biennial investments and financial needs of \$380.0 million to be financed by a biennial increase in state appropriations of \$230.9 million, a tuition increase to average 2.5% for each of the two years to yield a biennial increase of \$16.1 million in tuition revenue, growth in existing revenue and internal reallocation/new revenue growth of \$133.0 million for internal reinvestment over the biennium; and

BE IT STILL FURTHER RESOLVED, that the University engage its faculty, students, and staff, together with the State of Minnesota, to join in a partnership of commitment and shared financial responsibility for the maintenance and enhancement of the University's programs and goals in support of the well being of the State of Minnesota and the nation.

- b) Approval of a motion relating to revisions to the tenure policy for the University of Minnesota Twin Cities (UMTC) Law School, as follows:

RESOLVED, that the Board of Regents forward the synthesized proposal for the UMTC Law School as well as the information contained in the letter from Dean Thomas Sullivan dated October 10, 1996 to the Faculty Senate for their advice and recommendation.

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

Reagan reported that the committee also recognized student athletes and coaches from the Twin Cities campus for their athletic and academic accomplishments during the 1995-96 year.

REPORT OF THE FACULTY, STAFF AND STUDENT AFFAIRS COMMITTEE

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

- a) Approval of the Senior Vice President's Faculty, Staff, and Student Affairs Report as presented to the committee and contained in the docket material.

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

Keffeler reported that the committee also reviewed information on the issue of tuition and financial aid and reviewed a presentation on minority and diversity programs and initiatives at the University of Minnesota Duluth.

REPORT OF THE FACILITIES COMMITTEE

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

- a) Approval of the Senior Vice President's Facilities Report as presented to the committee and contained in the docket material.
- b) Approval of a resolution relating to a real estate exchange at Willmar with Duininck Companies, Inc., as follows:

RESOLVED, that on the recommendation of the President and Senior Vice President for Finance and Operations, the appropriate administrative officers are authorized to execute the appropriate documents providing for the exchange of approximately 2.673 acres of University-owned property improved with the existing Poultry Testing Laboratory building for approximately .854 acres of property owned by Duininck Companies, Inc. and improved with a new laboratory building, and payment of \$104,000 by the University to Duininck Companies, Inc.

- c) Approval of a resolution relating to the Quarterly Capital Improvement Plan Report, as follows:

RESOLVED, that on the recommendation of the President and the Senior Vice President for Finance and Operation, the Board of Regents approves the first Quarterly Report on the FY97 Capital Plan.

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

Anderson reported that the committee also reviewed two amendments to the FY97 Capital Budget relating to renovation of the University Stores South building to relocate the Office of Measurement Services on the Twin Cities campus, and an upgrade to the convenience store located in the St. Paul Student Center. The committee reviewed four real estate transactions relating to: 1) sale of property in the Motley neighborhood in Southeast Minneapolis; 2) sale of the Lauderdale computer facility and adjacent land and building; 3) sale of excess land near Glensheen in Duluth, Minnesota; and 4) purchase of the Lyddon Homesite in Crookston, Minnesota. The committee also engaged in a discussion relating to public-private partnerships and reviewed information and participated in a tour of Finance & Operations facilities and capital needs.

REPORT OF THE FINANCIAL OPERATIONS COMMITTEE

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

- a) Approval of the Senior Vice President's Financial Operations Report as presented to the committee and contained in the docket material.

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

Bleyhl reported that the committee reviewed information on a recommendation for debt restructuring and a number of reports relating to: 1) an external sales administrative policy; 2) service delivery alternatives; 3) the annual

review of asset and debt management; and 4) information from one of the University's money managers.

REPORT OF THE EDUCATIONAL PLANNING & POLICY COMMITTEE

Regent Sahlstrom, reported that the committee voted unanimously to recommend:

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

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

Sahlstrom reported that the committee engaged in a discussion relating to a proposed turf and ground research and education center; reviewed a presentation on coordinate campus and MnSCU cooperative programming at the University of Minnesota Duluth; and reviewed information on the current status of the joint University of Minnesota/MnSCU initiative being considered for the Greater Rochester Area.

REPORT OF THE LITIGATION REVIEW COMMITTEE

Regent Spence reported that the committee met in non-public session on October 9, 1996 to discuss attorney-client privileged matters.

NEW BUSINESS

Regent Sahlstrom reported briefly on a Christmas Tea that will be held on December 17, 1996 at Eastcliff to honor major donors. He also reported on his visit to the area at the Rosemount Research facility where explosives are tested by area bomb squads.

The meeting adjourned at 11:20 a.m.



STEVEN BOSACKER
Executive Director &
Corporate Secretary