

**UNIVERSITY OF MINNESOTA
BOARD OF REGENTS**

MINUTES

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

November 7-8, 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

November 7-8, 1996

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UNIVERSITY OF MINNESOTA

BOARD OF REGENTS

November 7, 1996

A special meeting of the Board of Regents was held on Thursday, November 7, 1996, at 9:00 a.m. in Room 238, Morrill Hall.

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

Staff present: President Nils Hasselmo; Chancellors David Johnson and Kathryn Martin; Provosts C. Eugene Allen and W. Phillips Shively; Senior Vice Presidents JoAnne Jackson and Marvin Marshak; Acting Vice President Thomas Swain; General Counsel Mark Rotenberg; Executive Director Steven Bosacker; and Associate Vice President Gerald Fischer.

REGENTS' POLICY FOR LAW SCHOOL: FACULTY TENURE

President Hasselmo convened the meeting and called on Chair Reagan who stated that the special meeting of the Board of Regents was being held pursuant to Article IV, section C, of the Board of Regents Bylaws to discuss possible amendments to the Regulations Concerning Faculty Tenure, only as they apply to the University of Minnesota Law School faculty. The meeting complies with the provisions of the Open Meeting Law, Minn. Stat. 471.705, subd. 1c(c), relating to emergency meetings. It is the judgment of the Board of Regents that given the extraordinary importance of the tenure issue, the order of the Bureau of Mediation Services dated November 6, 1996, lifting the Status Quo Order relating to the Law School faculty, and the need to resolve the tenure issues as soon as possible, that an emergency meeting of the Board of Regents is appropriate.

Reagan moved the following resolution:

WHEREAS the Board of Regents adopted a resolution requesting a thorough review of the Board of Regents' Policy on Faculty Tenure in December of 1995; and

WHEREAS the Board of Regents, the Administration, and the Faculty Senate have undertaken an in-depth study of the Tenure Code; and

WHEREAS the Board of Regents has sought and received the advice and recommendations of the Faculty Senate concerning Tenure Code modifications in accord with the Regents' Policy on Faculty Tenure; and

WHEREAS the President has provided written recommendations concerning Tenure Code modifications; and

WHEREAS the University of Minnesota is currently subject to Status Quo Orders of the Minnesota Bureau of Mediation Services with respect to various elements of the faculty; and

WHEREAS the Minnesota Bureau of Mediation Services issued an order dated November 6, 1996 lifting its Status Quo Order relating to the Law School faculty;

NOW, THEREFORE, BE IT RESOLVED, that the Board of Regents hereby adopts a revised Board of Regents Policy on Faculty Tenure for the faculty of the University of Minnesota Law School, the text of which is attached hereto; and

BE IT FURTHER RESOLVED that the Board of Regents directs and authorizes the Executive Director and Corporate Secretary to publish this revised Tenure Code and make any necessary technical or typographic changes which may be necessary.

The motion was seconded.

Regent Keffeler expressed concerns about the proposal. For a large research University like the University of Minnesota, the tenure code is its foundation. The creation or modification of a tenure code should be done with due diligence, careful consideration, and with a long-term vision for the academic community that it will shape. She is concerned about adopting this code for the Law School in the atmosphere of an emergency meeting; about a tenure code being passed "piecemeal" and the precedent it is setting; and that the vote may be interpreted by the faculty that no other versions of the tenure code will be considered at a later date.

A respectful dialogue is fundamental to the process of scholarly debate and that dialogue was interrupted due to the process of unionization and the Status Quo Order. She believes that the proposal before the Board, while a sincere effort at compromise, is inadequate and specifically and explicitly avoids several serious issues that must be addressed. She asked to hear from the Chair of the Faculty Senate regarding the position of the faculty on the proposal before the Board.

Regent Hogan spoke in favor of the resolution. There has been tremendous work and discussion on this issue. It is time to consider the overall benefit that approval of this resolution will have on the University. This is an honest proposal prepared with the intent of building the University.

Regents Neel and Kim also spoke in favor of the resolution. Neel stated that the debate that resulted from discussions on the tenure issue should be expected from an educational institution. Kim stressed the importance of working together as the University is faced with future issues.

Regent Anderson called the question and the Board of Regents voted by a majority of 11 to 1 to call the question with Keffeler voting no. Keffeler stated she voted against calling the question because she has not heard a position from the Chair of the Faculty Senate. President Hasselmo responded that, after a short consultation, he did not feel it appropriate at this time.

The Board of Regents voted unanimously to approve the resolution and adoption of the following Regents' Policy on Faculty Tenure for the University of Minnesota Law School:

**TENURE POLICY FOR THE UNIVERSITY OF MINNESOTA
LAW SCHOOL FACULTY**

PREAMBLE

The Board of Regents adopts these regulations with the conviction that a well-defined statement of rules is essential to the protection of academic freedom and to the promotion of excellence at the University of Minnesota Law School. A well-designed promotion and tenure system ensures that considerations of academic quality will be the basis for academic personnel decisions, and thus provides the foundation for academic excellence.

Tenure is the keystone for academic freedom; it is essential for safeguarding the right of free expression and for encouraging risk-taking inquiry at the frontiers of knowledge. Both tenure and academic freedom are part of an implicit social compact which recognizes that tenure serves important public purposes and benefits society. The people of Minnesota are best served when faculty are free to teach, conduct research, and provide service without fear of reprisal and to pursue those activities with regard for long term benefits to society rather than short term rewards. In return, faculty have the responsibility of furthering the institution's programs of research, teaching, and service, and are accountable for their performance of these responsibilities. Additionally, a well-designed tenure system attracts capable and highly qualified individuals as faculty members, strengthens institutional stability by enhancing faculty members' institutional loyalty, and encourages academic excellence by retaining and rewarding the most able people. Tenure and promotion imply selectivity and choice; they are awarded for academic and professional merit, not for seniority. The length and intensity of the review leading to the grant of tenure ensures the retention only of well-qualified faculty committed to the University's mission.

The ideal attributes of the collective faculty of any unit are scholarly creativity, professional competence and leadership, intellectual diversity, the ability and desire to teach effectively and the willingness to cooperate with other units in promoting the work and welfare of the University as a whole. The administration and faculty should ensure, within each unit, not only a proper balance among these activities but also the maintenance of each at the highest level, together with accountability and suitable recognition of individual achievement and service.

The tenure regulations provide a comprehensive set of policies dealing with the relationship between the University and its faculty. The regulations classify the faculty as tenured, probationary and term. They provide for annual performance reviews of all faculty, as well as especially thorough reviews before the granting of tenure, on promotion in rank, and when the performance of a tenured faculty member is alleged to be substandard. They provide for the reassignment of faculty in case of the reorganization of the University or changes in its scholarly direction, and for discipline when a faculty member fails to meet prescribed standards of conduct.

Section 1. Academic Freedom.

1.1 Principles. Every member of the faculty is entitled to due process and academic freedom as established by academic tradition and the constitutions and laws of the United States and the state of Minnesota and as amplified by resolutions of the Board of Regents. The Board of Regents hereby reaffirms its commitment to academic freedom and tenure as reflected in its resolution of January 28, 1938, and in the statement of December 14, 1963, which are set forth in the appendix to these regulations. The policies of the Board of Regents regarding academic freedom are currently stated in the board's statement of September 8, 1995, which provides:

The Regents of the University of Minnesota reaffirm the principles of academic freedom and responsibility. These are rooted in the belief that the mind is ennobled by the pursuit of understanding and the search for truth and the state well served when instruction is available to all at an institution dedicated to the advancement of learning. These principles are also refreshed by the recollection that there is *commune vinculum omnibus artibus* -- a common bond through all the arts.

Academic freedom is the freedom to discuss all relevant matters in the classroom, to explore all avenues of scholarship, research and creative expression and to speak or write as a public citizen without institutional discipline or restraint. Academic responsibility implies the faithful performance of academic duties and obligations, the recognition of the demands of the scholarly enterprise and the candor to make it clear that the individual is not speaking for the institution in matters of public interest.

1.2 Protection Of Faculty. Denial of faculty appointment or reappointment or removal or suspension from office or censure or other penalty must not be based upon any belief, expression or conduct protected by law or by the principles of academic freedom.

Section 2. Applicability Of Regulations And Continuity Of Appointments.

2.1 Employment Contracts. These regulations govern the relationship between the Board of Regents and every faculty member employed by the University of Minnesota Law School, except as inconsistent with the provisions of collective bargaining agreements. These regulations are part of the contract between the Board of Regents and every faculty member employed by the Law School.

2.2 Continuation Of Existing Appointments. On the effective date of these regulations, every person holding a faculty appointment governed by the 1945 regulations concerning faculty tenure as amended, will hold the same kind of appointment under these regulations, whether or not their appointments are appropriate for such status under these regulations.

2.3 Definitions. As used in these regulations,

* (a) an "academic unit" is a department or similar unit. A school, college or division that is not further subdivided is also an academic unit.

* (b) the "head" of an academic unit is the academic administrator immediately responsible for it, such as a chair, head or director.

* (c) a "collegiate unit" or "college" is a major academic entity of the University. It may be a college, school, institute or campus.

* (d) the "dean" of a collegiate unit is the academic administrator immediately responsible for it, such as a dean or director or (on a campus that is not subdivided into colleges) a vice-chancellor.

* (e) a "senior academic administrator" is an officer who has final administrative review authority on academic personnel decisions, and who reports directly to the president and regents, such as a vice president, chancellor, or provost. The president will designate one or more senior academic administrators and define their respective jurisdictions.

* (f) the "senior vice president for academic affairs" is the officer (of whatever title) holding primary responsibility for the development of University-wide academic policy. This officer may also serve as senior academic administrator for some or all of the University, if so designated by the president.

* (g) "tenured faculty" are those faculty who hold indefinite tenure.

Section 3. Faculty Ranks And Types Of Appointments.

3.1 In General. The faculty ranks are professor, associate professor, assistant professor, and instructor. Faculty appointment is appropriate only if the individual is engaged in teaching or research as defined in section 7.11. Appointment at these ranks are either regular tenured or tenure-track appointments or term appointments. An appointment must be designated as a regular or a term appointment when it is made.

3.2 Regular Appointments. A regular appointment is either with indefinite tenure or is probationary, leading to a decision concerning indefinite tenure within a specified period of time. A faculty member with indefinite tenure is entitled to retain that position until retirement in accordance with University regulations or until the appointment is terminated pursuant to the provisions of sections 10 or 11.

A faculty member on probationary appointment:

1. is entitled to consideration for indefinite tenure; and
2. is entitled to timely notice of termination in accordance with Section 6.

A regular appointment may only be held in an academic unit of a degree-granting college, or similar unit. A regular appointment must be for two-thirds time or more over the academic year.

3.3 Term Appointments. A term appointment is date-specific; that is, the appointment terminates at the end of a period specified in the appointment without further notice to the appointee. The senior academic administrator for the campus or area[1] must give every person appointed to a term faculty position a statement in writing setting forth the conditions of the appointment, including the fact that it terminates without further notice.

No number of renewals of a term appointment creates a right to further renewals or to a decision concerning tenure. Every renewal of a term appointment for the seventh or succeeding year must be reported to the Tenure Committee with a justification of the reasons for the continuation of term status.

3.4 Appropriate uses of term appointments. Term appointments are appropriate and may be used provided one or more of the following conditions is met:

- * (1) the duration, the percentage of time, or both require less than service for two-thirds time for the academic year;
- * (2) the appointment is designated a Visiting appointment because the faculty member is from another educational institution or is a qualified professional from a government or private agency on a leave of absence to accept a temporary appointment at this University;
- * (3) the appointment is designated a clinical appointment because the faculty member is a clinician in the community who gives service to the University part-time;
- * (4) the appointment concerns a faculty member who principally is engaged in and primarily is supported by clinical activities or by discipline-related service.[2]
- * (5) the appointment is designated an adjunct appointment because the faculty member's primary employment is outside the University or is in another unit of the University;
- * (6) the appointment extends courtesy faculty rank without salary;
- * (7) the position is subject to the joint control of the University and another institution;
- * (8) the specific funding for the position is subject to the discretion of another agency;
- * (9) the funding for the position is for a limited time;
- * (10) the appointment is in a unit or program that is experimental or otherwise restricted in duration; and
- * (11) the person is enrolled in a University of Minnesota degree program. A regular faculty member on a probationary appointment may transfer to term status during enrollment in such a program if the faculty member and the senior academic administrator agree. This transfer suspends the running of the maximum period of probationary service, but the faculty member retains other rights of regular appointment, including annual review, the right to timely notice and a terminal appointment period as provided in Section 6.

3.5 Administrators' Appointments. Academic administrators may hold regular or term faculty appointments. Administrative titles and duties are distinct and severable from such individuals' faculty appointments. Removal from an administrative position does not impair any rights the individual holds as a faculty member. Upon

leaving an administrative position, the individual returns to faculty status, with salary and term of appointment reduced by the amount of the administrative augmentation, if any.

3.6 Special Contracts. These regulations do not bar a faculty appointment pursuant to a special contract specifying terms or conditions of employment which are different from those prescribed in these regulations. All other provisions of these regulations apply to such appointments. Every special contract must be in writing and must state that it is a special contract entered into pursuant to this subsection. It must be signed by the faculty member concerned, by the dean of the collegiate unit in which the faculty member will be employed and by the senior academic administrator and must be authorized by the Board of Regents or its expressly authorized delegate. In addition, the senior academic administrator will annually report to the Tenure Committee the terms of all special contracts and the reasons for their use.

A special contract may be used to reduce the minimum time of a regular appointment to one-half time in order to permit a faculty member to devote more time to family responsibilities. Such a contract must provide for the mutual responsibilities of the faculty member and the academic unit, including the type and percent time of the appointment, if any, to which the faculty member is entitled at the expiration of the special contract. In the case of a probationary faculty member, the contract will regulate the length of the probationary period, but the total probationary period may be extended by no more than a total of two years pursuant to this Section and subsection 5.5.

Section 4. Terms Of Faculty Employment.

4.1 Written Notice Of Appointment. Each faculty appointment or change of status is specified in a written notice of appointment issued by or on behalf of the Board of Regents. The notice must include the following:

1. Whether the appointment is regular or term;
2. Whether it is full or part-time and the percentage of time involved;
3. If for a fixed term, its expiration date;
4. If regular, whether it is probationary or with indefinite tenure;
5. Whether it is on a twelve-month, academic year or other specified annual basis;
6. The rank of appointment;
7. The academic unit or units to which the individual is being appointed;
8. The base salary; and
9. Additional compensation as described in Section 4.4.

The notice is only evidence of the appointment; clerical or computer errors in a notice of appointment do not affect the terms of the appointment unless the faculty member reasonably relied upon the mistake and suffered an injustice because of that reliance. Notices required by this section should be delivered before the effective date of the appointment or change of status, or as soon thereafter as is administratively feasible. A probationary appointee must also be given notice of the applicable maximum probationary period.

4.2 Action By The Board Of Regents. Faculty appointments and renewals or changes of status become effective when approved by the Board of Regents or its authorized delegate.

4.3 Changes In Terms Of Appointment Other Than Faculty Compensation. Except for raises in rank and except for action expressly authorized by these regulations, no changes of (1) through (7) items listed in subsection 4.1 may be made during the term of an appointment except with the agreement of the faculty member and the Board of Regents or its authorized delegate.

4.4 Faculty Compensation. Each faculty member shall receive a base salary, which will not be decreased except by action expressly authorized in this section or in Sections 7a, 10, 11, or 14 of these regulations or with the agreement of the faculty member. If a faculty member's base salary is decreased, the amount of the decrease and the reason therefor shall be set forth in a written notice and provided to the faculty member. No decrease in base salary shall occur in violation of the academic freedom of the faculty member.

The University may also from time to time provide a faculty member with additional compensation that is not part of base salary. The additional compensation may be for special awards or for activities in addition to regular faculty responsibilities such as clinical practice, administrative service, overload duties, summer school teaching and summer research support and similar activities.

At the time an appointment is made, the offer and written notice of appointment shall separately state the base salary and any additional compensation, as described above, that the faculty member will receive. In each subsequent year, the faculty member shall be provided with a written notice separately stating any changes in base salary and any changes in additional compensation for the following academic year. A faculty member's base salary shall consist of the initial base salary adjusted by any subsequent increase or decrease in base salary provided for in a subsequent written notice. Increases will be presumed to be in base salary unless otherwise identified. For a faculty member employed when this section takes effect, the initial base salary will be the faculty member's base salary at the time this section takes effect, exclusive of any compensation designated as special awards or designated as being for activities in addition to regular faculty responsibilities such as clinical practice, administrative service, overload duties, summer school teaching, summer research support and similar activities.

A faculty member whose salary has been decreased may petition for review of that action under Section 15 of these regulations.

4.5 Reduction Or Postponement Of Compensation. If the University or a collegiate unit is faced with financial stringency that does not amount to a fiscal emergency, the president may propose a temporary reduction or postponement in compensation to be allocated to faculty in accordance with a mathematical formula or similar device. If approved by the Faculty Senate and the Board of Regents, the base pay of all faculty members in the University or in the designated collegial units shall be reduced temporarily in accordance with the formula or device. The reduction may not continue for longer than two years, unless renewed by the same procedure.

Section 5. Maximum Period Of Probationary Service.

5.1 General Rule. To give the University ample opportunity to determine the qualifications of those faculty members whom it is considering for regular appointments with indefinite tenure, the maximum period of probationary service of a faculty member is normally six academic years, whether consecutive or not. The faculty assembly of a collegiate unit may propose to alter the maximum probationary period for all of that college, or for certain units within it, to no more than nine years. The tenured faculty of a college, by simple majority vote taken by secret ballot, may adopt such a change, with the approval of the dean and of the senior academic administrator. Any such change in the maximum probationary period applies to all probationary faculty hired in that college (or those units) after the decision, but any incumbent probationary faculty member may choose to be considered under the new rule. At the end of this probationary period, the faculty member must either be given a regular appointment with indefinite tenure or a one-year terminal appointment.

5.2 Early Decisions Permitted. These regulations do not prevent the granting of indefinite tenure prior to the expiration of the maximum period of probationary service and do not prevent a decision to terminate an appointee's probation prior to the end of the appointee's maximum probationary service, if timely notice is given.

5.3 Definition Of Academic Year. A faculty member is considered to have served an academic year if the appointee serves at least two-thirds time for three quarters or full-time for two quarters of the nine month academic year or any equivalent combination. An academic year during which the faculty member serves for less than this amount is not counted in computing the number of years for purposes of this section.

Unless otherwise agreed in writing, periods during which a faculty member is on paid leave for professional development (single quarter leave, sabbatical furlough, etc.) or on leave to teach or conduct research at another academic institution count as service, but periods in which the faculty member is on sick or disability leave or on leave in some non-faculty capacity do not count as service.

If a faculty member transfers to a position in the non-regular faculty, the time spent in the non-regular position does not count for the purpose of this section.

5.4 Prior Service.

5.41 In This University. Every academic year during which a faculty member has previously served at least two-thirds time under a regular appointment at this University reduces the maximum period of probationary service by one year.

5.42 Elsewhere. If a faculty member has previously served in regular faculty positions, as defined in these regulations, in one or more accredited universities or colleges, every academic year of such service (not exceeding three) reduces the maximum period of probationary service by one year.

5.43 Exceptions Permitted. If the prior service was in a different discipline, was in an academic unit or institution with teaching or research goals not comparable to those of the present appointment, or was too long ago to provide good evidence of the appointee's current professional development, the Board of Regents or its expressly authorized delegate may make an exception in writing at or near the beginning of the probationary period.

5.5 Exception For New Parent Or Caregiver. The maximum period of probationary service will be extended by one year at the request of a probationary faculty member:

1. On the occasion of the birth of that faculty member's child or adoptive/foster placement of a child with that faculty member; or
2. When the faculty member is a major caregiver for a family member⁽³⁾ who has an extended serious illness, injury, or debilitating condition. A faculty member may use this provision no more than two times.

The request for extension must be made in writing within three months of the events giving rise to the claim and no later than June 30 preceding the year a final decision would otherwise be made on an appointment with indefinite tenure for that faculty member.

Section 6. Tenure Of Faculty On Regular Probationary Appointments.

6.1 In General. A regular probationary appointee is a candidate for indefinite tenure. A probationary appointment continues until it is superseded by an appointment with indefinite tenure or until terminated by timely notice or by resignation. Regular probationary appointments are generally made at the rank of assistant professor, but may be made at any rank.

6.2 Notice Requirements. Except as provided below, a probationary appointment may be terminated at the end of any academic year by giving notice of termination (in the form provided in Section 17) not later than May 15 of the preceding academic year. The notice must inform the faculty member of the right to request a hearing before the Judicial Committee and must advise the faculty member of the applicable time limit for making such a request

6.21 Associate Professors And Professors On Probationary Appointments. An initial probationary appointment at the rank of associate professor or professor may specify in writing that it is for a minimum period of three years. In that case, the earliest time at which notice of termination can be given is before May 15 of the second year of service, to take effect at the end of the third year of service.

6.22 Instructors On Probationary Appointments. An initial probationary appointment at the rank of instructor may specify in writing that it is only for a minimum period of one year. The appointment may be terminated at the end of the first year by notice given not later than March 1 of that year, or at the end of the second year by notice given not later than December 15 of that year. In all other respects such appointments are governed by subsection 6.2. A promotion

of an instructor to the rank of Assistant Professor without a grant of tenure does not affect the operation of this subsection.

6.3 Promotions. The promotion of a probationary appointee to the rank of associate professor or professor must be accompanied with an appointment with indefinite tenure. A promotion to assistant professor does not affect the faculty member's tenure status.

6.4 Rank Of Appointees With Indefinite Tenure. The grant of tenure to an instructor must be accompanied with a promotion to assistant professor. Since the standards for granting tenure are ordinarily at least as rigorous as those for promotion to associate professor, the granting of tenure to an assistant professor will ordinarily be accompanied by a promotion to associate professor. Otherwise, a grant of indefinite tenure need not be accompanied with a promotion in rank.

6.5 Effect Of Failure To Comply With This Section. No one is entitled to an appointment with indefinite tenure merely because the University failed to comply with this section. If an individual is given an extension of appointment beyond the maximum probationary period or is not given timely written notice, the University may either:

1. Grant an appointment with indefinite tenure;
2. Grant a further probationary appointment, if this would not exceed the maximum probationary period; or
3. Grant a terminal appointment ending at the end of the first full academic year which follows the May 15th after proper notice is given.

Section 7. Personnel Decisions Concerning Probationary Faculty.

7.1 Criteria For Decisions.

7.11 General Criteria. The basis for awarding indefinite tenure is the determination that the achievements of an individual have demonstrated the individual's potential to continue to contribute significantly to the mission of the University[4] and to its programs of teaching, research, and service over the course of the faculty member's academic career.[5] The primary[6] criteria for demonstrating this potential are effectiveness in teaching[7] and professional distinction in research,[8] outstanding discipline-related service contributions[9] will also be taken into account where they are an integral part of the mission of the academic unit. The relative importance of the criteria may vary in different academic units, but each of the criteria must be considered in every decision.[10]

7.12 Departmental Statement. Each academic unit must have a document that articulates with reasonable specificity the indices and standards which will be used to evaluate whether candidates meet the criteria of subsection 7.11. The document must comply with those standards, but should make their application more specific. Each such document is subject to review by the dean or other appropriate academic administrator and by the senior academic administrator and by the senior vice president for academic affairs. Each academic unit must provide each probationary faculty member with a copy of the document at the beginning of the probationary service.

7.2 Annual Review. The tenured faculty[11] of each academic unit annually reviews the progress of each probationary faculty member toward satisfaction of the criteria for receiving tenure. The head of the unit prepares a written summary of that review and discusses the candidate's progress with the candidate, giving a copy of the report to the candidate.

7.3 Formal Action By The Faculty. The tenured faculty of the academic unit may recommend that a probationary faculty member be granted indefinite tenure or that the appointment be terminated. If it does neither, it is presumed to recommend a renewal of the appointment. In the final probationary year, if the tenured faculty does not recommend an appointment with indefinite tenure, it must recommend termination of the appointment. The recommendation is made by a vote of the regular faculty with indefinite tenure in the unit. The presiding officer is not disqualified from voting merely because of office.

7.4 Procedures For Taking Formal Action. The academic unit must observe University procedures established as provided in subsection 16.3. These procedures will provide the following.

* (a) A good faith effort is made to gather all relevant information necessary to the decision. The academic units have the primary obligation to assemble the file, but the faculty member also has the right to add any material the faculty member considers relevant.

* (b) The decision is made by vote, by written unsigned secret ballot, at a meeting of the regular faculty who have indefinite tenure in the academic unit. The rules may provide for absentee ballots by informed absent faculty members.

* (c) Persons who have or have had a family or similar relationship to the candidate do not participate in the decision. The procedures may establish methods for raising and ruling on such questions in advance of the decision.

* (d) Action is to be taken by majority vote. An academic unit may adopt a uniformly applicable rule that a motion to recommend tenure must achieve a specified exceptional majority in order to constitute an affirmative recommendation of that unit. In such case a motion which achieves a majority, but not the required exceptional majority, must be sent forward for review by the appropriate review process despite the absence of the unit's affirmative recommendation.

* (e) The unit shall report the vote of the faculty, together with the reasons for the action taken. This statement of reasons must take the form of a summary of both majority and minority views which have substantial support which were expressed in the course of formal consideration of the action. All statements must be made without personal attribution. A preliminary draft is open to members of the faculty eligible to vote so they may comment and suggest changes. The final draft is sent to the affected faculty member and is open to the faculty eligible to vote.

* (f) Before submitting a formal recommendation for an appointment with indefinite tenure or for termination of a probationary appointment, the head of the academic unit informs the appointee of the recommendation and gives the appointee a copy of the final report. The

appointee may submit any comments upon the report to the academic administrator who will review the report, with a copy to the head of the academic unit.

7.5 Nondisclosure Of Grounds For Recommendation Of Termination. The reasons for a recommendation to terminate a probationary appointment may not be disclosed, except as part of the review process, unless the faculty member requests such disclosure or makes a public statement concerning the reasons for termination.

7.6 Review Of Recommendations. Recommendations of academic units to grant indefinite tenure or to terminate probationary appointments are reviewed at the collegiate and university levels.

7.61 Procedures. The review must be conducted according to University procedures, established as provided in subsection 16.3. These procedures must provide for review and recommendations by the head of the academic unit, by the dean of the collegiate unit, by faculty committees at the collegiate or University level, and, when appropriate, by other academic administrators. The review must be conducted on the basis of the standards and criteria established by subsections 7.11 and 7.12 and the applicable rules and procedures. The rules may permit an administrator to refer the matter back to the unit for reconsideration, but if the administrator and the unit do not agree after such reconsideration, both the recommendation and the administrator's comments must be sent forward for final administrative action. A copy of each review or recommendation must be supplied to the faculty member. The faculty member may comment thereon in writing to those who will review the matter further.

7.62 Conflict Of Interest. No one may participate both in an initial recommendation by an academic unit and in a subsequent review of that recommendation, except that the head of the academic unit may make the initial administrative review. No one who has participated in a recommendation or review may thereafter serve as a member of the Judicial Committee in further consideration of that case.

Members of the Judicial Committee may not serve on collegiate or University review committees. Members of the Judicial Committee may participate in initial recommendations by their own academic units, but are disqualified from thereafter participating in Judicial Committee consideration of those decisions.

7.63 Final Administrative Action. The University may not act contrary to the recommendation of the academic unit which made the initial recommendation except for substantive reasons which must be stated in writing by the senior academic administrator to the faculty member, to the members of the academic unit which made the recommendation, and to the president. The fact that participants in the review process have recommended against the unit's initial recommendation is not, by itself, a substantive reason.

The senior academic administrator takes the steps necessary to make the necessary appointment or to give notice of termination.

7.7 Improper Termination Of Probationary Appointments. A person holding a regular probationary appointment who has been given notice of termination may petition the Judicial Committee to review that

action. The Judicial Committee will not base its ruling on the merits of the decision itself, but will review allegations that the decision was based in significant degree upon any of the following:

1. Personal beliefs, expressions or conduct which fall within the liberties protected by law or by the principles of academic freedom as established by academic tradition and the constitutions and laws of the United States and the state of Minnesota;
2. Factors prescribed by applicable federal or state law regarding fair employment practices;
3. Substantial and prejudicial deviation from the procedures prescribed in subsections 7.4 and 7.6 and the procedural rules promulgated pursuant to those subsections;
4. Failure to consider data available at the time of decision bearing materially on the faculty member's performance;
5. Demonstrable material prejudicial mistakes of fact concerning the faculty member's work or conduct;
6. Other immaterial or improper factors causing substantial prejudice;
or
7. Other violation of University policies or regulations.

Such proceedings are governed by Section 15.

Section 7a. Review Of Faculty Performance

7a.1. Goals And Expectations. The faculty of each academic unit must establish goals and expectations for all faculty members, including goals and expectations regarding teaching, scholarly productivity, and contributions to the service and outreach functions of the unit. The factors to be considered will parallel those used by the unit in the granting of tenure, but will take into account the different stages of professional development of faculty. The goals and expectations will be established in accordance with standards established by the University Senate. They can provide for flexibility, so that some faculty members can contribute more heavily to the accomplishment of one mission of the unit and others to the accomplishment of other missions. The goals and expectations shall not violate the individual faculty member's academic freedom in instruction or in the selection of topics or methods for research. They shall include reasonable indices of acceptable performance in each of the areas (e.g., teaching contributions and evaluations, scholarly productivity, service, governance and outreach activities). The dean reviews the goals and expectations of each unit and may request changes to meet the standards of the University and of the collegiate unit.

7a.2. Annual Review. Each academic unit, through its merit review process (established in accordance with the standards adopted by the senate), annually reviews with each faculty member the performance of that faculty member in light of the goals and expectations of the academic unit established under section 7a.1. This review is used for salary adjustment and faculty development. The faculty member will be advised of the evaluation and, if appropriate, of any steps that should be

taken to improve performance and will be provided assistance in that effort. If the head of the unit and a peer merit review committee elected for annual merit review within that unit both find a faculty member's performance to be substantially below the goals and expectations adopted by that unit, they shall advise the faculty member in writing, including suggestions for improving performance, and establish a time period (of at least one year) within which improvement should be demonstrated.

7a.3. Special Peer Review In Cases Of Alleged Substandard Performance By Tenured Faculty. If, at the end of the time period for improvement described in the previous paragraph, a tenured faculty member's performance continues to be substantially below the goals and expectations of the unit and there has not been a sufficient improvement of performance, the head of the academic unit and the elected peer merit review committee may jointly request the dean to initiate a special peer review of that faculty member. Before doing so, the dean shall independently review the file to determine that special peer review is warranted. (in the case of an academic unit that is also a collegiate unit, the request shall be made to and the review conducted by the responsible senior academic administrator.) The special peer review shall be conducted by a panel of five tenured faculty members of equal or higher rank, selected to review that individual. The faculty member under review shall have the option to appoint one member. The remaining members shall be elected by secret ballot by the tenured faculty of the unit. The members of the special review panel need not be members of the academic unit. The special review panel shall provide adequate opportunity for the faculty member to participate in the review process and shall consider alternative measures that would assist the faculty member to improve performance. The tenure subcommittee may adopt rules and procedures regulating the conduct of such reviews. The special review panel shall prepare a report on the teaching, scholarship, service, governance, and (when appropriate) outreach performance of the faculty member. It will also identify any supporting service or accommodation that the University should provide to enable the faculty member to improve performance. Depending on its findings, the panel may recommend:

* (a) that the performance is adequate to meet standards and that the review be concluded;

* (b) that the allocation of the faculty member's expected effort among the teaching, research, service and governance functions of the unit be altered in light of the faculty member's strengths and interests so as to maximize the faculty member's contribution to the mission of the University;

* (c) that the faculty member undertake specified steps to improve performance, subject only to future regular annual reviews as provided in Section 7a.2;

* (d) that the faculty member undertake specified steps to improve performance subject to a subsequent special review under Section 7a.3, to be conducted at a specified future time;

* (e) that the faculty member's performance is so inadequate as to justify limited reductions of salary, as provided in Section 7a.4;

* (f) that the faculty member's performance is so inadequate that the dean should commence formal proceedings for termination or involuntary leave of absence as provided in Sections 10 and 14; or

* (g) some combination of these measures.

The panel will send its report to the dean, the head of the academic unit, and the faculty member. Within 30 work days of receiving the report, the faculty member may appeal to the Judicial Committee, which shall review the report in a manner analogous to the review of tenure decisions (see Section 7.7).

7a.4. Salary Reductions. If the special review panel recommends that the faculty member's performance is so inadequate as to justify limited reductions of base salary, the head of the academic unit, with the approval of the dean, may reduce the faculty member's base pay, subject to the following limitations:

* (a) the amount of the decrease will not exceed 10% of the faculty member's base salary on the basis of any one special review;

* (b) base salary may not be reduced by more than 25% from the highest level of base pay ever held by the faculty member;

* (c) at least six months' notice of the decrease must be given;

* (d) any decrease in salary may be restored by the annual review process provided in Section 7a.2.

Within 30 work days of notice of the decrease, the faculty member may appeal this action to the Judicial Committee, which shall review the action and the recommendation leading to it in a manner analogous to the review of tenure decisions (see Section 7.7). This review may not reconsider matters already decided by the Judicial Committee under Section 7a.3. Any decrease in base pay beyond the limits specified in this subsection can only be imposed pursuant to Sections (4.5), 10 (11), and 14.

7a.5. Peer Review Option. Upon application to it by the dean of an academic unit, the Faculty Senate may adopt a system of peer review of performance of faculty of that unit different from the system set forth in Sections 7a.1 through 7a.4 if in the Faculty Senate's judgment so proceeding is in the University's interest.

Section 8. Improper Refusal Of A New Appointment To A Term Faculty Member.

A person holding a term faculty appointment who has been refused a renewal of that appointment or has applied for and been refused a regular or a different term faculty appointment within six months of the end of that appointment may petition the Judicial Committee to review the refusal, but only on the ground that the decision was based in significant degree upon one or more of the following:

1. Personal beliefs, expressions or conduct which fall within the liberties protected by law or by the principles of academic freedom as established by academic tradition and the constitutions and laws of the United States and the state of Minnesota;

2. Factors proscribed by applicable federal or state law regarding fair employment practices;
3. Essential and substantial written misrepresentation of the nature of the original appointment; or
4. Other violation of University policies or regulations.

Such proceedings are governed by Section 15.

Section 9. Appointment Of Associate Professors And Professors With Indefinite Tenure.

Initial appointments with indefinite tenure may only be made at the rank of associate professor or professor. Such appointments may be made only after receiving the recommendation of the regular faculty holding indefinite tenure in the academic unit concerned.

Section 10. Unrequested Leave Of Absence For Disability And Disciplinary Action

10.1 Unrequested Leave Of Absence For Disability. A faculty member who is physically or mentally unable to perform reasonably assigned duties may be placed on unrequested leave of absence. The faculty member is entitled to sick pay and disability insurance payments in accordance with University policy. The faculty member has a right to return to the faculty upon termination of the disability or upon cessation of disability payments.

10.2 Disciplinary Action.

10.21. Termination Or Suspension Of A Faculty Appointment Before Its Expiration. A faculty appointment may be terminated or suspended (except under Section 10.22) before its ordinary expiration only for one or more of the following causes;

* (a) sustained refusal or failure to perform reasonably assigned duties adequately;

* (b) unprofessional conduct which severely impairs a faculty member's fitness in a professional capacity;

* (c) egregious or repeated misuse of the powers of a professional position to solicit personal benefits or favors;

* (d) sexual harassment or any other egregious or repeated unreasonable conduct destructive of the human rights or academic freedom of other members of the academic community; or

* (e) other grave misconduct manifestly inconsistent with continued faculty appointment.

10.22 Procedure For Minor Disciplinary Actions. Minor sanctions, such as a letter of reprimand in the faculty member's file or a suspension for up to three days, or the like, may be imposed for significant acts of unprofessional conduct. For minor sanctions, the dean may impose the sanction after providing the faculty member notice of the proposed action and of the reason that it has been proposed and giving the faculty

member an opportunity to respond. If the faculty member files a grievance under the University grievance policy to challenge a minor disciplinary matter, the sanction shall be held in abeyance until the conclusion of the proceeding. The grievance panel shall have jurisdiction to consider all claims raised by the faculty member, and if the case goes to arbitration, the arbitrator shall be an individual with experience in academic matters.

10.3 Procedures. A faculty member may be placed on unrequested leave of absence or a faculty appointment may be terminated or suspended for these reasons only in accordance with the procedures set forth in Section 14.

Section 11. Fiscal Emergency.

11.1 Faculty Rights. The Board of Regents, if faced with the necessity of drastic reduction in the University budget, has the power to suspend or abolish positions, or even entire departments, divisions, or other administrative units. If confronted with such adverse contingency, the board will consult with and secure the advice of faculty representatives, as provided in this section. Faculty members have the right to full access to information about the situation and the alternatives being considered. In effecting retrenchment because of financial necessity, the regents will make reductions in faculty positions only to the extent that, in their judgment, is necessary after exploring various alternative methods of achieving savings. The regents fully intend that the tenure system as a whole and the tenure rights of each individual faculty member be protected in every feasible manner during periods of such retrenchment.

11.2 General Principles Of Priority. The following general principles of priority apply in any financial crisis.

* (a) first, the University must fully utilize all means consistent with its continued existence as an institution of high academic quality to reduce expenses or to increase income which do not involve the termination of faculty positions or the impairment of faculty rights.

* (b) second, the University may consider alternatives which involve only the temporary reduction or postponement of faculty compensation or the reduction of fringe benefits.

* (c) only thereafter may the University suspend or terminate faculty positions in accordance with the section.

11.3 First Stage: Alternative Approaches. If there has been a serious reduction in the University's income, the president will report the matter to the Senate Consultative Committee. The president will identify the magnitude of the shortfall, the measures which might be taken to alleviate it (which must not involve impairment of faculty rights), and alternative measures which have been rejected. The president will give the committee full access to all available information and will respond specifically to additional proposals suggested by the committee. At this stage, the University will consider reductions in other expenses. It will

also consider increases in tuition, sales of assets, and borrowing. These steps will be implemented by the president or the Board of Regents as is appropriate.

11.4 Second Stage: Reduction Or Postponement Of Compensation. If the University has implemented all of the measures which are required to be considered in the first stage, which are consistent with its continued operation as an institution of high academic quality, and they are inadequate to meet the shortfall, the president may, after consultation with the Faculty Consultative Committee, propose the temporary reduction or postponement of faculty compensation for a predetermined period not to exceed one year, according to a mathematic formula or similar device. The Faculty Consultative Committee will report on the adequacy of the steps taken in the first stage and make its recommendations on the proposal. If the Faculty Senate approves the proposed action (or any modification of it) by an absolute majority of its membership or by a two-thirds vote of the members present and voting (a quorum being present), the Board of Regents may take that action (or any less stringent action) and, to that extent, modify the terms of the appointments of all faculty members. The Board of Regents may rescind the action at any time thereafter. Such action may be repeated by the same procedures.

11.5 Third Stage: Fiscal Emergency. If there has been a reduction of the University's income which is so drastic as to threaten its survival, and this threat cannot be alleviated by the measures specified above, the Board of Regents may declare a fiscal emergency. During such an emergency, the Board of Regents may terminate or suspend faculty appointments as provided in this section.

11.51 Preliminary Procedures. Before recommending to the Board of Regents that it declare a fiscal emergency, the president must meet with the Senate Consultative Committee to examine alternatives to and consequences of such a declaration. The president must provide the committee access to all available information. The president must provide a written report identifying the dollar amount to be saved by reducing faculty positions. This report must also identify the dollar amount proposed to be saved by any other measures to be taken, including the level of any concurrent reductions in non-faculty staff during the emergency. The Faculty Consultative Committee will prepare a written report on the president's proposal, to which the Senate Consultative Committee may add additional comments. The Faculty Senate will first consider and act on the proposal and reports. Thereafter, the University Senate may consider them. The president must attend both senate meetings to explain the proposal and to answer questions.

After receiving the president's recommendation and the resolutions of the senates, the Board of Regents may declare a state of fiscal emergency. Before action contrary to the recommendation of the University Senate is subsequently taken, the president must report in writing and in person the reasons for this action to the Senate Consultative Committee. The Board of Regents' resolution states the maximum amount to be realized from termination or suspension of faculty appointments.

11.52 Duration. A fiscal emergency lasts no longer than 12 months unless renewed by the same procedure. A fiscal emergency may be rescinded at any time by the Board of Regents.

11.53 Allocation Of Shortfall. After consultation with the Faculty Consultative Committee and the Senate Consultative Committee, the president proposes an initial allocation of the shortfall to the various collegiate units, which need not be prorated. The committee must obtain the views of the faculty in the affected units and must hold an open meeting at which anyone may comment upon the proposed action. It may also request the assistance of other University or Senate committees in studying all or particular aspects of the educational policies and priorities involved in the action. The colleges and campuses then allocate the shortfall to the various academic units after similar consultation with the representative bodies and academic units in the colleges and similar open meetings. The plans must reflect the principles and priorities established in subsection 11.6. The colleges and campuses return their plans to the senior vice president for academic affairs, who prepares a comprehensive plan for the University, including a list of the persons whose appointments will be suspended or terminated. This plan is submitted to the University Senate and the Faculty Senate for their recommendation. The recommendations of the senates and the senior vice president's plan will be presented to the president and the Board of Regents for action.

11.6 Principles Governing Termination Or Suspension.

11.61 General Principles.

* (a) Savings achieved through resignations, retirements, renegotiations of contracts, inloading or other measures must be credited to the assigned shortfall before terminating or suspending faculty appointments.

* (b) A good faith effort should be made to use temporary suspensions or voluntary furloughs rather than terminations. In this third stage, the Board of Regents may impose the temporary or permanent reduction of faculty compensation or the reduction of fringe benefits, in excess of those approved in the second stage. Suspensions without pay for one quarter in any year may be ordered in accordance with objective criteria, provided that faculty members are given at least six months notice.

* (c) Terminations may not be used in case of a short-term financial crisis, but only if the circumstances are such that the shortfall is reasonably expected to continue over a substantial number of years.

* (d) A good faith effort must be made to cover as much of the shortfall as possible by allowing non-regular appointments to lapse and by giving notice to probationary faculty in accordance with the terms of their appointments.

* (e) A good faith effort must be made to cover as much of the shortfall as possible by transferring faculty members to other positions for which they are qualified or by offering them retraining for available positions.

* (f) The selection of faculty members within an academic unit for termination must be made on objective criteria. It may not involve a comparative evaluation of the relative merits of individuals or a repetition of the tenure-granting process.

11.62 Priorities.

(a) Unless the unit can demonstrate that essential functions could not otherwise be performed:

1. all non-regular faculty within an academic unit must be suspended or terminated before any regular faculty may be suspended or terminated in that unit; and
2. all probationary faculty within an academic unit must be suspended or terminated before any tenured faculty may be suspended or terminated in that unit.

(b) Care must be taken to protect the employment of women and minorities entitled to affirmative action. The senior vice president for academic affairs must insure that for the University as a whole the plan which is submitted does not reduce the proportion of appointments with indefinite tenure held by women or minorities entitled to affirmative action, and does not reduce the proportion of non-regular appointments held by women or minorities entitled to affirmative action.

11.63 Notice And Severance Pay. A faculty member whose appointment is to be terminated or suspended is entitled to a minimum of one full academic year's notice or to one year's salary as severance pay in lieu of notice, unless the appointments would otherwise expire earlier.

11.64 Reemployment Rights. The University will not fill any faculty position for which a faculty member with indefinite tenure who has been terminated is qualified for five years after notice of termination, unless it first offers the position to each such faculty member and gives a reasonable time for the faculty member to accept or reject it.

11.7 Judicial Committee Report. A faculty member whose appointment is terminated or suspended may make a written request for review by the Judicial Committee. The review will be conducted in accordance with Section 15. The Judicial Committee will not reexamine the determination that a fiscal emergency exists, nor will it reexamine the educational policies and priorities pursued unless it finds a substantial failure to follow the procedures established in this section. It will only examine whether the action was taken in accordance with the procedures and standards set forth in this section, whether the action was based on a violation of academic freedom or constitutional or legal rights, or was substantially based on immaterial or improper factors. It may consolidate cases involving common issues for a single hearing.

Section 12. Programmatic Change.

12.1 Programmatic Change. The University and faculty recognize that changes in academic programs are an essential part of the development and growth of the institution. These changes should reflect long-term policy and planning.

12.2 Faculty Rights And Duties. In the event that programmatic change leads to discontinuation of a program in which a member of the faculty is employed, the University recognizes its obligation to continue the employment of regular faculty in accordance with the terms of their employment, and to continue the employment of non-regular faculty for the term of appointment. In case of fiscal emergency, the provisions of Section 11 apply.

Regular faculty members who are so retained have the responsibility to accept teaching or other assignments for which they are qualified, and to accept training to qualify them for assignment in other fields. The University has the responsibility to assign such faculty members to responsibilities as closely related to their original field of tenure as is practicable, to allow them time in which to continue scholarship in their original field if they wish, and to recognize scholarly contributions in that field as valuable in assessing their contribution to the University for pay, promotion and other purposes.

In addition to the steps mentioned above, the University has the right to offer inducements to faculty members voluntarily to change fields of study, to seek employment elsewhere, or to accept early retirement.

12.3 Reassignments. In cases of programmatic change, an officer designated by the president will make the reassignment or offer of training. The officer will consult with the faculty member and the receiving unit and will seek a mutually satisfactory assignment. If agreement cannot be reached, the University officer will assign new responsibilities after consultation with the individual.

The University may give the faculty member other assignments only if assignments to teaching in the faculty member's discipline are not feasible. For example, faculty might be assigned

- * to teach in another field in which the individual is qualified
- * to perform professional or administrative duties, including professional practice in a field in which the individual is qualified.
- * to transfer effort, by assignment in a suitable professional capacity, at another educational institution or similar entity, while retaining University tenure, compensation, and benefits.

A faculty member must accept any reasonable reassignment or offer of retraining. Following the faculty member's acceptance of the assignment, any dispute about the reasonableness of reassignment may be taken to the Judicial Committee, as provided in Section 15.

12.4 Termination Of Appointment. A faculty member who chooses not to take or accept a reasonable reassignment or retraining opportunity shall receive:

1. Assistance in locating other employment;
2. A minimum of one full academic year's notice or one year's salary as severance pay in lieu of notice, unless the appointment would otherwise expire earlier.
3. Continuation of the University's contribution to health benefits for one year after the date of the termination of the appointment.

In place of the severance payment provided by this section, a faculty member may select another severance program for which the faculty member is otherwise eligible at the time the appointment is terminated.

Section 13. Judicial Committee.

13.1 Membership. The Judicial Committee is composed of at least nine members of the regular faculty. The number of members and manner of appointment is governed by the University Senate bylaws.

13.2 Procedures. Proceedings before the Judicial Committee will be conducted in conformity with these regulations. The Judicial Committee may adopt additional rules with the approval of the Tenure Committee, as provided in Section 16.3.

In every case before the Judicial Committee the senior academic administrator may designate the academic administrator who will represent the University as respondent. If the case involves two or more campuses or areas, the president or the senior vice president for academic affairs may designate the respondent.

13.3 Duty To Testify. Faculty members and administrators have an obligation to appear before the Judicial Committee to give testimony in matters pending before it.

13.4 Panels. The Judicial Committee may sit in panels to hear individual cases. In cases under Sections 10 and 14, the panel must consist of at least five members. In all other cases, the panel must consist of at least three members. The rules of the Judicial Committee will establish the respective functions of the committee as a whole and of the individual panels.

13.5 Legal Officer. The Judicial Committee shall have its own legal officer, appointed by the Judicial Committee with the approval of the president. The Judicial Committee also may, with the approval of the president, appoint a deputy legal officer, or a substitute legal officer for a particular case, as necessary. At the direction of the committee, the legal officer may preside at hearings of Judicial Committee panels or regulate the procedure in Judicial Committee cases. The legal officer may be present and participate in the deliberation of a panel, but shall have no vote.

Section 14. Procedures In Cases Of Unrequested Leave Of Absence Or Termination Or Suspension Of A Faculty Appointment For Cause.

14.1 Preliminary Proceedings. Only a dean or an academic administrator specially designated by the senior vice president for academic affairs or by the senior academic administrator may initiate preliminary proceedings under this section leading to unrequested leave of absence or to suspension or removal or to temporary or permanent reduction in rank. The dean[12] must first attempt to discuss and resolve the matter with the faculty member involved.

The dean must then submit the matter to the tenured faculty of the academic unit involved for their recommendation.

If the senior vice president for academic affairs and the Faculty Senate have expressly approved the submission of allegations of the violation of a specified policy to another body for preliminary recommendation, in place of submission to the tenured faculty of the academic unit, the dean must submit the matter to that body for its recommendation.

Both the dean and the faculty member may submit their views, in person or in writing, to the body making the recommendation, but neither of them may participate in the deliberation or vote. The body making the recommendation does so by secret ballot and makes a written report to the dean within 40 days of submission of the issue to it, indicating the

number of votes for and against the proposed action and the reasons articulated. A copy of the report shall be sent to the senior academic administrator and to the faculty member.

14.2 Formal Action. Within 40 days after receiving the recommendation of the tenured faculty or other body, the dean must decide whether to proceed with formal action. Before taking formal action, the dean must consult with the senior academic administrator. If the dean does not proceed within 40 days, the charges are dropped and the faculty member and the academic unit are so notified in writing. If the dean decides to proceed with formal action, the dean must give written notice to the faculty member. The notice must specify the action proposed, identify the specific ground upon which it has been taken, and summarize the evidence in support. It must inform the faculty member of the right to request a hearing before the Judicial Committee and advise the faculty member of the applicable time limit for making such a request.

If the faculty member does not request a hearing within 30 days, the president may take the action proposed in the dean's notice, without further right to a hearing.

14.3 Judicial Committee Hearing. The faculty member may request a hearing before the Judicial Committee by written request to the chair of the committee, filed within 30 days of the notice. The Judicial Committee may extend the 30 day period for good cause. The dean will be responsible for presenting the case. The dean has the burden of proving the case for the proposed action by clear and convincing evidence and also has the burden of demonstrating the appropriateness of the proposed action, rather than some lesser measure.

The Judicial Committee makes written findings of fact, conclusions, and a recommendation for the disposition of the case. If the committee finds that action is warranted, it may recommend action that is less severe than that requested in the written notice, including but not limited to, permanent or temporary reduction in salary or rank. It may not recommend more severe measures than those proposed in the dean's notice.

The Judicial Committee sends its report to the president with copies to the faculty member, the dean and the senior administrator.

14.4 Action By The President. The president shall give the faculty member and the dean the opportunity to submit written comments on the report. In determining what action to take, the president may consult privately with any administrators, including attorneys, who have had no previous responsibility for the decision at issue in the case and have not participated in the presentation of the matter to the Judicial Committee. The president may not discuss the case with any administrator who was responsible for the decision at issue in the case or who participated in the presentation of the matter to the senate Judicial Committee. Such administrators may communicate with the president in writing, but only if the full text of the communication is given to the faculty member and the faculty member is given a reasonable opportunity to respond to it.

The president shall not take action materially different from that recommended by the panel unless, prior to the action, the president has

consulted with the committee. Parties and their representatives shall not be present at any meeting between the president and the committee nor shall their consent be required for such meeting.

In addition, the president may request the Judicial Committee to make further findings of fact, to clarify its recommendation or to reconsider its recommendation. The reconsideration will be made by those who have heard of all of the evidence in the case, but the full Judicial Committee may consult with them on questions of general policy.

The president may impose the action recommended by the committee, or any action more favorable to the faculty member. The president may impose action less favorable to the faculty member only for important substantive reasons, which must be stated in writing, with specific detailed reference to the report of the Judicial Committee, the evidence presented, and the policies involved. The president's written statement must be given to the parties and to the Judicial Committee. If the Judicial Committee decides that the president has imposed an action that is less favorable to the faculty member than it had recommended, it shall inform the faculty by publication of the president's action in the docket of the Faculty Senate. If the faculty member waives rights to confidentiality, the full text of the statement will be published. Otherwise a summary of the statement will be published without identification of the faculty member or information that may indirectly identify the faculty member.

14.5 Appeal To The Board Of Regents. If the action involves removal or if the action involves a sanction more severe than that recommended by the Judicial Committee, the faculty member may appeal to the Board of Regents. In cases in which the president imposes a sanction more severe than that recommended by the Judicial Committee, the faculty member and the president may present to the board evidence with respect to issues on which the president differs from the recommendation of the Judicial Committee. The request for a hearing must be made to the secretary of the board within ten days of the president's action.

14.6 Temporary Suspension During Proceedings. The dean may temporarily suspend a faculty member during the proceedings, but only if there is clear evidence that the faculty member is likely to cause serious harm or injury or is not available for work. The suspension will be with full pay, unless the faculty member is not available for work. Before ordering such suspension, the dean must present the evidence to a special panel of the Faculty Consultative Committee and receive their written report. The faculty member must be given the opportunity to contest the suspension before the panel.

If no final decision has been rendered one year after the commencement of formal proceedings, the faculty member shall be temporarily suspended without pay, unless the parties agree otherwise, or unless the panel extends the time period because of undue delays in the procedure attributable to the action of the University. This provision applies only in a case in which the majority of the tenured faculty of the academic unit concurred in the recommendation to terminate the appointment. If the president determines that the temporary suspension without pay was not warranted, then the president shall order the repayment of back pay to the faculty member with interest thereon from the date it would originally have been paid.

In case of any suspension under this section, the faculty member shall continue to receive full medical insurance and disability benefits without regard to the suspension.

14.7 Resignation During Proceedings. A faculty member may submit a written notice of resignation to the president at any time during Judicial Committee proceedings pursuant to this section. Upon the effective date of such resignation, the proceedings will be discontinued unless the faculty member concurrently files a written request with the Judicial Committee that they be carried to completion.

Section 15. Appeals To The Judicial Committee.

15.1 Right To Review. Any faculty member who claims that his or her rights or status under these regulations have been adversely affected without his or her consent may seek review before the Judicial Committee. Cases arising under Sections 4, 7, 7a, 8, 10, or 11 or 12 may be brought directly to the Judicial Committee. In other cases, the faculty member must exhaust all other available University remedies before bringing the case to the Judicial Committee; the Judicial Committee will not proceed with such a case until the appropriate University body has either decided it or has refused to consider it.

15.2 Procedure For Securing Review. A written request for review must be filed with the chair of the Judicial Committee within 30 days of written notice of the action challenged. The request must specify the action complained of and the remedial action the individual seeks. Within 30 days of filing, the chair of the Judicial Committee must send copies of the request to the head of the academic unit concerned and to the senior academic administrator.

The Judicial Committee, however, may extend the time for filing for review for reasons that seem compelling to the committee, such as mental or physical illness, or serious personal or family problems, or doubt concerning when final action was taken.

15.3 Hearings Before The Judicial Committee. The person seeking review has the burden of proving by the preponderance of the evidence that the action complained of was improper unless the Judicial Committee, for good cause, otherwise directs.

The Judicial Committee does not itself decide whether the faculty member is professionally worthy of a faculty position, but only determines whether the action was based in significant degree upon any of the factors specified in subsection 7.7 or Section 8.

In cases involving Section 7, 8, or 11, the Judicial Committee hears the merits of the case, as provided in those sections. In other cases, if there is an appropriate University body to review the matter, the Judicial Committee will only determine whether that body has given the faculty member due process and whether, on the basis of the facts found by that body, there has been a violation of these regulations or of the faculty member's academic freedom. If there is no appropriate University body to hear such a case, or if the Judicial Committee finds that the body which heard the case did not provide due process, the Judicial Committee may hear the merits or may appoint an ad hoc tribunal to hear them.

15.4 Action By The Judicial Committee. The Judicial Committee makes written findings of fact, conclusions, and a recommendation for the disposition of the case.

If the Judicial Committee finds that the action complained of was improper, it also specifies the respects in which it finds the action to have been improper and recommends appropriate remedial action.

If it recommends reconsideration, it may specify the manner in which reconsideration will be undertaken to avoid the influence of improper factors. If a probationary faculty member has reached the maximum probationary period, the committee may recommend a non-regular appointment for an additional academic year to provide for reconsideration.

The Judicial Committee sends its report to the president with copies to the faculty member and the administrator who appeared as respondent.

15.5 Action By The President. The president must give the faculty member and the administrator the opportunity to submit written comments on the report. In determining what action to take, the president may consult privately with any administrators, including attorneys, who have had no previous responsibility for the decision at issue in the case and have not participated in the presentation of the matter to the Judicial Committee. The president may not discuss the case with any administrator who was responsible for the decision at issue in the case or who participated in the presentation of the matter to the senate Judicial Committee. Such administrators may communicate with the president in writing, but only if the full text of the communications is given to the faculty member and the faculty member is given a reasonable opportunity to respond to it.

The president shall not take action materially different from that recommended by the panel unless, prior to the action, the president has consulted with the committee. The parties and their representatives shall not be present at any meeting between the president and the committee nor shall their consent be required for such meeting.

In addition, the president may request the Judicial Committee to make further findings of fact, to clarify its recommendation or to reconsider its recommendation. The reconsideration will be made by those who have heard all of the evidence in the case, but the full Judicial Committee may consult with them on questions of general policy.

The president may impose the action recommended by the committee or any action more favorable to the faculty member. The president may impose action less favorable to the faculty member only for important substantive reasons, which must be stated in writing, with specific detailed reference to the report of the Judicial Committee, the evidence presented, and the policies involved. The president's written statement must be given to the parties and to the Judicial Committee. If the Judicial Committee decides that the president has imposed an action that is less favorable to the faculty member than it had recommended, it shall inform the faculty by publication of the president's action in the docket of the Faculty Senate. If the faculty member waives rights to confidentiality, the full text of the statement will be published. Otherwise a summary of the statement will be published without identification of the faculty member or information that may indirectly

identify the faculty member. The president's written statement must be given to the parties and to the Judicial Committee.

15.6 Actions Requiring Reconsideration. If the Judicial Committee recommends reconsideration of an action, that reconsideration will be undertaken under the supervision of the senior academic administrator, unless otherwise specified. The Judicial Committee may retain provisional jurisdiction of the matter to review allegations that the reconsideration itself was improper, and may make supplementary findings, conclusions, and recommendations in this regard.

15.7 Recommendations For Changes In University Policies And Procedures. As a result of Judicial Committee proceedings, the Judicial Committee, the Tenure Committee or the senior vice president for academic affairs may initiate steps to clarify or improve University rules or policies involved. The changes will not affect the outcome of the case before the committee.

Section 16. Tenure Committee.

16.1 Membership. The Tenure Subcommittee Of The Senate Faculty Affairs Committee (referred to elsewhere in these regulations as the Tenure Committee) is composed of at least seven members of the faculty and such other persons as the University Senate bylaws shall provide. The manner of appointment is governed by the University Senate bylaws.

16.2 Interpretations. The senior vice president for academic affairs and the Tenure Committee may propose formal interpretations of these regulations, consistent with their terms. Such interpretations must be reported to the Faculty Senate and the Board of Regents. If adopted by the Board of Regents, such interpretations will be binding in all cases subsequently arising.

16.3 Procedures. The senior vice president for academic affairs and the Tenure Committee may jointly adopt the procedures provided by subsections 7.4 and 7.61, and jointly approve the procedures proposed by the Judicial Committee under Section 13.2. Such procedures must be reported to the Faculty Senate and the Board of Regents before they go into effect.

16.4 Additional Functions. The Tenure Committee also advises the University and makes recommendations concerning the interpretation and amendment of these regulations, but such advice and recommendations are not binding on the Judicial Committee.

Section 17. Written Notice.

Notices of termination of a probationary appointment, of suspension or termination of an appointment, or of placement on unrequested leave of absence for disability, must be sent by registered or certified mail to the last known residence address of the faculty member concerned and also by campus mail to the faculty member's campus address, if any. The written notice satisfies the applicable time requirement if it is postmarked at or before midnight of the applicable date.

Failure to comply fully with this section is immaterial if, in fact, the faculty member was not prejudiced by such failure.

Section 18. Publication.

These regulations, and the interpretations referred to in Section 16, will be published and made available to all faculty members. Every faculty member who holds a regular or non-regular appointment, except for courtesy faculty appointments without salary, must be given a copy of the current regulations and copies of subsequent amendments or published interpretations.

Section 19. Amendment.

These regulations are subject to amendment by the Board of Regents. Proposed amendments from any source will be submitted to the Faculty Senate for its advice and recommendation before final action by the Board of Regents. The Faculty Senate will solicit the recommendations of the Faculty Affairs Committee, the Judicial Committee, and the Tenure Committee, before giving its advice and recommendation.

[1] A "senior academic administrator" is an officer who has final review authority on academic personnel decisions, and who reports directly to the president and regents, such as a vice president, chancellor, or provost. The president will designate one or more senior academic administrators (vice presidents, chancellors, provosts, etc.) To have responsibility for academic matters for all or part of the University, and will define their respective jurisdictions.

[2] "Service" means performance within the faculty member's expertise, other than teaching and research as defined in section 7.11.

[3] The term "family member" is meant to include a blood relative, or a marital partner, or a domestic partner (registered with the University), or an adoptive/foster child.

[4] The mission of the University includes, where appropriate, outreach activity that extends a faculty member's teaching, research and service beyond the campus or to nontraditional groups of students and citizens. Not every faculty member will have outreach responsibilities.

[5] For interpretation and possible applications, see the interpretative comment that will be provided in accordance with the provisions of subsection 16.2.

[6] Criteria other than those expressly listed in this sentence must be explicitly stated and justified in terms of the mission of the University. Such additional criteria may not impinge upon the academic freedom of the probationary faculty member.

[7] "Teaching" is not limited to credit-producing classroom instruction. It encompasses other forms of communication of knowledge (both to students registered in the University and to other persons in the community) as well as the supervision or advising of individual graduate or undergraduate students.

[8] "Research" is not limited to the publication of scholarly works. It includes activities which lead to the public availability of products or practices which have a significance to society, such as artistic production or the development of new technology or scientific procedures.

[9] "Service" means performance within the faculty member's academic expertise and the mission of the academic unit. It does not include performance of quasi-administrative functions such as membership on faculty or senate committees or other similar activities; those activities are relevant only to the limited extent set forth in the following paragraph of the text.

Where service is not an integral part of the mission of the academic unit, a faculty member's service may be considered, but is not a prerequisite to the awarding of tenure.

Other exceptions may be made only in exceptional circumstances by means of special contract, as provided in subsection 3.6.

The individual's participation in the governance of the institution and other services to the University and service to the academic unit may be taken into consideration, but are not in themselves bases for awarding tenure.

[10] Indefinite tenure may be granted at any time when the candidate has satisfied the requirements. A probationary appointment must be terminated when the appointee fails to satisfy the criteria in the last year of probationary service and may be terminated earlier if it appears that the appointee is not making satisfactory progress toward meeting the criteria within that period.

[11] As used in this policy, "tenured faculty" means those members of the faculty who hold indefinite tenure.

[12] Throughout this section the word "dean" means the dean of the collegiate unit or other equivalent officer or an academic administrator specifically designated for this purpose by the senior academic administrator or by the senior vice president for academic affairs

INTERPRETATIONS

Dated April 12, 1985; September 8, 1988; March 12, 1993 and October 13, 1985

1. Interpretation of Sections 3-9 Promotion and Tenure Decisions Permitted by Provosts and Chancellors during 1995-96.

To accommodate current restructuring of the central administration, final review and related aspects of the promotion and tenure process may occur at the level of provosts and chancellors during the 1995-96 academic year. Provosts and chancellors will receive consultation regarding proper procedures from the Dean of the Graduate School.

2. Interpretation of Subsection 5.5: Retroactive Application.

A probationary faculty member may elect to extend the probationary period by one year if

- (1) the member became a parent, by birth or by adoptive/foster placement, within five years before the effective date of subsection 5.5; and
- (2) has not been given notice of termination.

3. Interpretation of Subsection 5.5: Major Caregiver Responsibilities.

A request for extension of the maximum probationary period for major caregiver responsibilities should be made only if those responsibilities are very substantial and continue over an extended period of time. The probationary faculty member must submit a written application to the head of the academic unit, who will forward it for action and approval through the appropriate University channels. If an administrator does not approve the request, the faculty member may file a grievance under applicable University policies.

4. Interpretation of Subsection 7.11: Consideration of Factors Other than Primary Tenure Criteria.

The use of any factor other than teaching, research, and service in making the decision about a probationary faculty member must be specifically stated and justified at the time of the decision. This rule applies both when that factor is a criterion for judging the candidate's progress and when it is an element in establishing or modifying the standard which the faculty member should achieve.

A change in the program of a unit or college may be used as a factor in a decision only when the change has been adopted in accordance with the established procedures of the University, after consultation as required by those procedures. It must be explicitly identified. If such changes affect the prospects of probationary faculty members to achieve tenure, the faculty members should be given the earliest possible notice of the potential impact of such changes.

5. Interpretation of Subsection 7.11: Discipline-Related Service.

Discipline-related service, as one of the primary criteria for tenure evaluation, is limited to those endeavors specifically related to the individual's academic expertise and faculty appointment in accordance with the academic unit's Mission Statement. This service must be defined in the Mission Statement as central and necessary to the operation of the academic unit. An equivalent term might be "unit mission-related service" — for example, clinical service in a teaching hospital situation that does not involve students directly.

6. Interpretation of Sections 14 and 15: Working Days.

The word "days" is interpreted to imply working days, not calendar days.

7. Interpretation of Amendments to Subsections 14.1 and 14.2: Timely Responses in Cases of Unrequested Leave of Absence, Termination, or Suspension.

The timelines for responses by either the involved faculty member or administrator may be extended by agreement of the parties to the

proceeding or for extraordinary circumstances. An agreement of the parties to extend the time limit shall be in writing, signed by both parties or their representatives. If the parties do not agree, either party may apply to the chair of the Senate Judicial Committee for an extension of the time in which to take the steps required in this section. If the faculty member has failed to act within the time limits prescribed in these sections, the responsible administrator may request the chair of the Senate Judicial Committee to set a specific date by which the faculty member must take action; if the faculty member fails to do so, the petition for review will be dismissed without further proceedings and the requested disciplinary action (or any lesser sanction) may be taken. If the responsible administrator has failed to act within the time limits prescribed in these sections, the faculty member may request the chair of the Senate Judicial Committee to set a specific date by which the administrator must take action; if the administrator fails to do so, the proceedings shall be dismissed and further action can be taken only by reinitiating the entire proceedings.

8. Interpretation of Amendment to Subsection 10.2: Faculty Assignments.

Faculty members are free to choose topics for research or outreach and to discuss all relevant matters in the classroom, in accordance with the principles of academic freedom and responsibility. The head of the academic unit will assign individual faculty members to teach specific courses in accordance with the academic workload statement and other policies adopted by the faculty of that unit. A faculty member may challenge an assignment by showing that it is unreasonable. An assignment is unreasonable if: (a) taken as a whole, it exceeds the workload expected in the workload statement of that unit, (b) the faculty member lacks the basic qualifications to teach the course, or (c) the assignment was made in violation of the faculty member's academic freedom or in violation of another specific university policy. The faculty member should carry out the teaching assignment pending resolution of any grievance, unless the responsible grievance or hearing officer or panel indicates that provisional measures are appropriate.

The meeting adjourned at 10:40 a.m.



STEVEN BOSACKER
Executive Director and
Corporate Secretary

UNIVERSITY OF MINNESOTA

BOARD OF REGENTS

Audit Committee

November 7, 1996

A meeting of the Audit Committee of the Board of Regents was held on Thursday, November 7, 1996, at 1:25 p.m. in Room 238, Morrill Hall.

Regents present: William Hogan, presiding; Julie Bleyhl, 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 President McKinley Boston; Executive Director Steven Bosacker; Associate Vice Presidents Roger Paschke and Richard Pfitzenreuter; Assistant Vice President Paul Tschida; and Director of Audits Gail Klatt.

Student Representatives present: Eric Gustafson and Blessing Rugara.

SENIOR VICE PRESIDENT'S REPORT

Senior Vice President Jackson reviewed the Senior Vice President's Report, which was included in the docket materials.

In response to a question from Regent Hogan regarding receivables, Jackson called on Rob Super, Acting Controller. Super stated that he is confident that progress is being made to bring receivables down, and that there will continue to be a downward trend because of targeted efforts being made to collect from payors owing the largest balances.

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

QUARTERLY DIRECTOR OF AUDITS REPORT

Director of Audits Klatt presented her quarterly report to update the committee on internal audit activities and results for the quarter ending September 30, 1996. A detailed description of the audits can be found in the docket materials.

Klatt explained that follow-up has been done on 66 outstanding audit recommendations noted as essential. In terms of the status of action taken, Klatt stated that the appropriate management personnel are taking appropriate action based on timelines that were established.

Klatt noted two particular areas that have recommendations outstanding:

1) School of Dentistry Contract with Maxillofacial and Oral Surgery, P.A

A recommendation concerning the practice group's payment for Dentistry staff time used in practice activities remains partially implemented, but limited progress has been made. A second recommendation that is still partially implemented is the development of a system to ensure the practice group is reimbursing Dentistry for the cost of supplies and materials. Klatt noted that a change of Dean in the School of Dentistry has had an impact on delays, but adequate time has transpired and progress on the recommendations should have occurred.

2) Graduate and Professional Student Assembly (GAPSA)

Three essential recommendations included the need for formal policies and procedures to be developed; better monitoring of student organizations; and regularly scheduled audits. Klatt explained that to take the corrective action necessary, GAPSA had to examine all student organizations within the University and identify which ones warranted oversight from a centralized point. Issues of the general relationship of student organizations to the University and whether or not they are independent had to be examined. It has taken GAPSA 18 months to look at these issues. Klatt stated that her concern is that the original dates that were set have expired and the action needed has not yet transpired. However, with leadership of student organizations changing every year, progress is slow. Klatt stressed that student organizations need an automated system to help them monitor their financial transactions and operations. With a system in place, the student organizations will be able to identify problems. While the system has been in development for over four years, it still is not functional. Until this resource is in place, GAPSA will not have the information they need to identify oversight issues.

Vice President Boston told the committee that he agrees with Director Klatt's report and stated that the essential recommendations for GAPSA are being addressed as a high priority.

Klatt noted that current audits completed during the quarter were: selected departmental practice plans; University of Minnesota, Duluth's Department of Intercollegiate Athletics; University of Minnesota, Morris; and the Institute of Technology Dean's Office.

Regent Hogan noted that the Office of Information Technology has initiated a project to assess the University's risks related to the Year 2000 and technological exposure. Hogan requested a future agenda item to discuss information technology concerns in depth.

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

ANNUAL EXTERNAL AUDITOR'S REVIEW OF U FINANCIAL RECORDS

Mark Chronister of Coopers & Lybrand distributed a handout and made a presentation on the University's financial statements for the year ended June 30, 1995.

Chronister explained that the most significant audit and closing adjustments related to discontinued operations pertaining to the hospital and the proposed Fairview transaction.

Consistent with the prior year, there were approximately 60 adjusting entries made subsequent to the start of the audit. Chronister noted that with the Fairview transaction and its implications, the process was much more complex. Senior Vice President Jackson agreed and commended Acting Controller Super and members of his staff for their outstanding work during a very complex time.

Chronister noted that the management letter will be completed for the January 1997 meeting.

Jackson extended thanks to Chronister and the Coopers & Lybrand staff for their cooperation in working with the new audit firm, Deloitte & Touche.

IMPLEMENTATION OF INTEGRATED FRAMEWORK OF INTERNAL CONTROL DISCUSSION #4

Senior Vice President Jackson introduced Associate Vice President Pfutzenreuter and Director of University Policy Development Pat Spellacy to present the fourth discussion on implementation of the Integrated Framework of Internal Control (IFIC).

The three prior discussions presented to the committee regarding the IFIC related to the framework for decision making, the proposal evaluation process, and the approval process and delegation of authority. The focus for this discussion is administrative process innovation using the Worldwide Web (WWW).

Pfutzenreuter explained that by incorporating the principles of the IFIC into the administrative process innovation using the WWW, the University will be able to: 1) identify risks; 2) establish procedures to mitigate those risks; 3) deliver information to users in a way that is easy to understand; 4) improve compliance because the controls are incorporated into the procedures; and, 5) improve communication by taking advantage of current technology.

Pfutzenreuter demonstrated an example of using the WWW in the sponsored project process and explained that the goal is to use this approach in other business processes within the University. Pfutzenreuter explained that using networking technology will improve communication, promote ethics, and increase understanding of the research process. Links to networked applications (electronic forms routing, reports, procedures, etc.) will increase compliance, minimize administrative costs, and reduce the time spent by project investigators on administrative activities.

Spellacy noted that historical policy improvements have been made at the University in the past few years by lumping information into digestible components from a policy prospective so that people can take just the information they need. In December 1994, the University of Minnesota became one of the first universities to make this information available on the WWW.

The Grants Management Project has recently made a number of improvements by having financial reports on the WWW, as well as the roles and responsibility document which defines people's roles in the research process at the University.

In response to a question from Regent Larson, Spellacy explained that control analysis is done to mitigate risks of intentional manipulation and/or lawbreaking, and the unintentional use of wrong forms. Through computer technology, many controls

can be put in place including the use of drop down screens which only allow certain codes, etc.

Regent Larson requested a demonstration and discussion on control systems at a future meeting.

Jackson added that one of the criticisms of past processes at the University has been the lack of usable information and the lack of control. This system goes a long way in making information available so that individuals can be held responsible. There is no excuse for a person saying they didn't know the regulations because they had not been updated on the latest information.

Klatt added that control breakdowns are twofold. First, breakdowns exist when people don't understand the policy to begin with, and violations happen unintentionally. Second, the process has been so cumbersome that people intentionally make mistakes out of frustration. The new system will be able to correct both problems because the compliant way is the fastest and most expedient way. If you follow the process, you won't need to understand all the polices that are behind it -- only the steps of the process.

Klatt noted, however, that using technology layers a technology risk on top of the process risk, which is a concern. Technology risks include viruses, hacking, and whether or not your system can handle the demand and traffic.

In response to a question from Regent Hogan, Spellacy stated that the faculty will be excited about the prospect of getting information quickly and easily, as well as the minimized time that faculty will need to spend on process. Spellacy noted that the IFIC was very helpful in turning the principles of internal control into the practice.

Spellacy stated that while the system is still currently in test mode, it will be officially rolled out in December 1996.

Regent Larson expressed concern that while competing for grant dollars, the University will be providing information to possible competitors. Senior Vice President Marshak stated that intellectual property is one of the top issues facing research institutions today. An example of this problem is the University's libraries, which provide resources to students at other Minnesota colleges, as well as to universities across the country. The question of how to avoid that, while providing information to the citizens of Minnesota in an open way as directed under the land-grant charter, is a key question facing the University today.

In response to Regent Hogan's concern that the University is diminishing its competitive ability by putting information on the WWW, Marshak stated that it is more than balanced by the University's responsibility to provide information to the people of Minnesota, the United States, and the world. The issues of intellectual property and the cash that is available by developing intellectual properties in a beneficial way is being examined. Marshak stated that the concern for the future is great.

Hogan stated that he is in favor of openness, but would like to see this issue on the agenda of a future meeting.

Jackson stated that the major purpose of this system was to provide a mechanism to be even more competitive, so that as researchers want to handle projects and grants, they can get to the right information quickly.

Klatt explained that a related concern with networking is that as you put information on the WWW and as you require that access to do the job within the University, the traffic on the infrastructure is increasing at astronomical proportions.

How to garner that traffic and give certain traffic priority over casual users is a concern that must be addressed.

Regent Larson noted that all the concerns identified today are very important and should be considered for future brainstorming.

The meeting adjourned at 2:45 p.m.

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

STEVEN BOSACKER
Executive Director and
Corporate Secretary

UNIVERSITY OF MINNESOTA

BOARD OF REGENTS

Litigation Review Committee

November 7, 1996

A meeting of the Litigation Review Committee of the Board of Regents was held on Thursday, November 7, 1996, at 1:30 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; Vice President Mark Brenner; General Counsel Mark Rotenberg; Executive Director Steven Bosacker; and Associate Vice President Roger Paschke.

Others present: Mark Bohnhorst, William Donohue, Jan Symych, Julie Sweitzer, 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, a non-public meeting of the Board of Regents' Litigation Review Committee be held on Thursday, November 7, 1996, in 325 Morrill Hall, for the purpose of discussing attorney-client privileged matters.

The committee voted unanimously to approve the resolution.

The meeting adjourned at 2:17 p.m.



STEVEN BOSACKER
Executive Director and
Corporate Secretary

UNIVERSITY OF MINNESOTA

BOARD OF REGENTS

Educational Planning and Policy Committee

November 7, 1996

A meeting of the Educational Planning and Policy Committee of the Board of Regents was held on Thursday, November 7, 1996 at 3:05 p.m. in the Regents' Room, 238 Morrill Hall.

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

Staff present: Chancellor Donald Sargeant; Provost Frank Cerra; Senior Vice President Marvin Marshak; Executive Director Steven Bosacker; Vice President Mark Brenner; Associate Vice President Donald Riley; and Assistant Vice President Jane Canney.

Student Representatives present: Eric Gustafson and Andrew Toftey.

SENIOR VICE PRESIDENT'S REPORT

Senior Vice President Marvin Marshak presented the Senior Vice President's Report which was included in the docket materials. The following items were highlighted for the committee:

1. A report on enrollment and course availability of the Interactive Television (ITV) System operated through the Media Resource Center.

2. The Higher Education Services Office (HESO) is considering as part of its biennial request a change in the Minnesota Student Grant Program that will have an affect on grants for University of Minnesota students.

3. The Admissions Office recently completed three Campus Preview Saturdays with over 4,000 students and parents coming to the Twin Cities campus. Marshak commended admissions Director Sigler and his staff.

4. Beginning next year the College of Biological Sciences will admit freshmen for the first time.

5. In preparation for future discussions, Marshak distributed information regarding the attributes of the top thirty universities in the United States as part of the Board's ongoing dialogue regarding access and excellence. He briefly discussed the administration's ongoing efforts to establish a means of comparison with those schools against whom we plan to benchmark and compete.

Regent Hogan inquired about the information comparing the top thirty universities and how that information measures the standards of accessibility and

quality, particularly accessibility. Marshak replied that accessibility is measured by academic competitiveness.

Regent Neel requested clarification on the issue of comprehensiveness in the top thirty institutions. Marshak stated that this measure addresses a policy question with regard to the mission of the institution. Each institution must determine how broad the base of programs should be to best meet the needs of the state.

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

ADMINISTRATIVE POLICY ON THE MERGER OR DISCONTINUANCE OF GRADUATE PROGRAMS

Senior Vice President Marshak introduced Vice President Mark Brenner to report on the development of an administrative policy on the merger or discontinuance of graduate programs.

Brenner stated that this plan, still in the development phase, is under discussion with policy review councils.

The policy statement specifies principles, criteria and procedures to assure that graduate programs at the University of Minnesota remain strong and that they contribute to the overall mission of the University. Restructuring must be accomplished according to accepted principles rather than expediency.

The general criteria for judging viability are quality, centrality, comparative advantage, demand and efficiency. No single criterion will dominate evaluation of specific programs. Where indicated, restructuring may be in the form of merger or discontinuation. Merger means that two or more programs are combined into a single, unified program. When a program is not deemed viable and a satisfactory merger of a program cannot be effected, it will be necessary to discontinue the program. Such discontinuance will provide satisfactory options for graduate students currently enrolled in the program, or on leave, to complete their work.

Regent Sahlstrom noted that this report outlined a procedure for discontinuance; he inquired about a similar outline for adding new programs. Brenner acknowledged the need for such a policy. There is a workplan to establish a series of benchmarks to monitor outcomes of new programs.

Regent Keffeler suggested that the program assessment criteria be shared early on in the review/approval process to develop a common understanding. She added that the Board could give guidance to the administration as to when the Board should receive this information.

Student Representative Toftey inquired about the impact of this policy on undergraduate programs. Brenner responded that there is a strong relationship between resources and strong programs. Strong graduate programs will attract a strong undergraduate program. Regent Keffeler suggested that the impact of undergraduate programs be added as one of the principles for restructuring.

ACADEMIC REPORT SERIES: SCHOOL OF DENTISTRY

Senior Vice President Marshak introduced Provost Cerra and Dean Michael Till. Cerra announced that he is officially engaged in negotiations with a premiere

candidate for the position of Dean of the School of Dentistry. He commended Dr. Michael Till, Interim Dean.

Till stated that the School of Dentistry is one of the top ten schools in the country. He reported on the teaching, research and outreach components of the School.

All programs are fully accredited, including the undergraduate programs and graduate and dental hygiene program. Eighty percent of graduates enter general practice and approximately twenty percent are in specialties. The University of Minnesota Dental School has great regional significance. Because it is the only dental school in the upper tier of the western United States, it attracts many students and practitioners.

Till stressed that the University has one of the best relationships between the academic and the practicing communities in the country. The School of Dentistry is a school in demand -- last year 948 applicants applied for 86 positions. This affords the school the opportunity to enroll exceptional, well-qualified students into the program. The School of Dentistry offers continuing education to more than 5,000 persons per year. The school is also moving into telemedicine.

Research has increased. Since 1987 research dollars have increased from \$1.6 million to \$5.6 million. Till highlighted two of the outstanding research departments at the School of Dentistry: Biomaterials and the Clinical Research Center.

The School of Dentistry is committed to service to the public. The school serves approximately 8,000 patients per month; 100,000 per year. There are facilities for treating special patients, for example, children with disabilities. The school collaborates with other medical departments on campus to serve patients with special needs.

Till briefly outlined the goals for the future. He stated the overall goal is to continue to be a major contributor to the health and well-being of Minnesota. He hopes to strengthen regional potential. He added that the school intends to expand outreach including work with the Rural Health Initiative.

Regent Neel and Dean Till discussed how marketing strategies have helped to increase the number of new patients and other means, such as signs, may continue to increase patient registration.

ACADEMIC COMPUTING INITIATIVES

Regent Sahlstrom reported that the last item on the agenda, Academic Computing Initiatives Report, by Associate Vice President Don Riley will be rescheduled for the next meeting due to time constraints.

The committee adjourned at 4:25 p.m.



STEVEN BOSACKER
Executive Director and
Corporate Secretary

UNIVERSITY OF MINNESOTA

BOARD OF REGENTS

Financial Operations Committee

November 7, 1996

A meeting of the Financial Operations Committee of the Board of Regents was held on Thursday, November 7, 1996, at 3:03 p.m. in Room 300, Morrill Hall.

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

Staff present: Chancellor David Johnson; Senior Vice President JoAnne Jackson; Executive Director Steven Bosacker; Associate Vice Presidents Roger Paschke and Richard Pfitzenreuter; and Assistant Vice President Paul Tschida.

Student Representatives present: James Reed and Tonia Zehrer.

SENIOR VICE PRESIDENT'S REPORT

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

- Education regarding the University's frequent flyer mileage policy is being actively pursued;
- The University's athletic departments have been examining the option of expanding Williams Arena by building lofts above the second deck to be sold as suites.

Jackson introduced Assistant Vice President Tschida who distributed the following proposed resolution relating to the sale of property at 2703 Territorial Road, St. Paul, Minnesota:

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 the University property identified as 2703 Territorial Road, St. Paul, consisting of approximately six acres of unimproved land, to St. Croix partners, LLC, a division of Hubbard Broadcasting Co., for the sum of \$950,000.00, subject to (1) execution of a response order by consent with the Minnesota Pollution Control Agency and its approval of a remedial action plan for the property, and (2) execution of acceptable financial assurance agreements with the Cities of Minneapolis and St. Paul for the environmental remediation of the property.

A motion was made and seconded and the committee voted to recommend approval of the resolution. Regent Anderson abstained from voting on the resolution.

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

PURCHASES OF GOODS AND SERVICES OVER \$250,000

Karen Triplett, Director of Purchasing Services, distributed a resolution relating to the purchase of goods and services over \$250,000. Triplett noted that this was a revised version of the resolution included in the docket materials.

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 increase Coopers & Lybrand annual audit contract by \$177,800 to total \$467,400. Increase is for audits of the Interstate Medical Center, the University of Minnesota Health System Affiliated Clinics, Inc., the Mesabi Regional Hospital, and the Mesaba Clinic.
- To Hollstadt & Associates for \$616,600 to perform project management for the Grants Management Project through December 31, 1996.

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

DEBT RESTRUCTURING RECOMMENDATION

Associate Vice President Paschke presented a resolution pertaining to the proposed restructuring of the University's short-term debt which was outlined to the Committee at the October 1996 meeting.

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

QUARTERLY MANAGEMENT REPORT

Associate Vice President Pfutzenreuter and Carole Fleck, Director of Financial Reporting, explained that the Report on Audit of the Consolidated Financial Statements for the year ended June 30, 1996, is in the final stages of completion. The unaudited Balance Sheet as of September 30, 1996, and the statement of changes in fund balance for the three months then ended cannot be completed until the year-end statements are finalized. Therefore, the Quarterly Management Report will be distributed at a later date.

Pfutzenreuter explained that part of the Grants Management Project is focusing on the design and development of financial and management reports on the Worldwide Web. These reports are designed with the primary audience in mind, including principal investigators and financial managers at all levels of budgetary responsibility within the University.

Fleck and Michelle Gross of Disbursement Services presented a demonstration of financial reports currently being done on the Worldwide Web.

FY96 YEAR-END FINANCIAL OPERATING BALANCES REPORT

Senior Vice President Jackson introduced Associate Vice President Pfutzenreuter and Budget and Finance Officer Julie Tonneson to present the FY96 Year-End Financial Operating Balances Report, which provides specific information on the deficits and balances for Resource Responsibility Centers (RRC).

Pfutzenreuter explained that deficits greater than \$15,000 at year-end totaled \$32.8 million, spread among 112 departmental units. Of those 112 units, 80% is contained within 30 departmental units. It is a large number, but located in a relatively small number of departments.

Year-end balances are a source of investment earnings for central reserves and are necessary for the daily cash flow for the University. Year-end balances are a critical source of funds for academic and administrative units. Balances are not swept back into the central fund at year-end because units tend to take a use-it-or-lose-it position and spend money they normally would not have. Year-end balances are a primary financing method for equipment. Units realizing they have a major piece of equipment to purchase in the future, will manage their budgets to build a reserve for the purchase.

Tonneson explained that the RRCs must complete deficit elimination plans on those deficits exceeding \$15,000. The RRC's deficit elimination plans were submitted in early October and are currently under review by the Budget Office. Deficits over \$15,000 on June 30 without an approved elimination plan, or those that exist because an approved plan was not met, will be charged an 8% TIP rate retroactively for the previous fiscal year.

Pfutzenreuter noted that the objective of the administration is to ensure that all units at the University understand that deficits at the fund/area level should neither be budgeted nor actually exist at fiscal year end.

BONDING OPTIONS (STATE IMPACT)

Senior Vice President Jackson and Associate Vice President Paschke reported on discussions with the State of Minnesota and the issues related to State backing of University debt for construction of housing or other capital projects.

Paschke explained that he and Associate Vice President Pfutzenreuter met with the State of Minnesota's Department of Finance to discuss bonding options related to student housing.

Regent Anderson suggested that the University of Minnesota and the State should attempt to create a situation similar to the 1971 creation of the Minnesota Higher Education Authority, which would enable the University to sell bonds at a lower rate of interest by taking advantage of the State's full faith in credit pledge against default.

Paschke explained that, when meeting with the State's finance officers, they inquired about creating a university program as had been done with private colleges in the past. The finance officers replied that if they did this, and the State either sold bonds directly to the University, or if the University sold them with the State's backing against default, the University's revenues would be required. Equivalent to the University issuing bonds itself, this would count against the University's debt capacity.

Anderson, stressing the unlikely event of default, urged the administration to find a way to take advantage of the State's full faith in credit pledge for the construction of student housing.

Paschke noted that these types of programs, with certainty, will impact the University's credit rating. If the State of Minnesota gifted, or granted, the University dollars without any requirement for repayment, that would not have an impact on the credit rating. Any other variation in which the University has an obligation would impact the debt capacity.

Regent Reagan made a motion suggesting that Regent Anderson, Associate Vice Presidents Paschke and Pfitzenreuter, and State Relations Director Donna Peterson meet and strategize on how to proceed. The motion was seconded, and the committee voted unanimously to recommend approval.

Regent Spence suggested the continued exploration of private funding for residence housing which would not affect the University's debt capacity.

The meeting adjourned at 4:20 p.m.



STEVEN BOSACKER
Executive Director and
Corporate Secretary

UNIVERSITY OF MINNESOTA

BOARD OF REGENTS

Committee of the Whole

November 8, 1996

A meeting of the Committee of the Whole of the Board of Regents was held on Friday, November 8, 1996, at 9:00 a.m. in Room 238, Morrill Hall.

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

Staff present: President Nils Hasselmo; Chancellor Donald Sargeant; Provost 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 Gerald Fischer and Roger Paschke.

Student Representative present: Tonia Zehrer.

ANNUAL U OF M FOUNDATION REPORT

Chair Reagan welcomed Luella Goldberg and Gerald Fischer, Chair and President of the University of Minnesota Foundation (UMF) for the presentation of the UMF's annual report.

Fischer presented the Annual Report, indicating that gift production for 1996 totaled \$74.9 million and total gifts received totaled \$72.0. The twelve-year history of private support of the University indicates that 1996 produced the second highest yearly gift support with 1995 producing the highest yearly support.

Fischer reviewed 1996 gifts by size and donor profile, noting that 45% is donated by organizations, foundations, and corporations; 28% by alumni; 25% by non-alumni; and 2% by faculty and staff. Fifty-six percent of the total gifts received is targeted for academic program support, 20% for scholarships, 11% for capital improvements, 8% for research, and 5% for faculty support and lectures. The University ranked eleventh nationally in 1995 with \$131.6 million in voluntary support. The market value of the University's combined endowment funds was \$955 million as of June 30, 1996, compared to \$827 in 1995.

Fischer reported on the impact of private support on University programs. There were 71 new scholarship endowments created in 1996 and \$14 million in new gifts for scholarships. The University now has \$359 million in endowments to support faculty chairs. There are 240 endowed chairs today compared to 17 in 1985. There are 10 new Distinguished McKnight University Professors. A number of new facilities have been added or upgraded because of private support including the Carlson School of Management, the Masonic Cancer Center and several sports facilities.

Strategies for future growth will focus on strengthening the focus on major gifts, increasing alumni giving, improving stewardship of prior donors, and creating a highly-effective fundraising organization.

Ms. Goldberg stated that she is pleased to serve the University as chair of the Foundation and looks forward to strengthening the partnership between the Foundation and the Board of Regents.

Board members thanked the UMF Board, staff, and volunteers for their tremendous efforts.

REGENTS' POLICY: TARGETED GROUP BUSINESS

A motion was made and seconded to recommend adoption of a Regents' Policy on Targeted Business, Urban Community Economic Development, and Small Business Programs. Senior Vice President Jackson, General Counsel Rotenberg, and Donald Lewis, external counsel, presented updated information on the proposed policy.

Implementation of the proposed policy would require all contractors seeking to bid on major University construction projects, as part of an annual prequalification procedure, to demonstrate their past record and continuing commitment regarding the use of targeted businesses and employment of minorities, women, and disabled persons. The policy calls for the development of a new Urban Community Economic Development program requiring any contractor prequalified to work on major University construction projects to commit to employ workers residing in designated urban communities. It also calls for the continuation, in non-construction procurement of goods and services, of the University's efforts to achieve a meaningful level of purchasing from targeted businesses with an increased emphasis on strategies directed to small businesses. And lastly, the policy calls for a general expansion of efforts, in both construction and non-construction procurement, to award contracts to small businesses, and explore innovative, race-neutral strategies to increase participation by small businesses as University contractors and vendors.

It was reported that the University of Minnesota has implemented a number of special policies since 1979 involving minority and women-owned businesses in the award of construction contracts and the purchase of goods and services. Such affirmative action initiatives have come under national legal scrutiny. The approach recommended in the proposed policy seeks to ensure compliance with applicable laws while reaffirming and enhancing the University's commitment to diversity, equal opportunity, affirmative action, and the economic development of surrounding urban communities.

Jackson reported that approval of the policy today does not mean that all of the processes and procedures are in place to implement the policy. It is estimated that it will take approximately three months after approval to fully implement the policy and fulfill the commitment to the community to ensure that minority programs at the University will carry forward. Jackson called on Lewis to update the committee on the community input.

Lewis reported that a number of community meetings were held during the past month with representatives from business communities that are affected by the University's policies and initiatives. While there have been a number of different opinions and deeply-held feelings on the issue, there has been a common message. Everyone recognizes that the University has been a leader in the area of eliminating discrimination on the basis of race and gender. It has also been a leader in ensuring equal employment and economic opportunity. There is consensus that the University should not surrender that leadership role in this important policy area. There is an

understanding and acknowledgment in the community that the legal framework is shifting and that there is a need to continually review whether the University is achieving what is desired to be achieved in terms of the mission of the University. There is an emphasis on the importance of building a culture committed to implementing the policy goals and a desire from the community for continued input.

Regent Hogan thanked the administration for meeting with the community and requested the following:

1. That prequalification of contractors be done on a periodic basis and not just once a year;
2. That guidelines and goals be developed; and
3. That a small community advisory committee be formed to monitor the program as it proceeds.

Regent Kim stressed the need to scrutinize the program and be prepared to prevent any legal action against the University.

General Counsel Rotenberg addressed the suggestions relating to goals and monitoring indicating that it is lawful and it is the intention of the administration to establish and enforce objective goals which can be utilized to monitor how the policy is implemented. Jackson stated that updates on the status of this policy will be presented periodically.

The committee voted unanimously to recommend adoption of the Regents' Policy on Targeted Business, Urban Community Economic Development, and Small Business Programs.

RECOGNITION OF REGENTS' PROFESSOR EDWARD PRESCOTT

Recognition was given to Regents' Professor Edward C. Prescott from the Department of Economics. Prescott was appointed a Regents' Professor in June 1996. He briefly addressed the committee.

RECOGNITION & INTRODUCTION OF CIVIL SERVICE COMMITTEE MEMBERS

President Hasselmo acknowledged the efforts of the Civil Service Committee. He recognized outgoing Civil Service Committee members Ann Marie Durushia, Larry Etkin, Robert Lundquist, and Linda Molenda. Special recognition was given to Linda Molenda for her work as chair during the past year.

Susan Carlson Weinberg, Chair of the Civil Service Committee, introduced the 1996-97 Civil Service Committee members present at the meeting. The 1996-97 new members are Mary Berg, Michael Nelson, Lynn Schulz, and Mary Yamashita.

ALL-UNIVERSITY HONORS COMMITTEE REPORT

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

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

APPOINTMENTS: UNIVERSITY FOUNDATION TRUSTEES

A motion was made and seconded, and the committee voted unanimously to recommend approval of the following resolution:

RESOLVED, that Regent H. Bryan Neel be appointed to serve on the University of Minnesota Foundation Board of Trustees for a three-year term, November 1996-99; and that David M. Lebedoff, Josie R. Johnson, and Regent Thomas R. Reagan be reappointed to serve on the University of Minnesota Foundation Board of Trustees for three-year terms, November 1996-99.

SUMMARY OF EXPENDITURES

A motion was made and seconded, and the committee voted unanimously to recommend approval of the following resolution:

RESOLVED, that the Summary of Expenditures for the period July 1, 1996 to September 30, 1996 for the Board of Regents' Office, the Office of the President, and Eastcliff Maintenance are hereby approved.

QUARTERLY FACULTY CONSULTATIVE COMMITTEE REPORT

Chair Reagan called on Professor Virginia Gray to present the quarterly report of the Faculty Consultative Committee. Before beginning her presentation, Reagan thanked Professor Gray for her leadership and professionalism during the discussions on faculty tenure over the past year.

Gray indicated that her reports this year will be organized around a central theme of "exit, voice, and loyalty," with today's report focusing on loyalty -- the loyalty of the faculty to the University -- and the benefits that the University gains from such loyalty.

Gray talked about conditions that must be present before loyalty emerges -- stability and continuity. The stability and continuity of the faculty has contributed to the stability of the University as an institution. There are 423 faculty members who have served 30 or more years, 38 of which have served 40 or more years. The institution would not be what it is today without those individuals having made a long-term commitment. The loyalty of the faculty is shown through their long work hours -- averaging 55 hours a week -- their work in the summer when they are not on the payroll; their availability around the clock to consult with students; and their financial contributions to the University -- totaling \$11.3 million in the last capital campaign. And during the most recent discussions on tenure, the faculty, fearing that detrimental changes in the tenure code would lead to a decline in the quality of the institution, came to the defense of their University.

Having a stable core of faculty is important in research. Research projects are often long term and keeping a research team together is important. Faculty members like to work where exciting research and teaching is going on, where colleagues present pathbreaking ideas, and where they can mentor the next generation of leaders. Faculty members will stay with an institution through "thick and thin" when the atmosphere is intellectually exciting.

Loyalty is reinforced by salary, tenure, and overall working conditions. For faculty to make a commitment to the institution, they need to feel that the institution is

making a tangible commitment to them. Faculty at the University of Minnesota are discouraged by their dusty offices and dirty windows. They are discouraged by their lagging salaries. It is hoped that the fulfillment of the biennial request and the resolution of the tenure crisis will alleviate their concerns.

Regent Hogan asked that over the next year the FCC and the administration consider ways to build and strengthen the relationship and loyalty between the faculty, the administration and the Board of Regents. Gray indicated that the rebuilding of relationships is a priority on the agenda of the FCC for the next year.

FEDERAL RELATIONS REPORT

Thomas Etten, Director of Federal Relations, presented a summary on the second session of the 104th Congress.

The 104th Congress recently finished its work with the passage of an omnibus appropriations bill which ensured federal funding for all departments and agencies for FY97. It included significant increases for the National Institutes of Health and student financial aid programs.

Etten reported that lobbying efforts for this session focused on Medicare with respect to medical education, student aid programs, and federal support for research. With regard to Medicare as it relates to medical education, there were no significant changes or reductions made in the program.

With regard to student aid, the largest single increase in the last eight years in the Pell Grant maximum was made by this Congress, raising it to a \$2,700 maximum. Referring to the Direct Loan Program, Etten indicated that repeated attempts were made to abolish the program or change it significantly without success. He believes that the Direct Loan Program is "here to stay." Lobbying efforts of both undergraduate and graduate students played a major role in the success of preserving the student aid programs during this session.

Etten reported that \$74 billion was appropriated for federally-sponsored research in FY97, a 4.1% increase over FY96. Every major research and development agency received an increase in funding except for the NASA and the Department of Interior. A summary of the agencies and the amount that was received by each was included in the docket material. Etten cautioned that there will be significant pressure to continue on a "glide path" to a balanced budget by the year 2002. The pressure on domestic discretionary spending will continue to exist as Congress continues to grapple with growth in the entitlement and mandatory programs. There has been speculation that a projected decrease of 23% in research and development funding will occur by the year 2002. The question of the federal government's role and its support for research and development remains to be answered in the years ahead. Etten acknowledged the work of Congressman Martin Sabo in support of research funding for the University of Minnesota.

Etten reviewed lobbying activities during the past year and expressed appreciation for the number of individuals involved in lobbying efforts. He stressed the importance of visits with members of the Minnesota delegation in Washington as well as the importance of visits by the Minnesota delegation on campus.

SENIOR VICE PRESIDENT'S REPORTS(S)

Senior Vice President Marshak presented the Senior Vice President's Report for the Faculty, Staff, and Student Affairs Committee, included in the docket material.

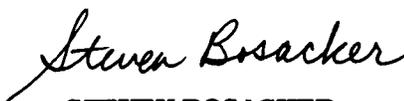
Marshak provided an update on the special collaborative project that the University of Minnesota and the Minnesota State Colleges and Universities (MnSCU) have undertaken, along with members of the Rochester community, to identify "next steps" for the future of public higher education in Rochester. Marshak reported that University representatives have been working with the MnSCU leadership, the Rochester Community Advisory Committee, and other members of the community to discuss a variety of operational and policy-related issues that need to be resolved in order to advance the partnership. Agreement has been reached that the first critical step in launching this unique and unprecedented collaboration be the establishment of a new position entitled "Provost, University Center Rochester." The individual for this new position will be appointed jointly by the University of Minnesota Board of Regents and the MnSCU Board of Trustees and will maintain appropriate reporting relationships with the President of the University and the Chancellor of the MnSCU, or their designees. Funding for the position will be shared equally by both systems. The new Provost will be responsible for coordinating the effective and efficient delivery of educational programs and services at the Center and will play the lead role in developing and implementing the vision for the Center. A copy of the position description is included in the docket material. Approval of the Senior Vice President's Report will authorize proceeding with the establishment of this new position.

A motion was made and seconded to recommend approval of the Senior Vice President's Report for the Faculty, Staff and Student Affairs Committee.

Regent Neel spoke in favor of the Rochester project, indicating that this is a community-driven project and is vitally important for Rochester. It is not only a full and equal partnership for both the University of Minnesota and MnSCU, but also a public-private partnership with the Mayo Foundation, the Minnesota Bible College, Saint Mary's University of Minnesota, and Concordia College School of Adult Learning. This is an immense opportunity for all parties to have a successful educational program in southeastern Minnesota. The efforts of Ettore Infante, Frank Knox, Donald Sudor, and Carol Lund relating to the Rochester initiative were recognized..

The committee voted unanimously to recommend approval of the Senior Vice President's Report for the Faculty, Staff and Student Affairs Committee.

The meeting adjourned at 11:10 a.m.



STEVEN BOSACKER
Executive Director and
Corporate Secretary

UNIVERSITY OF MINNESOTA

BOARD OF REGENTS

November 8, 1996

A meeting of the Board of Regents of the University of Minnesota was held on Friday, November 8, 1996, at 11:20 a.m. in 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. 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; and Acting Vice President Thomas Swain.

APPROVAL OF MINUTES

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

Board of Regents Meeting - October 3, 1996
Litigation Review Committee - October 9, 1996
Facilities Committee - October 10, 1996
Financial Operations Committee - October 10, 1996
Faculty, Staff & Student Affairs Committee - October 10, 1996
Educational Planning & Policy Committee - October 10, 1996
Committee of the Whole - October 10, 1996
Committee of the Whole - October 11, 1996
Board of Regents Meeting - October 11, 1996

REPORT OF THE PRESIDENT

President Hasselmo presented his monthly report, which pertained to a "fly-around" by the President to various communities in the state of Minnesota providing opportunities for discussion of the University's biennial proposal; the University Center Rochester; study of long-range uses of the University's property in Rosemount; incentives for managed growth; and 1996 fundraising results.

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

REPORT OF THE CHAIR

Chair Reagan reported that due to anticipated Board activity surrounding the presidential search, the meetings of the Board scheduled to be held on the Duluth campus in December have been postponed until March or April 1997.

The President Search Advisory Committee continues to work on the selection of a new president. Reagan asked that members of the Board hold the week of December 9 for the possible scheduling of interviews with finalist candidates.

A number of Regents will be visiting with members of the Wisconsin Board of Regents in Madison on November 9 prior to the Minnesota-Wisconsin football game. It is hoped that this type of governing Board networking with other surrounding states can be scheduled in the future.

The Board of Regents had dinner on November 7 with a number of individuals from around the state of Minnesota. Two individuals were chosen from each Congressional District to tour the campus and have dinner with the President and Board members at Eastcliff. The Board will continue to schedule dinners with various constituencies in the future.

Reagan introduced Student Representative Blessing Rugara who presented Regent Jean Keffeler a plaque in appreciation of her work as a Regent of the University of Minnesota. He thanked her on behalf of all students for her dedication and commitment to issues of the University and particularly her commitment to student issues.

Reagan, speaking on behalf of the Board, noted that this will be Keffeler's last Board meeting. He acknowledged her work during the past eight years and stated that the Board will miss Regent Keffeler and her concern for the University of Minnesota. He wished her well on her future endeavors. Keffeler spoke briefly to the committee.

Reagan called on Provost Shively who introduced Steven J. Rosenstone, newly-appointed dean of the College of Liberal Arts. Rosenstone briefly addressed the committee.

RECEIVE AND FILE REPORTS

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

GIFTS

Gerald Fischer, 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

Chair Reagan reported that the committee voted unanimously to recommend:

- a) Adoption of the Regents' Policy on Targeted Group Business as follows:

TARGETED BUSINESS, URBAN COMMUNITY ECONOMIC DEVELOPMENT, AND SMALL BUSINESS PROGRAMS

The Regents strongly believe that the purchasing power of the University should enhance equal employment and business opportunities for minorities, women and disabled persons. Consistent with the Regents' long-standing policies and achievements in advancing diversity, equal employment opportunity and affirmative action, the University should continue to act aggressively both to promote the utilization of businesses owned and

operated by minorities, women, and disabled persons ("targeted businesses"), and to prevent discriminatory practices against such businesses.

Moreover, the University's outreach and public service mission mandates that it foster economic growth in the urban communities of which it is a part. Reduction of poverty and unemployment in our urban community is of vital interest to the University. The University should take advantage of opportunities, presented by its construction projects and its contracts for goods and services, to promote the training and employment of urban community residents in skilled trades and professions.

Accordingly, the Regents direct the Vice President for Finance and Operations to establish and implement (or continue, as applicable):

- a) Targeted Business Program which requires that a contractor, as a condition of bidding on any construction contract where the aggregate project sum exceeds \$100,000, present objective evidence demonstrating (i) its past record and continuing commitment to achieve meaningful levels of participation of targeted businesses as subcontractors and suppliers, and (ii) its commitment to achieve meaningful levels of employment of minorities, women and disabled persons;
- b) an Urban Community Economic Development program which requires, as a condition of any construction contract where the aggregate project sum exceeds \$100,000, that the contractor (i) employ meaningful numbers of residents of our urban communities, such communities designated by the appropriate administrative officer based upon levels of poverty and unemployment, and (ii) collaborate with the University in the development, funding and implementation of programs designed to train residents of such urban communities and to increase the number of such urban residents who are skilled and union-certified in building trades to participate in construction projects at the University and elsewhere; and
- c) programs designed to annually achieve meaningful levels of participation for targeted businesses in non-construction contracts for the purchase of goods and services; and
- d) programs designed to continue and strengthen outreach to small businesses to implement the provisions of Minn. Stat. §137.31, as amended.

The Regents further direct that the appropriate administrative officers aggressively monitor, and take all reasonable actions necessary to ensure, compliance with the above-stated policy and programs. The President shall report to the Regents annually regarding the implementation of this policy, and shall recommend additional actions which may be necessary to achieve its purposes.

- b) 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.

- c) Approval of a resolution relating to the appointment of University Foundation Trustees, as follows:

RESOLVED, that Regent H. Bryan Neel be appointed to serve on the University of Minnesota Foundation Board of Trustees for a three-year term, November 1996-99; and that David M. Lebedoff, Josie R. Johnson, and Regent Thomas R. Reagan be reappointed to serve on the University of Minnesota Foundation Board of Trustees for three-year terms, November 1996-99.

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

RESOLVED, that the Summary of Expenditures for the period July 1, 1996 to September 30, 1996 for the Board of Regents' Office, the Office of the President, and Eastcliff Maintenance are hereby approved.

- e) 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 recommendations of the Committee of the Whole.

Reagan reported that the committee reviewed the annual report of the University of Minnesota Foundation; received a quarterly report from the Chair of the Faculty Consultative Committee; received a federal relations update; and recognized Regents' Professor Edward Prescott and members of the Civil Service Committee.

REPORT OF THE FINANCIAL OPERATIONS COMMITTEE

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

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

RESOLVED, that on the recommendation of the President and the Senior Vice President for Finance and Operations, the appropriate administrative officers are authorized to execute the appropriate documents providing for the sale of the University property identified as 2703 Territorial Road, St. Paul, consisting of approximately six acres of unimproved land, to St. Croix Partners, LLC, a division of Hubbard Broadcasting Co., for the sum of \$950,000, subject to (1) execution of a response order by consent with the Minnesota Pollution Control Agency and its approval of a remedial action plan for the property, and (2) execution of acceptable financial assurance agreements with the Cities of Minneapolis and St. Paul for the environmental remediation of the property.

- b) Approval of the Senior Vice President's Financial Operations Report as presented to the committee and contained in the docket material.
- c) 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 to increase the annual audit contract by \$177,800 to total \$467,400. The increase is for audits of the Interstate Medical Center, the University of Minnesota Health System Affiliated Clinics, Inc., the Mesabi Regional Hospital, and the Mesaba Clinic.
- Hollstadt & Associates for \$616,600 to perform project management for the Grants Management project through December 31, 1996.
- Northco Corporation for \$991,984 to provide maintenance for the Basic Science Building for Facilities Management for the period 11/132/96 through 11/12/97.

- d) Approval of a resolution relating to the restructuring of University debt, as follows:

WHEREAS, it has been proposed that in order to obtain interest rate savings the University proceed with a plan of finance which involves, among other things, the issuance and sale by the University of general obligation bonds of the University in one or more series (the "Bonds") the proceeds of which will be used to refund all or a portion of the Variable Rate Demand Bonds, Series 1985E, 1985F, 1985G, 1985H and 1985I of the University (the "1985 Bonds") and all or a portion of the Series A and Series B Commercial Paper of the University ("Commercial Paper"), and to finance construction and remodeling projects to be undertaken by the University and the acquisition and installation of items of equipment by the University;

WHEREAS, the Bonds in one or more series will be issued pursuant to an Indenture of Trust between the University and a bank or trust company acting as trustee or pursuant to an Order of the University;

WHEREAS, the Indenture of Trust or Order pursuant to which any series of Bonds will be issued will contain the terms of such Bonds and agreements and covenants of the University with respect to the payment of the principal of, premium, if any, and interest on such Bonds;

WHEREAS, Bonds of any series will be sold by the University to one or more investment banking firms, banks or financial institutions which will act as the underwriter of the Bonds, pursuant to an agreement between the University and such investment banking firms, banks or financial institutions;

WHEREAS, the Bonds will bear a fixed rate of interest and as part of the plan of finance it is proposed that the University enter into an interest rate swap transaction to economically convert the fixed interest rate payable on the Bonds to a variable interest rate;

WHEREAS, as part of the plan of finance it is proposed that the University enter into a put option agreement pursuant to which the University would receive upfront and annual payments in exchange for the future obligation by the University to purchase either the Bonds or other municipal bonds which would qualify as defeasance securities for the Bonds;

NOW, THEREFORE, BE IT RESOLVED, by the Regents of the University of Minnesota, as follows:

1. To provide funds to refund a portion of the 1985 Bonds and the Commercial Paper and to finance construction and remodeling projects to be undertaken by the University and the acquisition and installation of items of equipment by the University, the University hereby authorizes the sale and issuance of the Bonds in an aggregate principal amount not in excess of \$190,000,000 (excluding original issue discount, if any, with respect to the Bonds). The Bonds may be issued in separate series or together in one or more series. The Bonds shall be general obligations of the University. It is intended that the interest on the Bonds be excludable from gross income under Section 103 of the Internal Revenue Code of 1986, as amended. The interest rate on any series of Bonds authorized herein shall be a fixed rate as provided in the Indenture of Trust or Order pursuant to which it is issued and the yield on any series of Bonds may not exceed 7.00% per annum. The Senior Vice President for Finance and Operations is authorized to approve the terms of any series of Bonds; including but not limited to the principal amount thereof, the maturity date or dates thereof, the interest rate or rates thereon, and the provisions, if any, with respect to redemption of such Bonds prior to the stated maturity thereof. In no event shall any Bond mature later than 30 years following its date of issuance.

2. The Senior Vice President for Finance and Operations is authorized to negotiate with one or more banks, investment banking firms or financial institutions the terms and conditions upon which one or more series of Bonds shall be sold and issued, and approve the terms of such sale and issuance. The Senior Vice President for Finance and Operations is authorized to negotiate with a counterparty the terms and conditions of an interest rate swap agreement or agreements (whether one or more, the "Rate Swap Agreement") pursuant to which the University will agree to pay a variable rate in exchange for receiving a fixed rate. The Senior Vice President for Finance and Operations is authorized to negotiate the terms of the Rate Swap Agreement, including but not limited to, the notional amount, the rates payable by either party, the collateral or other security arrangements, the optional termination rights and the scheduled termination date; provided that in no event shall the notional amount of the Rate Swap Agreement exceed the greater of the principal amount of the Bonds or the net proceeds of the Bonds and in no event shall the termination date of the Rate Swap Agreement be later than the final maturity date of the Bonds. The Senior Vice President for Finance and Operations is authorized to negotiate with a counterparty the terms and conditions of a put option agreement or agreements (whether one or more, the "Put Option Agreement") pursuant to which the University will grant certain put option rights relating to the Bonds or other municipal bonds which qualify as defeasance securities for the Bonds, including, but is not limited to, the principal amount subject to the Put Option

Agreement, the deliverable securities under the Put Option Agreement, the method of determining the purchase price of any securities delivered under the Put Option Agreement, the timing of the put rights granted, the put fees payable to the University, the collateral or other security arrangements, the optional termination rights and scheduled termination date; provided that (i) in no event shall the termination date of the Put Option Agreement be later than the final maturity date of the Bonds and (ii) the total amount payable by the University pursuant to the Put Option Agreement shall not exceed the principal amount (or net proceeds, if greater) of the Bonds plus a maximum of six months' accrued interest on the Bonds plus any termination payments the University may be entitled to receive under the termination provisions of the applicable portion of the Rate Swap Agreement entered into in connection with the Bonds.

3. In connection with the issuance of any series of Bonds the President and Treasurer are authorized to execute and deliver on behalf of the University the Indenture of Trust or Order of the University under which the series of Bonds is issued in the form and containing such covenants, agreements, representations and warranties of the University as may be approved by the Senior Vice President for Finance and Operations and the General Counsel, and the Secretary and Treasurer are authorized to execute and deliver the Bonds in accordance with such Indenture of Trust or Order of the University. The signatures of the Secretary and/or Treasurer on the Bonds may be by facsimile.

4. The President and Treasurer are authorized to execute and deliver a purchase agreement with the initial purchaser or purchasers of any series of Bonds in the form and containing such covenants, agreements, representations and warranties of the University as may be approved by the Senior Vice President for Finance and Operations and General Counsel.

5. In connection with the issuance of the Bonds, the President and Treasurer are authorized to execute and deliver a Rate Swap Agreement with a counterparty where the University will agree to pay a variable rate in exchange for receiving a fixed rate. The Rate Swap Agreement shall be in the form and contain such rights, obligations, covenants, agreements, representations and warranties of the University as may be approved by the Senior Vice President for Finance and Operations and General Counsel.

6. In connection with the issuance of the Bonds, the President and Treasurer are authorized to execute and deliver a Put Option Agreement with a counterparty, pursuant to which the University will grant certain put option rights relating to the Bonds, or other municipal bonds which qualify as defeasance securities for the Bonds. The Put Option Agreement shall be in the form and contain such rights, obligations, covenants, agreements, representations and warranties of the University as may be approved by the Senior Vice President for Finance and Operations and General Counsel.

7. The Senior Vice President for Finance and Operations is authorized to approve the Preliminary Official Statement and the final Official Statement to be prepared and distributed by the University to any purchaser or potential purchaser of a series of Bonds, and the President is authorized to execute and deliver the final Official Statement.

8. The appropriate University officers are authorized to execute and deliver all other documents, certificates and to take such action as may

be necessary or appropriate for complete of the issuance and sale of the Bonds and refunding of the 1985 Bonds and the Commercial Paper.

9. The Secretary and other officials of the University are authorized and directed to prepare and furnish to any purchasers of the Bonds certified copies of all proceedings and records of the University as may be required or appropriate to evidence the facts relating to the legality of the Bonds as such facts appear from the books and records in the officers' custody and control or as otherwise known to them; and all such certified copies, certificates and affidavits, including any heretofore furnished, shall constitute representations of the University as to the truth of all statements contained therein.

10. 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. In the absence of the President or Treasurer, any Indenture of Trust, Order, final Official Statement, purchase agreement with the initial purchaser or purchasers of any series of Bonds, Rate Swap Agreement, Put Option Agreement or any other document to be executed by the President or Treasurer may be executed by the Chair or Vice Chair instead of the President and by the Secretary instead of the Treasurer. In the absence of the Senior Vice President for Finance and Operations, all authority granted to the Senior Vice President for Finance and Operations by this resolution may be executed by the Treasurer.

11. The Senior Vice President for Finance and Operations is authorized to determine the amount of the proceeds of the Bonds which are to be applied to the refunding of the 1985 Bonds and the Commercial Paper. To the extent that such proceeds are not sufficient to fully retire the 1985 Bonds and Commercial Paper the Treasurer shall pay the principal amount of the 1985 Bonds and Commercial Paper not refunded by the proceeds of the Bonds from other funds of the University. The Senior Vice President for Finance and Operations is authorized to designate the construction and remodeling projects and items of equipment to be financed with the proceeds of the Bonds. The Treasurer is hereby authorized on behalf of the University to make declarations of official intent pursuant to Section 1.103-18 of the Income Tax Regulations, with respect to any costs of projects or equipment which may be paid by the University prior to the issuance of the Bonds and which costs the University reasonably intends to reimburse from proceeds of the Bonds.

12. In order to provide funds to purchase obligations delivered to the University under any put option agreement entered into with respect to the Bonds, the University hereby authorizes a commercial paper program and the issuance by the University of its commercial paper pursuant thereto in an amount necessary to pay the purchase price of the obligations delivered to the University under the put option agreement, and to pay costs of issuance related to such purchase and refunding of the Bonds. Such commercial paper shall be issued pursuant to an Indenture of Trust between the University and a bank or trust company acting as trustee or pursuant to an Order of the University. The Senior Vice President for Finance and Operations is authorized to approve the terms of the commercial paper program; including but not limited to the principal amount thereof. Commercial paper issued under such program shall mature no later than 30 years following the date of issuance of the Bonds. The authorizations contained in Sections 2, 3, 4, 7, 8, 9 and 10 of this resolution with respect to the Bonds shall also apply to the commercial paper program. In addition, the Senior Vice President for Finance and Operations is further authorized to negotiate with one or more commercial banks, insurers or other credit support or liquidity facility provid-

ers the terms and conditions of any credit support or liquidity facility for the commercial paper issued pursuant to such commercial paper program, and the President and Treasurer are authorized to execute and deliver any agreements of the University with the provider of any such credit support facility or liquidity facility. Such agreements shall be in the form and contain such rights, obligations, covenants, agreements, representations and warranties of the University as may be approved by the Senior Vice President for Finance and Operations and General Counsel.

13. This resolution shall be filed within 30 days of its adoption in the publicly available official books and records of the University. This resolution shall be available for inspection at the office of the Secretary during normal business hours of the University on every business day until the date of issuance of the Bonds.

The Board of Regents voted unanimously to approve the recommendations of the Financial Operations Committee. Regent Anderson abstained from the vote on the sale of property at 2703 Territorial Road.

Bleyhl reported that the committee reviewed the quarterly management report and the FY96 year-end financial operating balances report. The committee also engaged in a discussion relating to bonding options.

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 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 an administrative policy on the possible merger or discontinuance of graduate programs and reviewed information on the School of Dentistry as part of the Academic Report Series. The agenda items relating to academic computing initiatives was delayed due to time constraints.

REPORT OF THE AUDIT COMMITTEE

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

- a) Approval of the Senior Vice President's 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.

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

Hogan reported that the committee also reviewed the annual external auditor's review of University financial records and engaged in a continued discussion relating to the implementation of the Integrated Framework of Internal Control.

REPORT OF THE LITIGATION REVIEW COMMITTEE

Regent Peterson reported that the committee met in non-public session on October 9, 1996 to discuss attorney-client privileged matters.

NEW BUSINESS

President Hasselmo recognized a representative of the Progressive Student Organization who presented a statement to the Board requesting the preservation of academic freedom and tenure at the University of Minnesota.

The meeting adjourned at 11:59 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**

**November 27, 1996
December 11-13, 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

November 27, 1996
December 11-13, 1996

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UNIVERSITY OF MINNESOTA

BOARD OF REGENTS

November 27, 1996

A special meeting of Board of Regents was held on Wednesday, November 27, 1996, at 9:10 a.m. in Room 238, Morrill Hall.

Regent present: Thomas Reagan, presiding. Regents participating via telephone: Wendell Anderson, Julie Bleyhl, Warren Larson, H. Bryan Neel, Michael O'Keefe, William Peterson, Jessica Phillips, Stanley Sahlstrom, and Patricia Spence.

Staff present: Senior Vice President Marvin Marshak and Executive Director Steven Bosacker.

RESOLUTION TO DESIGNATE FINALISTS FOR PRESIDENT

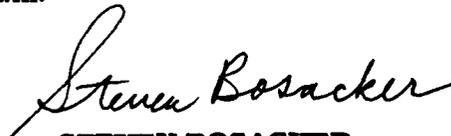
Regent Reagan made a motion to designate as finalists three candidates for the president of the University of Minnesota, as recommended by the advisory committee for the presidential search. The candidates are William Muse, Judith Ramaley, and Mark Yudof.

Regent Spence thanked the advisory committee for their diligent work in seeking out the candidates. Spence also commended Regent Reagan and Executive Director Bosacker for their careful study in determining the process for a high-quality search.

Reagan noted that the members of the advisory committee put in many hours of work during the search while studying the applications and checking references.

The motion was seconded, and the Board of Regents voted unanimously to approve the designation of William Muse, Judith Ramaley, and Mark Yudof as finalists for the candidacy of University of Minnesota president.

The meeting adjourned at 9:16 a.m.



STEVEN BOSACKER
Executive Director and
Corporate Secretary

UNIVERSITY OF MINNESOTA

BOARD OF REGENTS

December 11, 1996

A special meeting of the Board of Regents of the University of Minnesota was held on Wednesday, December 11, 1996, at 4:36 p.m. in the Terrace Room, St. Paul Student Center.

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

Staff present: Senior Vice President Marvin Marshak and Executive Director Steven Bosacker.

PANEL DISCUSSION WITH PRESIDENTIAL CANDIDATE MARK G. YUDOF

Regent Reagan introduced presidential candidate Mark G. Yudof, Provost and Executive Vice President, University of Texas at Austin. Yudof addressed the Board, and a question and answer session followed. An audiotape of the discussion is available for review at the Regents' office.

The meeting adjourned at 5:30 p.m.



STEVEN BOSACKER
Executive Director &
Corporate Secretary

UNIVERSITY OF MINNESOTA

BOARD OF REGENTS

Litigation Review Committee

December 12, 1996

An emergency meeting of the Litigation Review Committee of the Board of Regents was held on Thursday, December 12, 1996, at 11:25 a.m. in Room 325, Morrill Hall.

Regents present: Thomas Reagan and Patricia Spence. Regent Peterson, presiding, participated via telephone.

Staff present: President Nils Hasselmo; Provost Frank Cerra; Senior Vice President JoAnne Jackson; General Counsel Mark Rotenberg; and Executive Director Steven Bosacker.

Others present: Mark Bohnhorst and William Donohue. Jan Symchych participated via telephone.

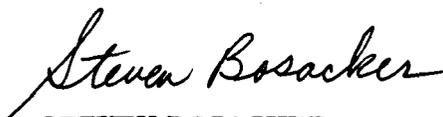
**RESOLUTION TO CONDUCT NON-PUBLIC MEETING
OF THE LITIGATION REVIEW COMMITTEE**

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. 1c(c), an emergency non-public meeting of the Board of Regents' Litigation Review Committee be held on Thursday, December 12, 1996, in 325 Morrill Hall, for the purpose of discussing attorney-client privileged matters pursuant to Minnesota State Statute 471.705, Subd. 1d(e).

The committee voted unanimously to approve the resolution.

The meeting adjourned at 11:27 a.m.



STEVEN BOSACKER
Executive Director and
Corporate Secretary

UNIVERSITY OF MINNESOTA

BOARD OF REGENTS

December 13, 1996

A meeting of the Board of Regents was held on Friday, December 13, 1996, at 7:40 a.m. in 238 Morrill Hall.

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

Staff present: 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: Mario Bognanno, William Donohue, Marcia Fluer, and Terrence O'Connor.

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 Friday, December 13, 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 7:42 a.m.



STEVEN BOSACKER
Executive Director and
Corporate Secretary

UNIVERSITY OF MINNESOTA

BOARD OF REGENTS

Committee of the Whole

December 13, 1996

A meeting of the Committee of the Whole of the Board of Regents was held on Friday, December 13, 1996, at 8:16 a.m. in Room 238, Morrill Hall.

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

Staff present: Chancellors David Johnson, Kathryn Martin, and Donald Sargeant; Provost Frank Cerra; Senior Vice Presidents JoAnne Jackson and Marvin Marshak; Executive Director Steven Bosacker; General Counsel Mark Rotenberg; Vice Presidents McKinley Boston and Mark Brenner; Associate Vice Presidents Carol Carrier, Gerald Fischer, Robert Kvavik, Roger Paschke, Richard Pfitzenreuter, and George Robb; and Assistant Vice President Paul Tschida.

Student Representative present: James Reed.

OATH OF OFFICE FOR REGENT MICHAEL O'KEEFE

President Hasselmo administered the oath of office for newly-appointed Regent Michael O'Keefe.

SENIOR VICE PRESIDENT'S REPORT(S)

Regent Reagan explained that due to time constraints, Senior Vice President Marshak's report on Academic Affairs would be given at a later date.

JoAnne Jackson, Senior Vice President for Finance and Operations, explained that three projects previously approved in the capital budget are being presented for schematic design approval and authorization to proceed with construction. They are: Williams Arena seating expansion project, Crookston campus controlled environmental science facility, and Lind Hall fourth floor geometry center. Three projects which were not previously approved by the Board as a part of the capital budget are presented for incorporation into the capital budget. They are: St. Paul Student Center convenience store, University Stores south renovation to relocate Office of Measurement Services, and Printing Services building roof replacement.

Associate Vice President Paschke presented a resolution related to a financing structure for steam plant improvements and other capital projects 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 Report, including the resolution related to a financing structure for steam plant improvements and other capital projects.

REGENTS' POLICY: FACULTY TENURE - MORRIS CAMPUS

Regent Reagan presented a resolution related to tenure at the University of Minnesota, Morris campus.

Regent Spence urged her colleagues to approve the resolution, stating that she feels it is in the best interest of the Morris faculty. The faculty has felt that unsettled tenure issues affect faculty retention and recruitment. Spence explained that it is unfair to the Morris faculty, who have opted against union representation, to leave the issue unresolved. Spence noted that she and Regent Reagan have offered to meet with faculty at the Morris campus at their earliest convenience to consult regarding any necessary technical changes to the resolution.

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

INSTITUTIONAL PERFORMANCE REPORT

President Hasselmo presented the Institutional Performance Report, explaining that this report serves as the mechanism for annual reporting and communication of the University's progress in reaching its U2000 critical measures and performance goals.

Hasselmo stated that while there has been criticism that there is no change at the University of Minnesota, the truth is that the University is in the process of aggressive change.

Senior Vice President Marshak noted a recent Star Tribune article which surveyed other Universities, considered "fast-moving," and gave examples of how the University of Minnesota has implemented many similar programs without using surcharges on tuition or dropping as many of its departments as the other institutions.

Associate Vice President Kvavik reported the progress on six critical measures: 1) characteristics of entering students; 2) graduation rate; 3) sponsored funding; 4) investment and voluntary support; 5) faculty of color and women faculty; and, 6) facilities infrastructure.

Kvavik noted an outstanding recruiting year, with the Twin Cities and Crookston campuses above goal: 73.6% of Twin Cities freshmen were from the top quartile of their high school classes; 49.8% of Crookston freshmen were in the 40th-80th percentile class rank range of their high school classes.

Five-year graduation rates for the class entering in 1991 were at or above goal. Five-year graduation rates for students of color across all campuses was up 6.3%.

Regarding sponsored funding, faculty brought in \$304 million, up from \$293 million in 1995. The Twin Cities, Morris, and Crookston campuses all exceeded their sponsored funding goals. The University maintained its ranking of 16th in research and development funding from the federal government, bringing in \$180 million in 1994, up from \$169 million in 1993.

The annualized return for the year that ended June 30, 1996 was 22% on endowments held by the University of Minnesota Foundation, and 21% on University-held endowments -- both in the upper quartile of the 355 higher education institutions reporting.

The University of Minnesota ranked 11th nationally in total voluntary support, with private gifts, non-contractual research grants, and bequests totaling \$132 million in 1995.

Across all of the campuses, the University is above 1996 goals for faculty of color and women faculty.

Kvavik noted that the enrollment of students of color is an area requiring continued attention. The numbers of students of color graduating from high school in Minnesota are much lower than projected when goals were set. The ACT scores, which are the best indicator of college-bound students, has declined, meaning that the pool of students of color in Minnesota is not anywhere near expected. Nevertheless, the University enrolls 30% of all college-bound students of color in the state, versus 15% of white students. While the University is getting a tremendous yield on that pool, the numbers are very discouraging. Kvavik stated that these statistics show that it is absolutely critical that the University of Minnesota strengthen its activities with the K-12 system, because the solution is the success rate in high schools.

Regarding deferred renewal, the goal is to reduce costs to \$750 million by the year 2000. In spite of \$94 million in investments from FY94 to FY97, deferred renewal will have increased to over \$1 billion by the end of the current fiscal year.

The goal to decrease by 50% the number of buildings that do not meet specified safety and accessibility standards by the year 2000, has fallen short because of lack of funding.

In response to a question from Regent Kim, Marshak explained that while the numbers of faculty of color and women have improved, there is more room for improvement. Unit administrators now consider diversity when evaluating their unit's annual budget reviews. Regarding recruitment of students of color, Marshak stated that the numbers of students of color graduating from Minnesota high schools is tragic. The statistics show the necessity for transition from one program to the next. Marshak stated that President Hasselmo has directed him and Vice President Barcelo to continue to work on coordinating programs to make sure that there is a pipeline to keep students connected from program to program, particularly around the crucial age of fourth and fifth grade.

Marshak noted that Director of Admissions Wayne Sigler has been particularly effective in reaching a diverse student body. Regent Hogan requested that Sigler come before the Board at a future meeting to discuss admissions and diversity issues.

Regent Neel expressed enthusiasm for the 14 critical measures and the monumental task of putting them in place. Having seen the first major implementation of these benchmarks, Neel stressed the importance of staying focused on the measures.

Regent Sahlstrom commended the administration for the developments made to make the total experience for students better. President Hasselmo agreed, and noted the new publication entitled, *That Was Then, This is Now*, which details the many changes made to improve the educational experience offered at the University.

ANNUAL FINANCIAL REPORT

Senior Vice President Jackson and Associate Vice President Pfutzenreuter presented the 1996 Annual Financial Report.

Pfutzenreuter noted that current fund revenues, which support the day-to-day operation of the University, are up \$54 million dollars compared to the prior fiscal year. To reduce overhead expenses, the University is making strides by reducing expenditures in the area of institutional support.

Pfutzenreuter explained that the merger of the hospital with Fairview has increased the University's financial strength.

The ratio which demonstrates the University's liquidity and financial strength shows that the institution has sufficient liquid assets to satisfy all related liabilities and long-term debt. This indicator of financial strength determines the University's financial rating, which is currently AA.

A significant improvement has been made in the area of expendable fund balances, which determine the institution's ability to support current level of operations from all available expendable resources. This improvement is due, in part, to the merger of the hospital.

Pfutzenreuter noted that in the face of declining state support, the University has obtained federal, private and other resources to offset the decline. While there was a slight improvement in the percentage of state support when compared to 1995, Pfutzenreuter cautioned that the University faces a biennial budget request that starts with a one-time appropriation of \$53 million, and it is not certain that this amount will level out.

In response to a question from Regent Hogan, Jackson stated that the University of Minnesota is one of few institutions to obtain such a high credit rating. We are likely the only Big 10 university to do so.

FAIRVIEW-UNIVERSITY MEDICAL CENTER

Senior Vice President Jackson introduced General Counsel Rotenberg, Provost Cerra, Associate Vice President Carrier and Dr. Roby Thompson, chair of University of Minnesota Physicians (UMP), to discuss the Fairview transaction update.

Jackson explained that this report was promised at the July 11, 1996 meeting to bring the Board up-to-date on any changes, differences, or departures that have occurred between the time of the original authorization and where things stand as the transaction is coming to a close.

Cerra stated that the affiliation agreement between the University and Fairview is the cornerstone of the entire relationship. The elements of the affiliation agreement include: 1) preserves a world-class hospital on the University campus and supports the education and research mission of the Academic Health Center (AHC) schools; 2) assures access to University faculty by all Minnesota citizens for health care as permitted by insurance coverage; 3) is not an exclusive relationship; 4) public mission will be fulfilled; 5) provides support for education and research at Fairview-University Medical Center; 6) establishes research and education committee in the Fairview System; 7) AHC professional schools within the University maintain control of education and research programs; 8) guarantees a mechanism to track expenses related to education and research; 9) provides for accountability that University public funds will not be used to support the other businesses of Fairview; and, 10) University faculty remain employees of the University and provides Fairview access to faculty for education and research services and activities.

Thompson highlighted the agreement between UMP and Fairview Corporation, noting that in the governance, a seat has been provided for a Fairview executive on the Board of Directors. In return, there is a seat for a member of the UMP Board of Directors on the Division Board of Fairview and on the Fairview advisory and planning committees. A coordinated management council has been crafted for joint decision-making. Provisions for cross services with the new hospital have been made. One of the most important issues from the physicians' point of view has been some control over the ambulatory outpatient clinic environment. The UMP agreement provides that the parties have agreed to consider reorganization sometime in the next two years and agree on ancillary control and revenue in general fashion for the future. The UMP agreement provides that new sources of revenue for research and development will be pursued in a manner that would allow translational research funds to come under University control, but be directed toward translational research by the faculty. Thompson noted that this

is a "preferred" relationship as far as the faculty is concerned -- not an "exclusive" relationship -- and is clearly spelled out as such in the documents.

Rotenberg stated that many hundreds of hours have been spent on over 30 different agreements which need to be approved. Rotenberg reminded the Board that they have reviewed the governance documents and provided clear parameters in their resolutions regarding the type of governance structure the Regents wanted to see in place to protect the public interest and the University in going forward with the merger. As the governance documents are being solidified, they are generally consistent with the terms of the Memorandum of Understanding entered into on January 12, 1996.

Fairview has not agreed to include a specific reference to the University of Minnesota into its mission statement, but they have agreed to discuss this at a future meeting of their board. Rotenberg noted that Provost Cerra will attend this meeting and stress the importance of adding the University explicitly to its mission statement.

Rotenberg explained that there are dozens of documents which need to be finalized for the transaction to close. Very few are in final form and agreement has not been reached on many. Rotenberg noted that the out-state affiliates may not have finalized their agreements by January 1, 1997.

Rotenberg stated that a number of outstanding labor issues have been the focus of attention for the Board of Regents. At this time, Regent Bleyhl recused herself from the discussion and left the meeting.

Rotenberg explained that AFSCME Local 1164 has sued the University in federal court alleging that the deal violates the federal law known as ERISA, dealing with benefits structures, in particular that the University is unlawfully withholding the benefits to which the workforce is entitled under the layoff/non-renewal program. Negotiations with AFSCME to resolve the lawsuit and the accompanying grievance are currently pending.

Senior management received updated due diligence reports in late November, and a final due diligence report from outside experts will be provided to senior management immediately prior to the close.

Carrier gave an update on current human resources issues. For the approximately 3,000 non-union employees, the University has now implemented a priority hiring program. Highlights of the completed transition plan include: 1) lump sum payment calculated on a 12-month difference between Fairview and UMHC rates for health insurance premiums, base salary, and paid time off (PTO); 2) employee option of cash payment for portion of employee's unused sick leave; 3) transfer of employee's accumulated PTO to Fairview; 4) hiring priority to employees laid off by Fairview prior to December 31, 1998; and, 5) waiver by employees of future claims and grievances against the University.

For the approximately 1,300 represented employees (pending resolution on one outstanding grievance), a tentative agreement has been reached on all transition issues. Impact bargaining continues with AFSCME. Agreement on a transition package has not yet been reached.

Jackson stated that Bear Stearns has reviewed all documents and will deliver their reasonableness opinion prior to signing of the documents.

After going through a detailed review of all balance sheet items, Jackson stated that unencumbered cash amounts to \$64.1 million, lower than the \$70.2 million originally estimated. Jackson explained that the lower amount is not due to concessions made during negotiations, but due to the detailed analysis of workers compensation liability, which cannot be transferred to Fairview, and the liability must stay with the University. There are four items still in dispute as to whether they will

transfer to Fairview or stay with the University. Those items equal approximately \$5 million dollars.

Jackson stated that the anticipated effective date of the closing will be December 31, 1996, at which time the legal transfer of responsibility of the hospital takes place. There will be approximately 60 days to complete the audit. The note established at the time of the closing will be paid off in approximately 90 days.

Jackson highlighted the departures from the July 1996 presentation to the Board of Regents: 1) The mission statement -- While Fairview is not objecting to the University reference, they want this to be addressed post-closing when Provost Cerra will be on the committee. 2) Affiliated clinics -- Negotiations are still going on with affiliated clinics regarding transfer to Fairview. 3) Annual grants -- The annual grants referred to as the 3.5% of Fairview's net income coming to the University did not generate much income in the first five years, which was all that was analyzed. After analyzing the transaction, it became evident that Fairview would need to rent additional space from the University for potentially longer than the one year originally estimated. The rental income that the University will receive from Fairview is equal to approximately \$4.5 million annually, which will make the grant amount less. 4) The exit strategy -- the original exit strategy provided that Fairview could only use Unit J, which the University is selling to Fairview, for health care purposes. The new exit strategy allows for compatible uses of Unit J or repurchase of Unit J at the University's option.

Refinements and clarifications that need to be brought to the Regents' attention are: 1) the definition of hospital business premises (broken down into baseline programs, outpatient clinic, and education, research and clinic component implications); 2) the service agreement with basic services and core principles have been outlined; 3) Regents' rules relating to practice plans are proceeding with development of UMP; 4) space had to be defined as core, transitional core, and transitional; 5) the note repayment has been expanded to cover default provisions; and, 6) the human resources benefits for transferred employees has improved.

Remaining negotiation items to be completed include the agreements between Fairview and the affiliates; the determination of continuing University legal and financial liabilities for UMHC; the determination of continuing University legal and financial liabilities for affiliates; the agreement between Fairview and UMP; the continuation of purchased services procedures; the completion of dispute resolution and exit strategy; miscellaneous subagreements, e.g. clinical research center, IRB function, etc.; and clarification of Fairview reporting requirements for debt offering.

Jackson reminded the committee that at the July 1996 meeting, it was agreed that any significant departures would be brought back to the Board for reconfirmation. Jackson distributed a resolution relating to four significant departures from the July 11, 1996 resolution.

A motion was made and seconded, and the committee (with Regent Bleyhl abstaining) voted to recommend approval of the following resolution:

**RESOLUTION RELATED TO THE SALE OF CERTAIN ASSETS
OF THE UNIVERSITY OF MINNESOTA HOSPITAL AND CLINIC TO
FAIRVIEW HOSPITAL AND HEALTH CARE SERVICES,
AND AN ACADEMIC AFFILIATION WITH FAIRVIEW HOSPITAL
AND HEALTH CARE SERVICES**

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

WHEREAS, on July 11, 1996, the Board of Regents received and reviewed an extensive report in regard to the status of the transaction, reviewed the report with the President, the Senior Vice President for Finance and Operations, the Provost for the Academic Health Center, and the General Counsel ("Senior Officers of the University") and by resolution granted to the Senior Officers the authority to proceed to consummate the transaction consistent with the terms of the report; and

WHEREAS, the Senior Officers have provided periodic reports to the Board of Regents on the status of negotiations, the progress and completion of due diligence, and related matters, and have on this date reported to the Board of Regents on the status of negotiations in relation to the terms of the report provided on July 11, 1996 and contained in the Board of Regent's resolution of July 11, 1996; and

WHEREAS, it is understood that all issues related to the transaction have not been resolved, and that negotiations continue as to certain matters;

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

The Board of Regents hereby affirms the delegation of authority to the Senior Officers of the University to consummate the transaction as provided in the resolution of July 11, 1996 and as further modified by today's report.

SELECTION OF NEW PRESIDENT

Regent Reagan opened for discussion the selection of the next president of the University of Minnesota.

Regent Anderson made a motion to select Mark G. Yudof as the 14th president of the University of Minnesota.

Reagan noted that the nomination process was inclusive and open, with over 200 nominees considered. Reagan introduced Jerry Christenson, chair of the 11-member Advisory Committee for the Presidential Search, who thanked the Board of Regents for their support without influence.

President Hasselmo stated that nothing is more satisfying than to have a successor whom he is sure will continue the important agenda that the Board has set.

Regent Phillips noted that from a student's perspective, Yudof was an excellent candidate with a pro-student track record.

Regent Sahlstrom seconded the motion and the Board of Regents voted unanimously to select Mark G. Yudof as the next president of the University of Minnesota.

The meeting adjourned at 10:36 a.m.



STEVEN BOSACKER
Executive Director &
Corporate Secretary

UNIVERSITY OF MINNESOTA

BOARD OF REGENTS

December 13, 1996

A meeting of the Board of Regents of the University of Minnesota was held on Friday, December 13, 1996, at 10:38 a.m. in Room 238, Morrill Hall.

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

Staff present: Chancellors David Johnson, Kathryn Martin, and Donald Sargeant; Provost Frank Cerra; Senior Vice Presidents JoAnne Jackson and Marvin Marshak; Executive Director Steven Bosacker; General Counsel Mark Rotenberg; Vice Presidents McKinley Boston and Mark Brenner; Associate Vice Presidents Carol Carrier, Gerald Fischer, Robert Kvavik, Roger Paschke, Richard Pfutzenreuter, and George Robb; and Assistant Vice President Paul Tschida.

APPROVAL OF MINUTES

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

Emergency Board of Regents' Meeting - November 7, 1996
Audit Committee Meeting - November 7, 1996
Litigation Review Committee - November 7, 1996
Educational Planning & Policy Committee - November 7, 1996
Financial Operations Committee - November 7, 1996
Committee of the Whole - November 8, 1996
Board of Regents' Meeting - November 8, 1996

REPORT OF THE PRESIDENT

President Hasselmo presented his monthly report, which pertained to the selection of President-elect Mark Yudof; the importance of critical measures; and the recent trip of a University delegation, which included Regents Kim and Reagan, to east Asia.

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

REPORT OF THE CHAIR

Chair Reagan thanked President Hasselmo for his effort in preparing the University for his departure in July and noted the many tough issues that have been before him.

Reagan called on Regent Hogan, who made a motion to commend Regent Reagan for his leadership during the presidential search process. The Board of Regents voted unanimously to approve Regent Hogan's motion.

Hogan requested that when the Resource Allocation Guidelines discussion is brought before the Board at the January 1997 meeting, that the problems of information systems be addressed.

RECEIVE AND FILE REPORTS

President Hasselmo reported that there were no receive and file reports at this time.

GIFTS

Gerald Fischer, 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 materials 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

Chair Reagan reported that the committee voted unanimously to recommend:

- a) Approval of the Financial Operations senior vice president's report as presented to the committee and contained in the docket material, including approval of a resolution related to the steam plant as follows:

WHEREAS, the University has issued its General Obligation Bonds, Series 1993A (the "1993 Bonds"), for the purpose of refunding outstanding bonds of the University and finance certain construction and remodeling projects to be undertaken by the University of Minnesota Hospital and Clinic ("UMHC");

WHEREAS, a portion of the proceeds of the 1993 Bonds to be used to finance the construction and remodeling projects to be undertaken by UMHC have not been expended at the present time;

WHEREAS, certain of the operating assets of UMHC are to be transferred by the University to Fairview Hospital and Healthcare Services ("Fairview");

WHEREAS, the 1993 Bonds were issued pursuant to an Order executed by the President and Treasurer of the University provides that proceeds of the 1993 Bonds may be applied for capital projects of the University designated by the Board of Regents of the University;

WHEREAS, because of the transfer of certain operating assets of UMHC to Fairview the unexpended proceeds of the 1993 Bonds will not be applied to pay construction and remodeling projects to be undertaken by UMHC and it has been proposed that such proceeds be applied to pay costs of the renovation of the University's steam production facilities (the "Steam Plant Improvements") and costs of other capital and remodeling projects to be undertaken by the University and items of capital equipment to be purchased by the University as designated by the Senior Vice President of Finance and Operations ("Other Capital Projects"); and

WHEREAS, as a result of the transfer of certain UMHC obligations to Fairview, amounts allocable to certain prior designated debt

obligations of the University will become available to pay the costs of the Steam Plant Improvements and other capital projects (the "University Debt Obligations Amounts").

NOW, THEREFORE, BE IT RESOLVED, by the Regents of the University of Minnesota as follows:

1. The use of unexpended proceeds of its 1993 Bonds and the University Debt Obligations Amounts to pay costs of the Steam Plant Improvements and Other Capital Projects designated by the Senior Vice President for Finance and Operations is hereby approved.

2. The Senior Vice President for Finance and Operations is authorized to determine which costs of the Steam Plant Improvements and Other Capital Projects are to be paid with proceeds of the 1993 Bonds and the University Debt Obligations Amounts. Such costs to be paid with proceeds of the 1993 Bonds and the University Debt Obligations Amounts may include costs of the Steam Plant Improvements previously paid by the University and proceeds of the 1993 Bonds and the University Debt Obligations Amounts may be applied to reimburse the University for such costs.

b) Approval of a resolution relating to tenure as follows:

WHEREAS the Board of Regents adopted a resolution requesting a thorough review of the Board of Regents Policy on Faculty Tenure in December of 1995; and

WHEREAS the Board of Regents, the Administration, and the Faculty Senate have undertaken an in-depth study of the tenure code; and

WHEREAS the Board of Regents has sought and received the advice and recommendations of the Faculty Senate concerning tenure code modifications in accord with Regents' Policy on Faculty Tenure; and

WHEREAS the University of Minnesota is currently subject to status quo orders of the Minnesota Bureau of Mediation Services with respect to various elements of the faculty; and

WHEREAS the Board of Regents adopted a tenure code for the Law School faculty on November 8, 1996; and

WHEREAS the Bureau of Mediation Services has conducted an election for the faculty of the Morris Campus; and

WHEREAS based on the results of those elections the Bureau of Mediation Services has lifted the maintenance of the status quo orders for that unit.

NOW, THEREFORE, BE IT RESOLVED, that the Board of Regents hereby adopts the Board of Regents policy "Faculty Tenure: Specified Units" to include the faculty of the University of Minnesota Morris Campus, as well as the faculty of the University of Minnesota Law School, the text of which is attached hereto; and

BE IT FURTHER RESOLVED that the Board of Regents directs and authorizes the Executive Director and Corporate Secretary to publish the Board of Regents policy "Faculty Tenure: Specified Units" and make any technical or typographic changes which may be necessary.

The Board of Regents voted unanimously to approve the resolution and adoption of the following Regents' Policy on Faculty Tenure for the University of Minnesota Morris Campus.

FACULTY TENURE: SPECIFIED UNITS

APPLICATION

This policy applies to the faculty of the University of Minnesota Law School and the University of Minnesota Morris Campus.

PREAMBLE

The Board of Regents adopts these regulations with the conviction that a well-defined statement of rules is essential to the protection of academic freedom and to the promotion of excellence at the University of Minnesota. A well-designed promotion and tenure system ensures that considerations of academic quality will be the basis for academic personnel decisions, and thus provides the foundation for academic excellence.

Tenure is the keystone for academic freedom; it is essential for safeguarding the right of free expression and for encouraging risk-taking inquiry at the frontiers of knowledge. Both tenure and academic freedom are part of an implicit social compact which recognizes that tenure serves important public purposes and benefits society. The people of Minnesota are best served when faculty are free to teach, conduct research, and provide service without fear of reprisal and to pursue those activities with regard for long term benefits to society rather than short term rewards. In return, faculty have the responsibility of furthering the institution's programs of research, teaching, and service, and are accountable for their performance of these responsibilities. Additionally, a well-designed tenure system attracts capable and highly qualified individuals as faculty members, strengthens institutional stability by enhancing faculty members' institutional loyalty, and encourages academic excellence by retaining and rewarding the most able people. Tenure and promotion imply selectivity and choice; they are awarded for academic and professional merit, not for seniority. The length and intensity of the review leading to the grant of tenure ensures the retention only of well-qualified faculty committed to the University's mission.

The ideal attributes of the collective faculty of any unit are scholarly creativity, professional competence and leadership, intellectual diversity, the ability and desire to teach effectively and the willingness to cooperate with other units in promoting the work and welfare of the University as a whole. The administration and faculty should ensure, within each unit, not only a proper balance among these activities but also the maintenance of each at the highest level, together with accountability and suitable recognition of individual achievement and service.

The tenure regulations provide a comprehensive set of policies dealing with the relationship between the University and its faculty. The regulations classify the faculty as tenured, probationary and term. They provide for annual performance reviews of all faculty, as well as especially thorough reviews before the granting of tenure, on promotion in rank, and when the performance of a tenured faculty member is alleged to be

substandard. They provide for the reassignment of faculty in case of the reorganization of the University or changes in its scholarly direction, and for discipline when a faculty member fails to meet prescribed standards of conduct.

DEFINITIONS

For the purposes of this policy, the terms defined in this section have the meanings given them.

* (a) an "academic unit" is a department or similar unit. A school, college or division that is not further subdivided is also an academic unit.

* (b) an "applicable faculty member" means every faculty member employed by the University of Minnesota Law School and the University of Minnesota Morris Campus.

* (c) the "head" of an academic unit is the academic administrator immediately responsible for it, such as a chair, head or director.

* (d) a "collegiate unit" or "college" is a major academic entity of the University. It may be a college, school, institute or campus.

* (e) the "dean" of a collegiate unit is the academic administrator immediately responsible for it, such as a dean or director or (on a campus that is not subdivided into colleges) a vice-chancellor.

* (f) a "senior academic administrator" is an officer who has final administrative review authority on academic personnel decisions, and who reports directly to the president and regents, such as a vice president, chancellor, or provost. The president will designate one or more senior academic administrators and define their respective jurisdictions.

* (h) the "senior vice president for academic affairs" is the officer (of whatever title) holding primary responsibility for the development of University-wide academic policy. This officer may also serve as senior academic administrator for some or all of the University, if so designated by the president.

* (i) "tenured faculty" are those faculty who hold indefinite tenure.

FACULTY TENURE

Section 1. Academic Freedom.

1.1 Principles. Every member of the faculty is entitled to due process and academic freedom as established by academic tradition and the constitutions and laws of the United States and the state of Minnesota and as amplified by resolutions of the Board of Regents. The Board of Regents hereby reaffirms its commitment to academic freedom and tenure as reflected in its resolution of January 28, 1938, and in the statement of December 14, 1963, which are set forth in the appendix to these regulations. The policies of the Board of Regents regarding academic freedom are currently stated in the board's statement of September 8, 1995, which provides:

The Regents of the University of Minnesota reaffirm the principles of Academic freedom and responsibility. These are rooted in the belief that the mind is ennobled by the pursuit of understanding and the search for truth and the state well served when instruction is available to all at an institution dedicated to the advancement of learning. These principles are also refreshed by the recollection that there is commune vinculum omnibus artibus -- a common bond through all the arts.

Academic freedom is the freedom to discuss all relevant matters in the classroom, to explore all avenues of scholarship, research and creative expression and to speak or write as a public citizen without institutional discipline or restraint. Academic responsibility implies the faithful performance of academic duties and obligations, the recognition of the demands of the scholarly enterprise and the candor to make it clear that the individual is not speaking for the institution in matters of public interest.

1.2 Protection Of Faculty. Denial of faculty appointment or reappointment or removal or suspension from office or censure or other penalty must not be based upon any belief, expression or conduct protected by law or by the principles of academic freedom.

Section 2. Applicability Of Regulations And Continuity Of Appointments.

2.1 Employment Contracts. These regulations govern the relationship between the Board of Regents and applicable faculty members, except as inconsistent with the provisions of collective bargaining agreements. These regulations are part of the contract between the Board of Regents and applicable faculty members.

2.2 Continuation Of Existing Appointments. On the effective date of these regulations, every person holding a faculty appointment governed by the 1945 regulations concerning faculty tenure as amended, will hold the same kind of appointment under these regulations, whether or not their appointments are appropriate for such status under these regulations.

Section 3. Faculty Ranks And Types Of Appointments.

3.1 In General. The faculty ranks are professor, associate professor, assistant professor, and instructor. Faculty appointment is appropriate only if the individual is engaged in teaching or research as defined in section 7.11. Appointment at these ranks are either regular tenured or tenure-track appointments or term appointments. An appointment must be designated as a regular or a term appointment when it is made.

3.2 Regular Appointments. A regular appointment is either with indefinite tenure or is probationary, leading to a decision concerning indefinite tenure within a specified period of time. A faculty member with indefinite tenure is entitled to retain that position until retirement in accordance with University regulations or until the appointment is terminated pursuant to the provisions of sections 10 or 11.

A faculty member on probationary appointment:

1. is entitled to consideration for indefinite tenure; and
2. is entitled to timely notice of termination in accordance with Section 6.

A regular appointment may only be held in an academic unit of a degree-granting college, or similar unit. A regular appointment must be for two-thirds time or more over the academic year.

3.3 Term Appointments. A term appointment is date-specific; that is, the appointment terminates at the end of a period specified in the appointment without further notice to the appointee. The senior academic administrator for the campus or area[1] must give every person appointed to a term faculty position a statement in writing setting forth the conditions of the appointment, including the fact that it terminates without further notice.

No number of renewals of a term appointment creates a right to further renewals or to a decision concerning tenure. Every renewal of a term appointment for the seventh or succeeding year must be reported to the Tenure Committee with a justification of the reasons for the continuation of term status.

3.4 Appropriate uses of term appointments. Term appointments are appropriate and may be used provided one or more of the following conditions is met:

- * (1) the duration, the percentage of time, or both require less than service for two-thirds time for the academic year;
- * (2) the appointment is designated a Visiting appointment because the faculty member is from another educational institution or is a qualified professional from a government or private agency on a leave of absence to accept a temporary appointment at this University;
- * (3) the appointment is designated a clinical appointment because the faculty member is a clinician in the community who gives service to the University part-time;
- * (4) the appointment concerns a faculty member who principally is engaged in and primarily is supported by clinical activities or by discipline-related service.[2]
- * (5) the appointment is designated an adjunct appointment because the faculty member's primary employment is outside the University or is in another unit of the University;
- * (6) the appointment extends courtesy faculty rank without salary;
- * (7) the position is subject to the joint control of the University and another institution;
- * (8) the specific funding for the position is subject to the discretion of another agency;
- * (9) the funding for the position is for a limited time;
- * (10) the appointment is in a unit or program that is experimental or otherwise restricted in duration; and
- * (11) the person is enrolled in a University of Minnesota degree program. A regular faculty member on a probationary appointment may transfer to term status during enrollment in such a program if the faculty member and the senior academic administrator agree. This transfer suspends the running of the maximum period of probationary service, but the faculty member retains other rights of regular appointment, including

annual review, the right to timely notice and a terminal appointment period as provided in Section 6.

3.5 Administrators' Appointments. Academic administrators may hold regular or term faculty appointments. Administrative titles and duties are distinct and severable from such individuals' faculty appointments. Removal from an administrative position does not impair any rights the individual holds as a faculty member. Upon leaving an administrative position, the individual returns to faculty status, with salary and term of appointment reduced by the amount of the administrative augmentation, if any.

3.6 Special Contracts. These regulations do not bar a faculty appointment pursuant to a special contract specifying terms or conditions of employment which are different from those prescribed in these regulations. All other provisions of these regulations apply to such appointments. Every special contract must be in writing and must state that it is a special contract entered into pursuant to this subsection. It must be signed by the faculty member concerned, by the dean of the collegiate unit in which the faculty member will be employed and by the senior academic administrator and must be authorized by the Board of Regents or its expressly authorized delegate. In addition, the senior academic administrator will annually report to the Tenure Committee the terms of all special contracts and the reasons for their use.

A special contract may be used to reduce the minimum time of a regular appointment to one-half time in order to permit a faculty member to devote more time to family responsibilities. Such a contract must provide for the mutual responsibilities of the faculty member and the academic unit, including the type and percent time of the appointment, if any, to which the faculty member is entitled at the expiration of the special contract. In the case of a probationary faculty member, the contract will regulate the length of the probationary period, but the total probationary period may be extended by no more than a total of two years pursuant to this Section and subsection 5.5.

Section 4. Terms Of Faculty Employment.

4.1 Written Notice Of Appointment. Each faculty appointment or change of status is specified in a written notice of appointment issued by or on behalf of the Board of Regents. The notice must include the following:

1. Whether the appointment is regular or term;
2. Whether it is full or part-time and the percentage of time involved;
3. If for a fixed term, its expiration date;
4. If regular, whether it is probationary or with indefinite tenure;
5. Whether it is on a twelve-month, academic year or other specified annual basis;
6. The rank of appointment;
7. The academic unit or units to which the individual is being appointed;
8. The base salary; and
9. Additional compensation as described in Section 4.4.

The notice is only evidence of the appointment; clerical or computer errors in a notice of appointment do not affect the terms of the appointment unless the faculty member reasonably relied upon the mistake and suffered an injustice because of that reliance. Notices required by this section should be delivered before the effective date of the appointment or change of status, or as soon thereafter as is administratively feasible. A

probationary appointee must also be given notice of the applicable maximum probationary period.

4.2 Action By The Board Of Regents. Faculty appointments and renewals or changes of status become effective when approved by the Board of Regents or its authorized delegate.

4.3 Changes In Terms Of Appointment Other Than Faculty Compensation. Except for raises in rank and except for action expressly authorized by these regulations, no changes of (1) through (7) items listed in subsection 4.1 may be made during the term of an appointment except with the agreement of the faculty member and the Board of Regents or its authorized delegate.

4.4 Faculty Compensation. Each faculty member shall receive a base salary, which will not be decreased except by action expressly authorized in this section or in Sections 7a, 10, 11, or 14 of these regulations or with the agreement of the faculty member. If a faculty member's base salary is decreased, the amount of the decrease and the reason therefor shall be set forth in a written notice and provided to the faculty member. No decrease in base salary shall occur in violation of the academic freedom of the faculty member.

The University may also from time to time provide a faculty member with additional compensation that is not part of base salary. The additional compensation may be for special awards or for activities in addition to regular faculty responsibilities such as clinical practice, administrative service, overload duties, summer school teaching and summer research support and similar activities.

At the time an appointment is made, the offer and written notice of appointment shall separately state the base salary and any additional compensation, as described above, that the faculty member will receive. In each subsequent year, the faculty member shall be provided with a written notice separately stating any changes in base salary and any changes in additional compensation for the following academic year. A faculty member's base salary shall consist of the initial base salary adjusted by any subsequent increase or decrease in base salary provided for in a subsequent written notice. Increases will be presumed to be in base salary unless otherwise identified. For a faculty member employed when this section takes effect, the initial base salary will be the faculty member's base salary at the time this section takes effect, exclusive of any compensation designated as special awards or designated as being for activities in addition to regular faculty responsibilities such as clinical practice, administrative service, overload duties, summer school teaching, summer research support and similar activities.

A faculty member whose salary has been decreased may petition for review of that action under Section 15 of these regulations.

4.5 Reduction Or Postponement Of Compensation. If the University or a collegiate unit is faced with financial stringency that does not amount to a fiscal emergency, the president may propose a temporary reduction or postponement in compensation to be allocated to faculty in accordance with a mathematical formula or similar device. If approved by the Faculty Senate and the Board of Regents, the base pay of all faculty members in the University or in the designated collegial units shall be reduced temporarily in accordance with the formula or device. The reduction may not continue for longer than two years, unless renewed by the same procedure.

Section 5. Maximum Period Of Probationary Service.

5.1 General Rule. To give the University ample opportunity to determine the qualifications of those faculty members whom it is considering for regular appointments with indefinite tenure, the maximum period of probationary service of a faculty member is normally six academic years, whether consecutive or not. The faculty assembly of a collegiate unit may propose to alter the maximum probationary period for all of that college, or for certain units within it, to no more than nine years. The tenured faculty of a college, by simple majority vote taken by secret ballot, may adopt such a change, with the approval of the dean and of the senior academic administrator. Any such change in the maximum probationary period applies to all probationary faculty hired in that college (or those units) after the decision, but any incumbent probationary faculty member may choose to be considered under the new rule. At the end of this probationary period, the faculty member must either be given a regular appointment with indefinite tenure or a one-year terminal appointment.

5.2 Early Decisions Permitted. These regulations do not prevent the granting of indefinite tenure prior to the expiration of the maximum period of probationary service and do not prevent a decision to terminate an appointee's probation prior to the end of the appointee's maximum probationary service, if timely notice is given.

5.3 Definition Of Academic Year. A faculty member is considered to have served an academic year if the appointee serves at least two-thirds time for three quarters or full-time for two quarters of the nine month academic year or any equivalent combination. An academic year during which the faculty member serves for less than this amount is not counted in computing the number of years for purposes of this section.

Unless otherwise agreed in writing, periods during which a faculty member is on paid leave for professional development (single quarter leave, sabbatical furlough, etc.) or on leave to teach or conduct research at another academic institution count as service, but periods in which the faculty member is on sick or disability leave or on leave in some non-faculty capacity do not count as service.

If a faculty member transfers to a position in the non-regular faculty, the time spent in the non-regular position does not count for the purpose of this section.

5.4 Prior Service.

5.41 In This University. Every academic year during which a faculty member has previously served at least two-thirds time under a regular appointment at this University reduces the maximum period of probationary service by one year.

5.42 Elsewhere. If a faculty member has previously served in regular faculty positions, as defined in these regulations, in one or more accredited universities or colleges, every academic year of such service (not exceeding three) reduces the maximum period of probationary service by one year.

5.43 Exceptions Permitted. If the prior service was in a different discipline, was in an academic unit or institution with teaching or research goals not comparable to those of the present appointment, or was too long ago to provide good evidence of the appointee's current professional development, the Board of Regents or its expressly

authorized delegate may make an exception in writing at or near the beginning of the probationary period.

5.5 Exception For New Parent Or Caregiver. The maximum period of probationary service will be extended by one year at the request of a probationary faculty member:

1. On the occasion of the birth of that faculty member's child or adoptive/foster placement of a child with that faculty member; or
2. When the faculty member is a major caregiver for a family member^[3] who has an extended serious illness, injury, or debilitating condition. A faculty member may use this provision no more than two times.

The request for extension must be made in writing within three months of the events giving rise to the claim and no later than June 30 preceding the year a final decision would otherwise be made on an appointment with indefinite tenure for that faculty member.

Section 6. Tenure Of Faculty On Regular Probationary Appointments.

6.1 In General. A regular probationary appointee is a candidate for indefinite tenure. A probationary appointment continues until it is superseded by an appointment with indefinite tenure or until terminated by timely notice or by resignation. Regular probationary appointments are generally made at the rank of assistant professor, but may be made at any rank.

6.2 Notice Requirements. Except as provided below, a probationary appointment may be terminated at the end of any academic year by giving notice of termination (in the form provided in Section 17) not later than May 15 of the preceding academic year. The notice must inform the faculty member of the right to request a hearing before the Judicial Committee and must advise the faculty member of the applicable time limit for making such a request

6.21 Associate Professors And Professors On Probationary Appointments. An initial probationary appointment at the rank of associate professor or professor may specify in writing that it is for a minimum period of three years. In that case, the earliest time at which notice of termination can be given is before May 15 of the second year of service, to take effect at the end of the third year of service.

6.22 Instructors On Probationary Appointments. An initial probationary appointment at the rank of instructor may specify in writing that it is only for a minimum period of one year. The appointment may be terminated at the end of the first year by notice given not later than March 1 of that year, or at the end of the second year by notice given not later than December 15 of that year. In all other respects such appointments are governed by subsection 6.2. A promotion of an instructor to the rank of Assistant Professor without a grant of tenure does not affect the operation of this subsection.

6.3 Promotions. The promotion of a probationary appointee to the rank of associate professor or professor must be accompanied with an appointment with indefinite tenure. A promotion to assistant professor does not affect the faculty member's tenure status.

6.4 Rank Of Appointees With Indefinite Tenure. The grant of tenure to an instructor must be accompanied with a promotion to assistant

professor. Since the standards for granting tenure are ordinarily at least as rigorous as those for promotion to associate professor, the granting of tenure to an assistant professor will ordinarily be accompanied by a promotion to associate professor. Otherwise, a grant of indefinite tenure need not be accompanied with a promotion in rank.

6.5 Effect Of Failure To Comply With This Section. No one is entitled to an appointment with indefinite tenure merely because the University failed to comply with this section. If an individual is given an extension of appointment beyond the maximum probationary period or is not given timely written notice, the University may either:

1. Grant an appointment with indefinite tenure;
2. Grant a further probationary appointment, if this would not exceed the maximum probationary period; or
3. Grant a terminal appointment ending at the end of the first full academic year which follows the May 15th after proper notice is given.

Section 7. Personnel Decisions Concerning Probationary Faculty.

7.1 Criteria For Decisions.

7.11 General Criteria. The basis for awarding indefinite tenure is the determination that the achievements of an individual have demonstrated the individual's potential to continue to contribute significantly to the mission of the University[4] and to its programs of teaching, research, and service over the course of the faculty member's academic career.[5] The primary[6] criteria for demonstrating this potential are effectiveness in teaching[7] and professional distinction in research,[8] outstanding discipline-related service contributions[9] will also be taken into account where they are an integral part of the mission of the academic unit. The relative importance of the criteria may vary in different academic units, but each of the criteria must be considered in every decision.[10]

7.12 Departmental Statement. Each academic unit must have a document that articulates with reasonable specificity the indices and standards which will be used to evaluate whether candidates meet the criteria of subsection 7.11. The document must comply with those standards, but should make their application more specific. Each such document is subject to review by the dean or other appropriate academic administrator and by the senior academic administrator and by the senior vice president for academic affairs. Each academic unit must provide each probationary faculty member with a copy of the document at the beginning of the probationary service.

7.2 Annual Review. The tenured faculty[11] of each academic unit annually reviews the progress of each probationary faculty member toward satisfaction of the criteria for receiving tenure. The head of the unit prepares a written summary of that review and discusses the candidate's progress with the candidate, giving a copy of the report to the candidate.

7.3 Formal Action By The Faculty. The tenured faculty of the academic unit may recommend that a probationary faculty member be granted indefinite tenure or that the appointment be terminated. If it does neither, it is presumed to recommend a renewal of the appointment. In the final probationary year, if the tenured faculty does not recommend an appointment with indefinite tenure, it must recommend termination of the appointment. The recommendation is made by a vote of the regular faculty with indefinite tenure in the unit. The presiding officer is not disqualified from voting merely because of office.

7.4 Procedures For Taking Formal Action. The academic unit must observe University procedures established as provided in subsection 16.3. These procedures will provide the following.

* (a) A good faith effort is made to gather all relevant information necessary to the decision. The academic units have the primary obligation to assemble the file, but the faculty member also has the right to add any material the faculty member considers relevant.

* (b) The decision is made by vote, by written unsigned secret ballot, at a meeting of the regular faculty who have indefinite tenure in the academic unit. The rules may provide for absentee ballots by informed absent faculty members.

* (c) Persons who have or have had a family or similar relationship to the candidate do not participate in the decision. The procedures may establish methods for raising and ruling on such questions in advance of the decision.

* (d) Action is to be taken by majority vote. An academic unit may adopt a uniformly applicable rule that a motion to recommend tenure must achieve a specified exceptional majority in order to constitute an affirmative recommendation of that unit. In such case a motion which achieves a majority, but not the required exceptional majority, must be sent forward for review by the appropriate review process despite the absence of the unit's affirmative recommendation.

* (e) The unit shall report the vote of the faculty, together with the reasons for the action taken. This statement of reasons must take the form of a summary of both majority and minority views which have substantial support which were expressed in the course of formal consideration of the action. All statements must be made without personal attribution. A preliminary draft is open to members of the faculty eligible to vote so they may comment and suggest changes. The final draft is sent to the affected faculty member and is open to the faculty eligible to vote.

* (f) Before submitting a formal recommendation for an appointment with indefinite tenure or for termination of a probationary appointment, the head of the academic unit informs the appointee of the recommendation and gives the appointee a copy of the final report. The appointee may submit any comments upon the report to the academic administrator who will review the report, with a copy to the head of the academic unit.

7.5 Nondisclosure Of Grounds For Recommendation Of Termination. The reasons for a recommendation to terminate a probationary appointment may not be disclosed, except as part of the review process, unless the faculty member requests such disclosure or makes a public statement concerning the reasons for termination.

7.6 Review Of Recommendations. Recommendations of academic units to grant indefinite tenure or to terminate probationary appointments are reviewed at the collegiate and university levels.

7.61 Procedures. The review must be conducted according to University procedures, established as provided in subsection 16.3. These procedures must provide for review and recommendations by the head of the academic unit, by the dean of the collegiate unit, by faculty committees at the collegiate or University level, and, when appropriate, by other

academic administrators. The review must be conducted on the basis of the standards and criteria established by subsections 7.11 and 7.12 and the applicable rules and procedures. The rules may permit an administrator to refer the matter back to the unit for reconsideration, but if the administrator and the unit do not agree after such reconsideration, both the recommendation and the administrator's comments must be sent forward for final administrative action. A copy of each review or recommendation must be supplied to the faculty member. The faculty member may comment thereon in writing to those who will review the matter further.

7.62 Conflict Of Interest. No one may participate both in an initial recommendation by an academic unit and in a subsequent review of that recommendation, except that the head of the academic unit may make the initial administrative review. No one who has participated in a recommendation or review may thereafter serve as a member of the Judicial Committee in further consideration of that case.

Members of the Judicial Committee may not serve on collegiate or University review committees. Members of the Judicial Committee may participate in initial recommendations by their own academic units, but are disqualified from thereafter participating in Judicial Committee consideration of those decisions.

7.63 Final Administrative Action. The University may not act contrary to the recommendation of the academic unit which made the initial recommendation except for substantive reasons which must be stated in writing by the senior academic administrator to the faculty member, to the members of the academic unit which made the recommendation, and to the president. The fact that participants in the review process have recommended against the unit's initial recommendation is not, by itself, a substantive reason.

The senior academic administrator takes the steps necessary to make the necessary appointment or to give notice of termination.

7.7 Improper Termination Of Probationary Appointments. A person holding a regular probationary appointment who has been given notice of termination may petition the Judicial Committee to review that action. The Judicial Committee will not base its ruling on the merits of the decision itself, but will review allegations that the decision was based in significant degree upon any of the following:

1. Personal beliefs, expressions or conduct which fall within the liberties protected by law or by the principles of academic freedom as established by academic tradition and the constitutions and laws of the United States and the state of Minnesota;
2. Factors prescribed by applicable federal or state law regarding fair employment practices;
3. Substantial and prejudicial deviation from the procedures prescribed in subsections 7.4 and 7.6 and the procedural rules promulgated pursuant to those subsections;
4. Failure to consider data available at the time of decision bearing materially on the faculty member's performance;
5. Demonstrable material prejudicial mistakes of fact concerning the faculty member's work or conduct;

6. Other immaterial or improper factors causing substantial prejudice; or
7. Other violation of University policies or regulations.

Such proceedings are governed by Section 15.

Section 7a. Review Of Faculty Performance

7a.1. Goals And Expectations. The faculty of each academic unit must establish goals and expectations for all faculty members, including goals and expectations regarding teaching, scholarly productivity, and contributions to the service and outreach functions of the unit. The factors to be considered will parallel those used by the unit in the granting of tenure, but will take into account the different stages of professional development of faculty. The goals and expectations will be established in accordance with standards established by the University Senate. They can provide for flexibility, so that some faculty members can contribute more heavily to the accomplishment of one mission of the unit and others to the accomplishment of other missions. The goals and expectations shall not violate the individual faculty member's academic freedom in instruction or in the selection of topics or methods for research. They shall include reasonable indices of acceptable performance in each of the areas (e.g., teaching contributions and evaluations, scholarly productivity, service, governance and outreach activities). The dean reviews the goals and expectations of each unit and may request changes to meet the standards of the University and of the collegiate unit.

7a.2. Annual Review. Each academic unit, through its merit review process (established in accordance with the standards adopted by the senate), annually reviews with each faculty member the performance of that faculty member in light of the goals and expectations of the academic unit established under section 7a.1. This review is used for salary adjustment and faculty development. The faculty member will be advised of the evaluation and, if appropriate, of any steps that should be taken to improve performance and will be provided assistance in that effort. If the head of the unit and a peer merit review committee elected for annual merit review within that unit both find a faculty member's performance to be substantially below the goals and expectations adopted by that unit, they shall advise the faculty member in writing, including suggestions for improving performance, and establish a time period (of at least one year) within which improvement should be demonstrated.

7a.3. Special Peer Review In Cases Of Alleged Substandard Performance By Tenured Faculty. If, at the end of the time period for improvement described in the previous paragraph, a tenured faculty member's performance continues to be substantially below the goals and expectations of the unit and there has not been a sufficient improvement of performance, the head of the academic unit and the elected peer merit review committee may jointly request the dean to initiate a special peer review of that faculty member. Before doing so, the dean shall independently review the file to determine that special peer review is warranted. (In the case of an academic unit that is also a collegiate unit, the request shall be made to and the review conducted by the responsible senior academic administrator.) The special peer review shall be conducted by a panel of five tenured faculty members of equal or higher rank, selected to review that individual. The faculty member under review shall have the option to appoint one member. The remaining members shall be elected by secret ballot by the tenured faculty of the unit. The members of the special review panel need not be members of the academic

unit. The special review panel shall provide adequate opportunity for the faculty member to participate in the review process and shall consider alternative measures that would assist the faculty member to improve performance. The tenure subcommittee may adopt rules and procedures regulating the conduct of such reviews. The special review panel shall prepare a report on the teaching, scholarship, service, governance, and (when appropriate) outreach performance of the faculty member. It will also identify any supporting service or accommodation that the University should provide to enable the faculty member to improve performance. Depending on its findings, the panel may recommend:

* (a) that the performance is adequate to meet standards and that the review be concluded;

* (b) that the allocation of the faculty member's expected effort among the teaching, research, service and governance functions of the unit be altered in light of the faculty member's strengths and interests so as to maximize the faculty member's contribution to the mission of the University;

* (c) that the faculty member undertake specified steps to improve performance, subject only to future regular annual reviews as provided in Section 7a.2;

* (d) that the faculty member undertake specified steps to improve performance subject to a subsequent special review under Section 7a.3, to be conducted at a specified future time;

* (e) that the faculty member's performance is so inadequate as to justify limited reductions of salary, as provided in Section 7a.4;

* (f) that the faculty member's performance is so inadequate that the dean should commence formal proceedings for termination or involuntary leave of absence as provided in Sections 10 and 14; or

* (g) some combination of these measures.

The panel will send its report to the dean, the head of the academic unit, and the faculty member. Within 30 work days of receiving the report, the faculty member may appeal to the Judicial Committee, which shall review the report in a manner analogous to the review of tenure decisions (see Section 7.7).

7a.4. Salary Reductions. If the special review panel recommends that the faculty member's performance is so inadequate as to justify limited reductions of base salary, the head of the academic unit, with the approval of the dean, may reduce the faculty member's base pay, subject to the following limitations:

* (a) the amount of the decrease will not exceed 10% of the faculty member's base salary on the basis of any one special review;

* (b) base salary may not be reduced by more than 25% from the highest level of base pay ever held by the faculty member;

* (c) at least six months' notice of the decrease must be given;

* (d) any decrease in salary may be restored by the annual review process provided in Section 7a.2.

Within 30 work days of notice of the decrease, the faculty member may appeal this action to the Judicial Committee, which shall review the action and the recommendation leading to it in a manner analogous to the review of tenure decisions (see Section 7.7). This review may not reconsider matters already decided by the Judicial Committee under Section 7a.3. Any decrease in base pay beyond the limits specified in this subsection can only be imposed pursuant to Sections {4.5}, 10 {11}, and 14.

7a.5. Peer Review Option. Upon application to it by the dean of an academic unit, the Faculty Senate may adopt a system of peer review of performance of faculty of that unit different from the system set forth in Sections 7a.1 through 7a.4 if in the Faculty Senate's judgment so proceeding is in the University's interest.

Section 8. Improper Refusal Of A New Appointment To A Term Faculty Member.

A person holding a term faculty appointment who has been refused a renewal of that appointment or has applied for and been refused a regular or a different term faculty appointment within six months of the end of that appointment may petition the Judicial Committee to review the refusal, but only on the ground that the decision was based in significant degree upon one or more of the following:

1. Personal beliefs, expressions or conduct which fall within the liberties protected by law or by the principles of academic freedom as established by academic tradition and the constitutions and laws of the United States and the state of Minnesota;
2. Factors proscribed by applicable federal or state law regarding fair employment practices;
3. Essential and substantial written misrepresentation of the nature of the original appointment; or
4. Other violation of University policies or regulations.

Such proceedings are governed by Section 15.

Section 9. Appointment Of Associate Professors And Professors With Indefinite Tenure.

Initial appointments with indefinite tenure may only be made at the rank of associate professor or professor. Such appointments may be made only after receiving the recommendation of the regular faculty holding indefinite tenure in the academic unit concerned.

Section 10. Unrequested Leave Of Absence For Disability And Disciplinary Action

10.1 Unrequested Leave Of Absence For Disability. A faculty member who is physically or mentally unable to perform reasonably assigned duties may be placed on unrequested leave of absence. The faculty member is entitled to sick pay and disability insurance payments in accordance with University policy. The faculty member has a right to return to the faculty upon termination of the disability or upon cessation of disability payments.

10.2 Disciplinary Action.

10.21. Termination Or Suspension Of A Faculty Appointment Before Its Expiration. A faculty appointment may be terminated or suspended (except under Section 10.22) before its ordinary expiration only for one or more of the following causes;

* (a) sustained refusal or failure to perform reasonably assigned duties adequately;

* (b) unprofessional conduct which severely impairs a faculty member's fitness in a professional capacity;

* (c) egregious or repeated misuse of the powers of a professional position to solicit personal benefits or favors;

* (d) sexual harassment or any other egregious or repeated unreasonable conduct destructive of the human rights or academic freedom of other members of the academic community; or

* (e) other grave misconduct manifestly inconsistent with continued faculty appointment.

10.22 Procedure For Minor Disciplinary Actions. Minor sanctions, such as a letter of reprimand in the faculty member's file or a suspension for up to three days, or the like, may be imposed for significant acts of unprofessional conduct. For minor sanctions, the dean may impose the sanction after providing the faculty member notice of the proposed action and of the reason that it has been proposed and giving the faculty member an opportunity to respond. If the faculty member files a grievance under the University grievance policy to challenge a minor disciplinary matter, the sanction shall be held in abeyance until the conclusion of the proceeding. The grievance panel shall have jurisdiction to consider all claims raised by the faculty member, and if the case goes to arbitration, the arbitrator shall be an individual with experience in academic matters.

10.3 Procedures. A faculty member may be placed on unrequested leave of absence or a faculty appointment may be terminated or suspended for these reasons only in accordance with the procedures set forth in Section 14.

Section 11. Fiscal Emergency.

11.1 Faculty Rights. The Board of Regents, if faced with the necessity of drastic reduction in the University budget, has the power to suspend or abolish positions, or even entire departments, divisions, or other administrative units. If confronted with such adverse contingency, the board will consult with and secure the advice of faculty representatives, as provided in this section. Faculty members have the right to full access to information about the situation and the alternatives being considered. In effecting retrenchment because of financial necessity, the regents will make reductions in faculty positions only to the extent that, in their judgment, is necessary after exploring various alternative methods of achieving savings. The regents fully intend that the tenure system as a whole and the tenure rights of each individual faculty member be protected in every feasible manner during periods of such retrenchment.

11.2 General Principles Of Priority. The following general principles of priority apply in any financial crisis.

* (a) first, the University must fully utilize all means consistent with its continued existence as an institution of high academic quality to reduce expenses or to increase income which do not involve the termination of faculty positions or the impairment of faculty rights.

* (b) second, the University may consider alternatives which involve only the temporary reduction or postponement of faculty compensation or the reduction of fringe benefits.

* (c) only thereafter may the University suspend or terminate faculty positions in accordance with the section.

11.3 First Stage: Alternative Approaches. If there has been a serious reduction in the University's income, the president will report the matter to the Senate Consultative Committee. The president will identify the magnitude of the shortfall, the measures which might be taken to alleviate it (which must not involve impairment of faculty rights), and alternative measures which have been rejected. The president will give the committee full access to all available information and will respond specifically to additional proposals suggested by the committee. At this stage, the University will consider reductions in other expenses. It will also consider increases in tuition, sales of assets, and borrowing. These steps will be implemented by the president or the Board of Regents as is appropriate.

11.4 Second Stage: Reduction Or Postponement Of Compensation. If the University has implemented all of the measures which are required to be considered in the first stage, which are consistent with its continued operation as an institution of high academic quality, and they are inadequate to meet the shortfall, the president may, after consultation with the Faculty Consultative Committee, propose the temporary reduction or postponement of faculty compensation for a predetermined period not to exceed one year, according to a mathematic formula or similar device. The Faculty Consultative Committee will report on the adequacy of the steps taken in the first stage and make its recommendations on the proposal. If the Faculty Senate approves the proposed action (or any modification of it) by an absolute majority of its membership or by a two-thirds vote of the members present and voting (a quorum being present), the Board of Regents may take that action (or any less stringent action) and, to that extent, modify the terms of the appointments of all faculty members. The Board of Regents may rescind the action at any time thereafter. Such action may be repeated by the same procedures.

11.5 Third Stage: Fiscal Emergency. If there has been a reduction of the University's income which is so drastic as to threaten its survival, and this threat cannot be alleviated by the measures specified above, the Board of Regents may declare a fiscal emergency. During such an emergency, the Board of Regents may terminate or suspend faculty appointments as provided in this section.

11.51 Preliminary Procedures. Before recommending to the Board of Regents that it declare a fiscal emergency, the president must meet with the Senate Consultative Committee to examine alternatives to and consequences of such a declaration. The president must provide the committee access to all available information. The president must provide a written report identifying the dollar amount to be saved by reducing faculty positions. This report must also identify the dollar amount proposed to be saved by any other measures to be taken, including the level of any concurrent reductions in non-faculty staff during the emergency. The Faculty Consultative Committee will prepare a written

report on the president's proposal, to which the Senate Consultative Committee may add additional comments. The Faculty Senate will first consider and act on the proposal and reports. Thereafter, the University Senate may consider them. The president must attend both senate meetings to explain the proposal and to answer questions.

After receiving the president's recommendation and the resolutions of the senates, the Board of Regents may declare a state of fiscal emergency. Before action contrary to the recommendation of the University Senate is subsequently taken, the president must report in writing and in person the reasons for this action to the Senate Consultative Committee. The Board of Regents' resolution states the maximum amount to be realized from termination or suspension of faculty appointments.

11.52 Duration. A fiscal emergency lasts no longer than 12 months unless renewed by the same procedure. A fiscal emergency may be rescinded at any time by the Board of Regents.

11.53 Allocation Of Shortfall. After consultation with the Faculty Consultative Committee and the Senate Consultative Committee, the president proposes an initial allocation of the shortfall to the various collegiate units, which need not be prorated. The committee must obtain the views of the faculty in the affected units and must hold an open meeting at which anyone may comment upon the proposed action. It may also request the assistance of other University or Senate committees in studying all or particular aspects of the educational policies and priorities involved in the action. The colleges and campuses then allocate the shortfall to the various academic units after similar consultation with the representative bodies and academic units in the colleges and similar open meetings. The plans must reflect the principles and priorities established in subsection 11.6. The colleges and campuses return their plans to the senior vice president for academic affairs, who prepares a comprehensive plan for the University, including a list of the persons whose appointments will be suspended or terminated. This plan is submitted to the University Senate and the Faculty Senate for their recommendation. The recommendations of the senates and the senior vice president's plan will be presented to the president and the Board of Regents for action.

11.6 Principles Governing Termination Or Suspension.

11.61 General Principles.

* (a) Savings achieved through resignations, retirements, renegotiations of contracts, inloading or other measures must be credited to the assigned shortfall before terminating or suspending faculty appointments.

* (b) A good faith effort should be made to use temporary suspensions or voluntary furloughs rather than terminations. In this third stage, the Board of Regents may impose the temporary or permanent reduction of faculty compensation or the reduction of fringe benefits, in excess of those approved in the second stage. Suspensions without pay for one quarter in any year may be ordered in accordance with objective criteria, provided that faculty members are given at least six months notice.

* (c) Terminations may not be used in case of a short-term financial crisis, but only if the circumstances are such that the shortfall is reasonably expected to continue over a substantial number of years.

* (d) A good faith effort must be made to cover as much of the shortfall as possible by allowing non-regular appointments to lapse and by giving

notice to probationary faculty in accordance with the terms of their appointments.

* (e) A good faith effort must be made to cover as much of the shortfall as possible by transferring faculty members to other positions for which they are qualified or by offering them retraining for available positions.

* (f) The selection of faculty members within an academic unit for termination must be made on objective criteria. It may not involve a comparative evaluation of the relative merits of individuals or a repetition of the tenure-granting process.

11.62 Priorities.

(a) Unless the unit can demonstrate that essential functions could not otherwise be performed:

1. all non-regular faculty within an academic unit must be suspended or terminated before any regular faculty may be suspended or terminated in that unit; and
2. all probationary faculty within an academic unit must be suspended or terminated before any tenured faculty may be suspended or terminated in that unit.

(b) Care must be taken to protect the employment of women and minorities entitled to affirmative action. The senior vice president for academic affairs must insure that for the University as a whole the plan which is submitted does not reduce the proportion of appointments with indefinite tenure held by women or minorities entitled to affirmative action, and does not reduce the proportion of non-regular appointments held by women or minorities entitled to affirmative action.

11.63 Notice And Severance Pay. A faculty member whose appointment is to be terminated or suspended is entitled to a minimum of one full academic year's notice or to one year's salary as severance pay in lieu of notice, unless the appointments would otherwise expire earlier.

11.64 Reemployment Rights. The University will not fill any faculty position for which a faculty member with indefinite tenure who has been terminated is qualified for five years after notice of termination, unless it first offers the position to each such faculty member and gives a reasonable time for the faculty member to accept or reject it.

11.7 Judicial Committee Report. A faculty member whose appointment is terminated or suspended may make a written request for review by the Judicial Committee. The review will be conducted in accordance with Section 15. The Judicial Committee will not reexamine the determination that a fiscal emergency exists, nor will it reexamine the educational policies and priorities pursued unless it finds a substantial failure to follow the procedures established in this section. It will only examine whether the action was taken in accordance with the procedures and standards set forth in this section, whether the action was based on a violation of academic freedom or constitutional or legal rights, or was substantially based on immaterial or improper factors. It may consolidate cases involving common issues for a single hearing.

Section 12. Programmatic Change.

12.1 Programmatic Change. The University and faculty recognize that changes in academic programs are an essential part of the development and growth of the institution. These changes should reflect long-term policy and planning.

12.2 Faculty Rights And Duties. In the event that programmatic change leads to discontinuation of a program in which a member of the faculty is employed, the University recognizes its obligation to continue the employment of regular faculty in accordance with the terms of their employment, and to continue the employment of non-regular faculty for the term of appointment. In case of fiscal emergency, the provisions of Section 11 apply.

Regular faculty members who are so retained have the responsibility to accept teaching or other assignments for which they are qualified, and to accept training to qualify them for assignment in other fields. The University has the responsibility to assign such faculty members to responsibilities as closely related to their original field of tenure as is practicable, to allow them time in which to continue scholarship in their original field if they wish, and to recognize scholarly contributions in that field as valuable in assessing their contribution to the University for pay, promotion and other purposes.

In addition to the steps mentioned above, the University has the right to offer inducements to faculty members voluntarily to change fields of study, to seek employment elsewhere, or to accept early retirement.

12.3 Reassignments. In cases of programmatic change, an officer designated by the president will make the reassignment or offer of training. The officer will consult with the faculty member and the receiving unit and will seek a mutually satisfactory assignment. If agreement cannot be reached, the University officer will assign new responsibilities after consultation with the individual.

The University may give the faculty member other assignments only if assignments to teaching in the faculty member's discipline are not feasible. For example, faculty might be assigned

- * to teach in another field in which the individual is qualified
- * to perform professional or administrative duties, including professional practice in a field in which the individual is qualified.
- * to transfer effort, by assignment in a suitable professional capacity, at another educational institution or similar entity, while retaining University tenure, compensation, and benefits.

A faculty member must accept any reasonable reassignment or offer of retraining. Following the faculty member's acceptance of the assignment, any dispute about the reasonableness of reassignment may be taken to the Judicial Committee, as provided in Section 15.

12.4 Termination Of Appointment. A faculty member who chooses not to take or accept a reasonable reassignment or retraining opportunity shall receive:

1. Assistance in locating other employment;
2. A minimum of one full academic year's notice or one year's salary as severance pay in lieu of notice, unless the appointment would otherwise expire earlier.
3. Continuation of the University's contribution to health benefits for one year after the date of the termination of the appointment.

In place of the severance payment provided by this section, a faculty member may select another severance program for which the faculty member is otherwise eligible at the time the appointment is terminated.

Section 13. Judicial Committee.

13.1 Membership. The Judicial Committee is composed of at least nine members of the regular faculty. The number of members and manner of appointment is governed by the University Senate bylaws.

13.2 Procedures. Proceedings before the Judicial Committee will be conducted in conformity with these regulations. The Judicial Committee may adopt additional rules with the approval of the Tenure Committee, as provided in Section 16.3.

In every case before the Judicial Committee the senior academic administrator may designate the academic administrator who will represent the University as respondent. If the case involves two or more campuses or areas, the president or the senior vice president for academic affairs may designate the respondent.

13.3 Duty To Testify. Faculty members and administrators have an obligation to appear before the Judicial Committee to give testimony in matters pending before it.

13.4 Panels. The Judicial Committee may sit in panels to hear individual cases. In cases under Sections 10 and 14, the panel must consist of at least five members. In all other cases, the panel must consist of at least three members. The rules of the Judicial Committee will establish the respective functions of the committee as a whole and of the individual panels.

13.5 Legal Officer. The Judicial Committee shall have its own legal officer, appointed by the Judicial Committee with the approval of the president. The Judicial Committee also may, with the approval of the president, appoint a deputy legal officer, or a substitute legal officer for a particular case, as necessary. At the direction of the committee, the legal officer may preside at hearings of Judicial Committee panels or regulate the procedure in Judicial Committee cases. The legal officer may be present and participate in the deliberation of a panel, but shall have no vote.

Section 14. Procedures In Cases Of Unrequested Leave Of Absence Or Termination Or Suspension Of A Faculty Appointment For Cause.

14.1 Preliminary Proceedings. Only a dean or an academic administrator specially designated by the senior vice president for academic affairs or by the senior academic administrator may initiate preliminary proceedings under this section leading to unrequested leave of absence or to suspension or removal or to temporary or permanent reduction in rank. The dean[12] must first attempt to discuss and resolve the matter with the faculty member involved.

The dean must then submit the matter to the tenured faculty of the academic unit involved for their recommendation.

If the senior vice president for academic affairs and the Faculty Senate have expressly approved the submission of allegations of the violation of a specified policy to another body for preliminary recommendation, in place of submission to the tenured faculty of the academic unit, the dean must submit the matter to that body for its recommendation.

Both the dean and the faculty member may submit their views, in person or in writing, to the body making the recommendation, but neither of them may participate in the deliberation or vote. The body making the recommendation does so by secret ballot and makes a written report to the dean within 40 days of submission of the issue to it, indicating the number of votes for and against the proposed action and the reasons articulated. A copy of the report shall be sent to the senior academic administrator and to the faculty member.

14.2 Formal Action. Within 40 days after receiving the recommendation of the tenured faculty or other body, the dean must decide whether to proceed with formal action. Before taking formal action, the dean must consult with the senior academic administrator. If the dean does not proceed within 40 days, the charges are dropped and the faculty member and the academic unit are so notified in writing. If the dean decides to proceed with formal action, the dean must give written notice to the faculty member. The notice must specify the action proposed, identify the specific ground upon which it has been taken, and summarize the evidence in support. It must inform the faculty member of the right to request a hearing before the Judicial Committee and advise the faculty member of the applicable time limit for making such a request.

If the faculty member does not request a hearing within 30 days, the president may take the action proposed in the dean's notice, without further right to a hearing.

14.3 Judicial Committee Hearing. The faculty member may request a hearing before the Judicial Committee by written request to the chair of the committee, filed within 30 days of the notice. The Judicial Committee may extend the 30 day period for good cause. The dean will be responsible for presenting the case. The dean has the burden of proving the case for the proposed action by clear and convincing evidence and also has the burden of demonstrating the appropriateness of the proposed action, rather than some lesser measure.

The Judicial Committee makes written findings of fact, conclusions, and a recommendation for the disposition of the case. If the committee finds that action is warranted, it may recommend action that is less severe than that requested in the written notice, including but not limited to, permanent or temporary reduction in salary or rank. It may not recommend more severe measures than those proposed in the dean's notice.

The Judicial Committee sends its report to the president with copies to the faculty member, the dean and the senior administrator.

14.4 Action By The President. The president shall give the faculty member and the dean the opportunity to submit written comments on the report. In determining what action to take, the president may consult privately with any administrators, including attorneys, who have had no previous responsibility for the decision at issue in the case and have not participated in the presentation of the matter to the Judicial Committee. The president may not discuss the case with any administrator who was responsible for the decision at issue in the case or who participated in the presentation of the matter to the senate Judicial Committee. Such administrators may communicate with the president in writing, but only if the full text of the communication is given to the faculty member and the faculty member is given a reasonable opportunity to respond to it.

The president shall not take action materially different from that recommended by the panel unless, prior to the action, the president has consulted with the committee. Parties and their representatives shall not be present at any meeting between the president and the committee nor shall their consent be required for such meeting.

In addition, the president may request the Judicial Committee to make further findings of fact, to clarify its recommendation or to reconsider its recommendation. The reconsideration will be made by those who have heard of all of the evidence in the case, but the full Judicial Committee may consult with them on questions of general policy.

The president may impose the action recommended by the committee, or any action more favorable to the faculty member. The president may impose action less favorable to the faculty member only for important substantive reasons, which must be stated in writing, with specific detailed reference to the report of the Judicial Committee, the evidence presented, and the policies involved. The president's written statement must be given to the parties and to the Judicial Committee. If the Judicial Committee decides that the president has imposed an action that is less favorable to the faculty member than it had recommended, it shall inform the faculty by publication of the president's action in the docket of the Faculty Senate. If the faculty member waives rights to confidentiality, the full text of the statement will be published. Otherwise a summary of the statement will be published without identification of the faculty member or information that may indirectly identify the faculty member.

14.5 Appeal To The Board Of Regents. If the action involves removal or if the action involves a sanction more severe than that recommended by the Judicial Committee, the faculty member may appeal to the Board of Regents. In cases in which the president imposes a sanction more severe than that recommended by the Judicial Committee, the faculty member and the president may present to the board evidence with respect to issues on which the president differs from the recommendation of the Judicial Committee. The request for a hearing must be made to the secretary of the board within ten days of the president's action.

14.6 Temporary Suspension During Proceedings. The dean may temporarily suspend a faculty member during the proceedings, but only if there is clear evidence that the faculty member is likely to cause serious harm or injury or is not available for work. The suspension will be with full pay, unless the faculty member is not available for work. Before ordering such suspension, the dean must present the evidence to a special panel of the Faculty Consultative Committee and receive their written report. The faculty member must be given the opportunity to contest the suspension before the panel.

If no final decision has been rendered one year after the commencement of formal proceedings, the faculty member shall be temporarily suspended without pay, unless the parties agree otherwise, or unless the panel extends the time period because of undue delays in the procedure attributable to the action of the University. This provision applies only in a case in which the majority of the tenured faculty of the academic unit concurred in the recommendation to terminate the appointment. If the president determines that the temporary suspension without pay was not warranted, then the president shall order the repayment of back pay to the faculty member with interest thereon from the date it would originally have been paid.

In case of any suspension under this section, the faculty member shall continue to receive full medical insurance and disability benefits without regard to the suspension.

14.7 Resignation During Proceedings. A faculty member may submit a written notice of resignation to the president at any time during Judicial Committee proceedings pursuant to this section. Upon the effective date of such resignation, the proceedings will be discontinued unless the faculty member concurrently files a written request with the Judicial Committee that they be carried to completion.

Section 15. Appeals To The Judicial Committee.

15.1 Right To Review. Any faculty member who claims that his or her rights or status under these regulations have been adversely affected without his or her consent may seek review before the Judicial Committee. Cases arising under Sections 4, 7, 7a, 8, 10, or 11 or 12 may be brought directly to the Judicial Committee. In other cases, the faculty member must exhaust all other available University remedies before bringing the case to the Judicial Committee; the Judicial Committee will not proceed with such a case until the appropriate University body has either decided it or has refused to consider it.

15.2 Procedure For Securing Review. A written request for review must be filed with the chair of the Judicial Committee within 30 days of written notice of the action challenged. The request must specify the action complained of and the remedial action the individual seeks. Within 30 days of filing, the chair of the Judicial Committee must send copies of the request to the head of the academic unit concerned and to the senior academic administrator.

The Judicial Committee, however, may extend the time for filing for review for reasons that seem compelling to the committee, such as mental or physical illness, or serious personal or family problems, or doubt concerning when final action was taken.

15.3 Hearings Before The Judicial Committee. The person seeking review has the burden of proving by the preponderance of the evidence that the action complained of was improper unless the Judicial Committee, for good cause, otherwise directs.

The Judicial Committee does not itself decide whether the faculty member is professionally worthy of a faculty position, but only determines whether the action was based in significant degree upon any of the factors specified in subsection 7.7 or Section 8.

In cases involving Section 7, 8, or 11, the Judicial Committee hears the merits of the case, as provided in those sections. In other cases, if there is an appropriate University body to review the matter, the Judicial Committee will only determine whether that body has given the faculty member due process and whether, on the basis of the facts found by that body, there has been a violation of these regulations or of the faculty member's academic freedom. If there is no appropriate University body to hear such a case, or if the Judicial Committee finds that the body which heard the case did not provide due process, the Judicial Committee may hear the merits or may appoint an ad hoc tribunal to hear them.

15.4 Action By The Judicial Committee. The Judicial Committee makes written findings of fact, conclusions, and a recommendation for the disposition of the case.

If the Judicial Committee finds that the action complained of was improper, it also specifies the respects in which it finds the action to have been improper and recommends appropriate remedial action.

If it recommends reconsideration, it may specify the manner in which reconsideration will be undertaken to avoid the influence of improper factors. If a probationary faculty member has reached the maximum probationary period, the committee may recommend a non-regular appointment for an additional academic year to provide for reconsideration.

The Judicial Committee sends its report to the president with copies to the faculty member and the administrator who appeared as respondent.

15.5 Action By The President. The president must give the faculty member and the administrator the opportunity to submit written comments on the report. In determining what action to take, the president may consult privately with any administrators, including attorneys, who have had no previous responsibility for the decision at issue in the case and have not participated in the presentation of the matter to the Judicial Committee. The president may not discuss the case with any administrator who was responsible for the decision at issue in the case or who participated in the presentation of the matter to the senate Judicial Committee. Such administrators may communicate with the president in writing, but only if the full text of the communications is given to the faculty member and the faculty member is given a reasonable opportunity to respond to it.

The president shall not take action materially different from that recommended by the panel unless, prior to the action, the president has consulted with the committee. The parties and their representatives shall not be present at any meeting between the president and the committee nor shall their consent be required for such meeting.

In addition, the president may request the Judicial Committee to make further findings of fact, to clarify its recommendation or to reconsider its recommendation. The reconsideration will be made by those who have heard all of the evidence in the case, but the full Judicial Committee may consult with them on questions of general policy.

The president may impose the action recommended by the committee or any action more favorable to the faculty member. The president may impose action less favorable to the faculty member only for important substantive reasons, which must be stated in writing, with specific detailed reference to the report of the Judicial Committee, the evidence presented, and the policies involved. The president's written statement must be given to the parties and to the Judicial Committee. If the Judicial Committee decides that the president has imposed an action that is less favorable to the faculty member than it had recommended, it shall inform the faculty by publication of the president's action in the docket of the Faculty Senate. If the faculty member waives rights to confidentiality, the full text of the statement will be published. Otherwise a summary of the statement will be published without identification of the faculty member or information that may indirectly identify the faculty member. The president's written statement must be given to the parties and to the Judicial Committee.

15.6 Actions Requiring Reconsideration. If the Judicial Committee recommends reconsideration of an action, that reconsideration will be undertaken under the supervision of the senior academic administrator, unless otherwise specified. The Judicial Committee may retain provisional

jurisdiction of the matter to review allegations that the reconsideration itself was improper, and may make supplementary findings, conclusions, and recommendations in this regard.

15.7 Recommendations For Changes In University Policies And Procedures. As a result of Judicial Committee proceedings, the Judicial Committee, the Tenure Committee or the senior vice president for academic affairs may initiate steps to clarify or improve University rules or policies involved. The changes will not affect the outcome of the case before the committee.

Section 16. Tenure Committee.

16.1 Membership. The Tenure Subcommittee Of The Senate Faculty Affairs Committee (referred to elsewhere in these regulations as the Tenure Committee) is composed of at least seven members of the faculty and such other persons as the University Senate bylaws shall provide. The manner of appointment is governed by the University Senate bylaws.

16.2 Interpretations. The senior vice president for academic affairs and the Tenure Committee may propose formal interpretations of these regulations, consistent with their terms. Such interpretations must be reported to the Faculty Senate and the Board of Regents. If adopted by the Board of Regents, such interpretations will be binding in all cases subsequently arising.

16.3 Procedures. The senior vice president for academic affairs and the Tenure Committee may jointly adopt the procedures provided by subsections 7.4 and 7.61, and jointly approve the procedures proposed by the Judicial Committee under Section 13.2. Such procedures must be reported to the Faculty Senate and the Board of Regents before they go into effect.

16.4 Additional Functions. The Tenure Committee also advises the University and makes recommendations concerning the interpretation and amendment of these regulations, but such advice and recommendations are not binding on the Judicial Committee.

Section 17. Written Notice.

Notices of termination of a probationary appointment, of suspension or termination of an appointment, or of placement on unrequested leave of absence for disability, must be sent by registered or certified mail to the last known residence address of the faculty member concerned and also by campus mail to the faculty member's campus address, if any. The written notice satisfies the applicable time requirement if it is postmarked at or before midnight of the applicable date.

Failure to comply fully with this section is immaterial if, in fact, the faculty member was not prejudiced by such failure.

Section 18. Publication.

These regulations, and the interpretations referred to in Section 16, will be published and made available to all faculty members. Every faculty member who holds a regular or non-regular appointment, except for courtesy faculty appointments without salary, must be given a copy of the current regulations and copies of subsequent amendments or published interpretations.

Section 19. Amendment.

These regulations are subject to amendment by the Board of Regents. Proposed amendments from any source will be submitted to the Faculty Senate for its advice and recommendation before final action by the Board of Regents. The Faculty Senate will solicit the recommendations of the Faculty Affairs Committee, the Judicial Committee, and the Tenure Committee, before giving its advice and recommendation.

[1] A "senior academic administrator" is an officer who has final review authority on academic personnel decisions, and who reports directly to the president and regents, such as a vice president, chancellor, or provost. The president will designate one or more senior academic administrators (vice presidents, chancellors, provosts, etc.) To have responsibility for academic matters for all or part of the University, and will define their respective jurisdictions.

[2] "Service" means performance within the faculty member's expertise, other than teaching and research as defined in section 7.11.

[3] The term "family member" is meant to include a blood relative, or a marital partner, or a domestic partner (registered with the University), or an adoptive/foster child.

[4] The mission of the University includes, where appropriate, outreach activity that extends a faculty member's teaching, research and service beyond the campus or to nontraditional groups of students and citizens. Not every faculty member will have outreach responsibilities.

[5] For interpretation and possible applications, see the interpretative comment that will be provided in accordance with the provisions of subsection 16.2.

[6] Criteria other than those expressly listed in this sentence must be explicitly stated and justified in terms of the mission of the University. Such additional criteria may not impinge upon the academic freedom of the probationary faculty member.

[7] "Teaching" is not limited to credit-producing classroom instruction. It encompasses other forms of communication of knowledge (both to students registered in the University and to other persons in the community) as well as the supervision or advising of individual graduate or undergraduate students.

[8] "Research" is not limited to the publication of scholarly works. It includes activities which lead to the public availability of products or practices which have a significance to society, such as artistic production or the development of new technology or scientific procedures.

[9] "Service" means performance within the faculty member's academic expertise and the mission of the academic unit. It does not include performance of quasi-administrative functions such as membership on faculty or senate committees or other similar activities; those activities are relevant only to the limited extent set forth in the following paragraph of the text.

Where service is not an integral part of the mission of the academic unit, a faculty member's service may be considered, but is not a prerequisite to the awarding of tenure.

Other exceptions may be made only in exceptional circumstances by means of special contract, as provided in subsection 3.6.

The individual's participation in the governance of the institution and other services to the University and service to the academic unit may be taken into consideration, but are not in themselves bases for awarding tenure.

[10] Indefinite tenure may be granted at any time when the candidate has satisfied the requirements. A probationary appointment must be terminated when the appointee fails to satisfy the criteria in the last year of probationary service and may be terminated earlier if it appears that the appointee is not making satisfactory progress toward meeting the criteria within that period.

[11] As used in this policy, "tenured faculty" means those members of the faculty who hold indefinite tenure.

[12] Throughout this section the word "dean" means the dean of the collegiate unit or other equivalent officer or an academic administrator specifically designated for this purpose by the senior academic administrator or by the senior vice president for academic affairs

INTERPRETATIONS

Dated April 12, 1985; September 8, 1988; March 12, 1993 and October 13, 1985

1. Interpretation of Sections 3-9 Promotion and Tenure Decisions Permitted by Provosts and Chancellors during 1995-96.

To accommodate current restructuring of the central administration, final review and related aspects of the promotion and tenure process may occur at the level of provosts and chancellors during the 1995-96 academic year. Provosts and chancellors will receive consultation regarding proper procedures from the Dean of the Graduate School.

2. Interpretation of Subsection 5.5: Retroactive Application.

A probationary faculty member may elect to extend the probationary period by one year if

- (1) the member became a parent, by birth or by adoptive/foster placement, within five years before the effective date of subsection 5.5; and
- (2) has not been given notice of termination.

3. Interpretation of Subsection 5.5: Major Caregiver Responsibilities.

A request for extension of the maximum probationary period for major caregiver responsibilities should be made only if those responsibilities are very substantial and continue over an extended period of time. The probationary faculty member must submit a written application to the head of the academic unit, who will forward it for action and approval through the appropriate University channels. If an administrator does not approve the request, the faculty member may file a grievance under applicable University policies.

4. Interpretation of Subsection 7.11: Consideration of Factors Other than Primary Tenure Criteria.

The use of any factor other than teaching, research, and service in making the decision about a probationary faculty member must be specifically stated and justified at the time of the decision. This rule applies both when that factor is a criterion for judging the candidate's progress and when it is an element in establishing or modifying the standard which the faculty member should achieve.

A change in the program of a unit or college may be used as a factor in a decision only when the change has been adopted in accordance with the established procedures of the University, after consultation as required by those procedures. It must be explicitly identified. If such changes affect the prospects of probationary faculty members to achieve tenure, the faculty members should be given the earliest possible notice of the potential impact of such changes.

5. Interpretation of Subsection 7.11: Discipline-Related Service.

Discipline-related service, as one of the primary criteria for tenure evaluation, is limited to those endeavors specifically related to the individual's academic expertise and faculty appointment in accordance with the academic unit's Mission Statement. This service must be defined in the Mission Statement as central and necessary to the operation of the academic unit. An equivalent term might be "unit mission-related service" — for example, clinical service in a teaching hospital situation that does not involve students directly.

6. Interpretation of Sections 14 and 15: Working Days.

The word "days" is interpreted to imply working days, not calendar days.

7. Interpretation of Amendments to Subsections 14.1 and 14.2: Timely Responses in Cases of Unrequested Leave of Absence, Termination, or Suspension.

The timelines for responses by either the involved faculty member or administrator may be extended by agreement of the parties to the proceeding or for extraordinary circumstances. An agreement of the parties to extend the time limit shall be in writing, signed by both parties or their representatives. If the parties do not agree, either party may apply to the chair of the Senate Judicial Committee for an extension of the time in which to take the steps required in this section. If the faculty member has failed to act within the time limits prescribed in these sections, the responsible administrator may request the chair of the Senate Judicial Committee to set a specific date by which the faculty member must take action; if the faculty member fails to do so, the petition for review will be dismissed without further proceedings and the requested disciplinary action (or any lesser sanction) may be taken. If the responsible administrator has failed to act within the time limits prescribed in these sections, the faculty member may request the chair of the Senate Judicial Committee to set a specific date by which the administrator must take action; if the administrator fails to do so, the proceedings shall be dismissed and further action can be taken only by reinitiating the entire proceedings.

8. Interpretation of Amendment to Subsection 10.2: Faculty Assignments.

Faculty members are free to choose topics for research or outreach and to discuss all relevant matters in the classroom, in accordance with the principles of academic freedom and responsibility. The head of the academic unit will assign individual faculty members to teach specific courses in accordance with the academic workload statement and other policies adopted by the faculty of that unit. A faculty member may challenge an assignment by showing that it is unreasonable. An assignment is unreasonable if: (a) taken as a whole, it exceeds the workload expected in the workload statement of that unit, (b) the faculty member lacks the basic qualifications to teach the course, or (c) the assignment was made in violation of the faculty member's academic freedom or in violation of another specific university policy. The faculty member should carry out the teaching assignment pending resolution of any grievance, unless the responsible grievance or hearing officer or panel indicates that provisional measures are appropriate.

- c) Approval of a resolution related to the sale of certain assets of the University of Minnesota Hospital and Clinic to Fairview Hospital and Health Care Services, and an academic affiliation with Fairview Hospital and Health Care Services, as follows:

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

WHEREAS, on July 11, 1996, the Board of Regents received and reviewed an extensive report in regard to the status of the transaction, reviewed the report with the President, the Senior Vice President for Finance and Operations, the Provost for the Academic Health Center, and the General Counsel ("Senior Officers of the University") and by resolution granted to the Senior Officers the authority to proceed to consummate the transaction consistent with the terms of the report; and

WHEREAS, the Senior Officers have provided periodic reports to the Board of Regents on the status of negotiations, the progress and completion of due diligence, and related matters, and have on this date reported to the Board of Regents on the status of negotiations in relation to the terms of the report provided on July 11, 1996 and contained in the Board of Regent's Resolution of July 11, 1996; and

WHEREAS, it is understood that all issues related to the transaction have not been resolved, and that negotiations continue as to certain matters;

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

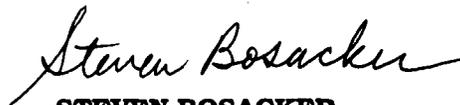
The Board of Regents hereby affirms the delegation of authority to the Senior Officers of the University to consummate the transaction as provided in the Resolution of July 11, 1996 and as further modified by today's report.

- d) The selection of Mark G. Yudof as the next president of the University of Minnesota.

The Board of Regents voted to approve the recommendations of the Committee of the Whole. Regent Bleyhl abstained from voting on the item pertaining to the Fairview affiliation.

Reagan reported that review of Resource Allocation Guidelines was postponed until the January 1997 meeting. The committee received an institutional performance report, an annual financial report, and officially welcomed new Regent Michael O'Keefe.

The meeting adjourned at 10:55 a.m.



STEVEN BOSACKER
Executive Director &
Corporate Secretary

**UNIVERSITY OF MINNESOTA
BOARD OF REGENTS**

MINUTES

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

January 8-10, 1997

**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

January 8-10, 1997

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UNIVERSITY OF MINNESOTA
BOARD OF REGENTS
Litigation Review Committee
January 8, 1997

A meeting of the Litigation Review Committee of the Board of Regents was held on Wednesday, January 8, 1997, at 3:10 p.m. in Room 325, Morrill Hall.

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

Staff present: President Nils Hasselmo; Provost Frank Cerra; Vice President Mark Brenner; General Counsel Mark Rotenberg; and Executive Director Steven Bosacker.

Others present: Mario Bognanno, Mark Bohnhorst, William Donohue, Gail Klatt, Julie Sweitzer, and Jan Symchych.

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

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

RESOLVED, that on the recommendation of the President and as provided by Minnesota State Statute 471.705, Subd. 1d, a non-public meeting of the Board of Regents' Litigation Review Committee be held on Wednesday, January 8, 1997, in 325 Morrill Hall, for the purpose of discussing attorney-client privileged matters.

The committee voted unanimously to approve the resolution.

The meeting adjourned at 3:15 p.m.



STEVEN BOSACKER
Executive Director and
Corporate Secretary

UNIVERSITY OF MINNESOTA

BOARD OF REGENTS

Audit Committee

January 9, 1997

A meeting of the Audit Committee of the Board of Regents was held on Thursday, January 9, 1997, at 8:07 a.m. in Room 238, Morrill Hall.

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

Staff present: President Nils Hasselmo; Senior Vice Presidents JoAnne Jackson and Marvin Marshak; Executive Director Steven Bosacker; Associate Vice President Clint Hewitt; and Director of Audits Gail Klatt.

Student Representatives present: Eric Gustafson and Blessing Rugara.

SENIOR VICE PRESIDENT'S REPORT

Senior Vice President Jackson introduced Terry O'Connor, the University's new Controller.

Jackson reported that a fix has been found to help the CUFSS system get through the year 2000. While it does not mean that CUFSS should not be replaced in the future, the system will at least be operational until replacement.

For the first time, there will be a closing of the University books as of December 31, 1996, in order to close the hospital and transfer the necessary balances over to Fairview. It is not the full closing with audit reports of the total University as normally done on June 30, but it is a closing of University books to assure that all balances are appropriately recorded within the hospital transfer.

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

ANNUAL EXTERNAL AUDITOR'S REVIEW OF MANAGEMENT LETTER

Mark Chronister of Coopers and Lybrand distributed the report to management for the year ended June 30, 1996.

Chronister stated that this is the best management letter that Coopers & Lybrand has issued in their seven years with the University. A significant amount of progress has been made in just the past year on "reportable conditions" -- problems that the auditor feels are significant enough that the Audit Committee should be made aware. Three reportable conditions that were addressed this year were: 1) the effective procedures for accounting for billed and unbilled receivables on sponsored research; 2) defining the roles and responsibilities in accounting; and, 3) revising the design and

administration of Administrative Information Systems (AIS) security. The one reportable condition still outstanding is to finalize, document and test internal control procedures for CUFS, which is currently being addressed.

Chronister noted that the management letter is a byproduct of the audit process and explained that the integrated framework of internal control (IFIC) is more a philosophy than a structure. While the IFIC has been implemented on an advisory basis, it needs to be utilized throughout the entire organization. Because the University is in a state of constant change, there is always an element of risk. The University must be able to manage that change. With implementation of the IFIC, Chronister stated that he feels the University is on the right track.

Regent Hogan thanked Chronister and Coopers & Lybrand for their commitment to the University over the past seven years. Hogan noted Coopers & Lybrand's outstanding job in working through the transition with the new external auditor, Deloitte Touche.

**PRESIDENT'S REPORT ON INTERNAL CONTROL
(ADMINISTRATION RESPONSE TO MANAGEMENT LETTER)**

President Hasselmo expressed his appreciation of Mark Chronister and Coopers & Lybrand, noting that the integrity of the management system is essential to everything the University does.

Hasselmo stated that he is pleased with the management letter because it reports meaningful progress. Along with the notable conditions that Chronister outlined in his report, Hasselmo noted that the University has been involved in a very important culture change.

Hasselmo explained that the University is now using benchmarks. With the 14 critical measures now approved, a basis for assessing productivity will work to facilitate a culture change.

Hasselmo also noted the importance of the Denny Commission report -- a philosophical framework and series of recommendations already moving into the budget process.

Hasselmo stated that he is committed to continuing progress, and he hopes to hand over to the new administration, a foundation on which to build for the future. All problems have not yet been solved, but a strong foundation and been laid and significant progress has been made.

Regent Bleyhl stated that the report reflects actions, progress, and advancement. It has taken time, but now the results are being seen. Regent Neel expressed that the work of President Hasselmo has been underrated. The nuts and bolts of preparing for the future are not glamorous, but are essential for the survival of this great institution.

In response to a question from Regent Larson, Chronister noted that the University's continuing concern for the future will likely be the pace of change. Because there are always going to be risks, it is important to have a framework for identifying and dealing with them. The University has already come a long way in the past seven years in creating an environment where discussing risks and failures is okay.

Regent Hogan stressed the importance of the IFIC and noted that Director of Audits Klatt and the audit staff has undergone big changes and have been extremely busy. Hogan suggested that a discussion on where the Audit Committee is headed

should be had at a future committee meeting, as well as a decision on a new, more appropriate name for the committee.

**INTRODUCTION OF NEW UNIVERSITY EXTERNAL AUDITORS -
DELOITTE TOUCHE**

Senior Vice President Jackson introduced representatives from Deloitte Touche, the University's new external auditors.

INTEGRATED FRAMEWORK - DISCUSSION #5

John Scheffler of Deloitte Touche thanked Mark Chronister and his colleagues at Coopers & Lybrand for their cooperation in the transition. Scheffler also thanked Senior Vice President Jackson and Director of Audits Klatt for their time and help in involving Deloitte Touche early on in key issues.

Scheffler stated that through research and continuing dialogue with University representatives, the Deloitte Touche representatives have a good appreciation for the IFIC. Scheffler stated that he and his colleagues have reviewed minutes from previous meetings, and are well aware of the University's strong commitment to this philosophy.

Scheffler explained that Deloitte Touche has extensive experience with the IFIC. The current CEO of the firm, Michael Cook, chaired the Treadway Commission that issued the Committee of Sponsoring Agencies (COSO) Report in 1988. Upon reengineering their audit process in 1991, Deloitte Touche incorporated the COSO integrated framework model into their audit process, so it is very familiar to their people and is incorporated into their training mechanisms.

Jackson added that during the auditor selection process, they asked specific questions and looked for a firm that could be the University's business partners. Because auditing has gone through tremendous change, it is vital to have an auditor who will say if you have not properly assessed risks. Jackson stated that she is very comfortable that Deloitte Touche will help move the University forward in the right direction.

The meeting adjourned at 9:10 a.m.



STEVEN BOSACKER
Executive Director and
Corporate Secretary

Year 1996-97

UNIVERSITY OF MINNESOTA

BOARD OF REGENTS

Faculty, Staff and Student Affairs Committee

January 9, 1997

A meeting of the Faculty, Staff and Student Affairs Committee of the Board of Regents was held on Thursday, January 9, 1997, at 10:00 a.m. in Room 300, Morrill Hall.

Regents present: Patricia Spence, presiding; William Hogan, H. Bryan Neel, Michael O'Keefe, and Stanley Sahlstrom.

Staff present: Chancellors David Johnson and Donald Sargeant; Vice Chancellor Vincent Magnuson; Provost Gene Allen; Senior Vice President Marvin Marshak; Vice President McKinley Boston; Executive Director Steven Bosacker; and Associate Vice Presidents Rusty Barcelo, Jane Canney, Jessica Bailey, and Richard Pfitzenreuter.

Student Representatives present: Andrew Toftey and Karl Thorson.

Regent Spence welcomed Regent O'Keefe to his first meeting of the Faculty, Staff, and Student Affairs Committee.

Spence noted her displeasure with unkind remarks made toward Regents Kim and Neel in an editorial in the *Star Tribune*. Spence stated that if they had been informed on the issues and the records of service of these Regents, the editorial would not have been published.

SENIOR VICE PRESIDENT'S REPORT

Senior Vice President Marshak expressed his thanks to the members of the committee for their contributions to the committee, to the University, its faculty, staff, and students.

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

- The inauguration of women's hockey at the University of Minnesota. Marshak stated that this remarkable step shows how far the University has come. Laura Halldorson has been hired as the women's hockey coach.
- Marilyn R. DeLong, professor, Design, Housing and Apparel, has been named the Mertie W. Buckman Professor in Design Education.
- The appointment of Michael J. Till, DDS, Ph.D., as Dean of the School of Dentistry for a term of two years.

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

STUDENT DEVELOPMENT AND ATHLETICS: PROGRAMS AND INITIATIVES

Vice President Boston presented a report on programs and initiatives of the Office of Student Development and Athletics (OSDA). Boston explained that it has been 18 months since the restructuring of the OSDA, and this report was an opportunity to brief the committee on activities of the past 18 months. Boston introduced Associate Vice President Canney, who joined in the presentation.

Boston stated that the OSDA is made up of the following units: Academic Counseling/Intercollegiate Athletics, Air Force ROTC, Army ROTC, Assessment and Achievement Center, Athletic Compliance Office, Boynton Health Service, Campus Involvement Center, Communications & Publications, Food Services, Housing & Residential Life, Men's Intercollegiate Athletics, Minneapolis Student Unions, Naval ROTC, Program Against Sexual Violence, Recreational Sports, St. Paul Student Center, Student Judicial Affairs, University Counseling and Consulting Services, University Student Legal Service, and Women's Intercollegiate Athletics.

The OSDA has identified strategic directions as priorities in its role in U2000: 1) to provide leadership and direction to the greater University community through the development of an inclusive, participatory, and supportive campus community environment; 2) to support the recruitment and retention of a diverse population of students, staff, and faculty by offering and providing learning and leadership opportunities, programs, and services both on campus and in the larger community; 3) to assist faculty in the education mission by offering and providing out-of-the-classroom education services and programs for students; 4) to provide a safe environment that encourages students, staff, and faculty to remain on campus and facilitates interaction among community members; and, 5) to provide a customer-oriented environment by offering high-quality, efficient, and cost-effective programs and services.

In order to fulfill these strategic directions, the OSDA has developed initiatives to enhance the undergraduate experience. Initiatives completed in 1996 include: 1) the development of one undergraduate bulletin to replace the practice of publishing and distributing 14 different undergraduate catalogs; 2) the merger of the University Community Building Project and Office of Student Activities to form the Campus Involvement Center; 3) the completion and opening of Wilkins Hall, a 127-bed residential facility; and, 4) the \$4 million funding approval for the St. Paul Gym renovation.

Ongoing initiatives include a diversity partnerships initiative; rehabilitation of the MRRC building for apartment-style student housing units; reengineering of the current structure of counseling and related activities at the Twin Cities campus; a first-year experience program; the reengineering of career services; and a campus-wide wellness initiative.

In response to a question from Regent Sahlstrom, Boston explained that a major renovation is underway on the St. Paul campus. The gym is being totally remodeled to include an improved swimming pool, gymnasium, and locker rooms.

Regent O'Keefe commended Boston and the OSDA staff for the emphasis being placed on the quality of life for students and on building a community within the institution.

In response to a question from Regent Neel regarding health services for students, Canney explained that a major concern is the number of college students today who are suffering from depression. The numbers of attempted suicides and suicides are higher than ever before. There currently is a death response team and a

suicide prevention team, and the OSDA is looking into other areas of intervention while involving students to help find solutions. Problems such as credit card debt are issues that students today are facing that were not even imagined 20 years ago.

STRATEGIC DECISION & POLICY DIRECTION: TUITION AND FINANCIAL AID

Senior Vice President Marshak introduced Peter Zetterberg, Director of the Office of Planning and Analysis, to present a report on tuition and financial aid policy. Zetterberg distributed a handout which included tuition comparisons of the Big 10 plus other top 30 public institutions. For 1996-97, the University of Minnesota's Twin Cities campus ranks sixth highest for tuition and required fees. The increase over the past ten years has been 96%. Zetterberg explained that the comparison confirms that tuition increases above the level of inflation have happened at nearly all peer institutions.

The Administration proposes three possible changes to the University's tuition policy, which would in some way address concerns the committee has raised at previous meetings. The first of these possible changes would be with regard to an access, choice and quality fund as follows:

Proposal for Access, Choice, and Quality Fund policy

The University shall 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, operations and maintenance revenue may also be used, if recommended by the president and approved by the Board.

Zetterberg explained that adding this paragraph to the University's tuition policy would be done mainly for fundraising reasons. Having a named, designated fund would be helpful for development officers when seeking scholarship funds.

Regent Hogan suggested rewording the policy statement to emphasize maintaining quality, access and choice.

In response to a question from Regent Spence, Marshak stated that he spoke to Vice President Gerald Fischer and Mr. Robert Hanle regarding this proposal. Marshak stated that it is clear in the Minnesota fundraising climate that fundraising for students and scholarships is the easiest of our causes for which to raise money. Having a fund clearly will help, and this is one of the priorities of the capital campaign.

The second possible change is with respect to tuition rates. Zetterberg proposed a change to the undergraduate student tuition policy which would create a single rate for undergraduates of each campus by 1998-99. Zetterberg explained that those who have considered the matter do not think there is a good justification to the difference between lower-division and upper-division students. One of the difficulties of this practice is a sticker shock problem for students when they pass from lower-division to upper-division. Not only are they hit with the annual tuition rate increase; they also see a spike because they are now considered upper-division. If this practice was eliminated, there would be one undergraduate tuition rate at each campus.

Marshak stated that when looking at attrition data for the University, you see that there is a higher dropout rate after the sophomore and junior years at Minnesota

than at rival institutions. It appears that backloading tuition rates is counterproductive to the graduation rate.

Zetterberg explained that entering freshmen appear to be less sensitive to tuition than continuing students because there is more parental support. Most merit-based scholarships go to lower division students.

Chancellor Sargeant explained that the Crookston campus serves outstate, middle-income families who are comparing tuition not to other private colleges in the Twin Cities area, but to other Universities such as Iowa and North Dakota, whose entering freshmen tuitions are much lower. Sargeant stated that he supports the tuition proposal, but noted that there must also be changes in the current financial aid policy to help students throughout all four years.

Chancellor Johnson explained that the Morris campus equalized lower and upper division tuition five years ago. The transition seemed to hit returning sophomores the hardest, so they targeted student employment and discretionary aid to help ease the burden. Johnson stated that he is glad they made the change because it reduced the stigma on lower division. Johnson explained that you don't want lower-division to connote lower quality.

Vice Chancellor Magnuson explained that the Duluth campus proposal to equalize rates for freshman could create a source of funding for financial aid, course access and advising. The reason for doing this is that lower division costs are lower than upper division costs. Although class sizes are larger, you need to place more attention on the freshman and sophomore student in terms of retention and advising. Magnuson stated that it is the lower-division student that needs more attention in terms of money spent on all levels.

The third change to be considered is tightening the language in the fees section of the current tuition policy to make clear that course fees can only be used in circumstances where a student is being given materials to keep. Otherwise, fees should not be established for a course as a way to bring more money into a department or college. While wanting to allow for college-wide fees for special purposes (i.e. computer fees), Zetterberg stated that they would like to tighten language so that no college can have more than one such fee.

Student Representative Reed expressed the students' concern about rewording versus tightening of the policy. Zetterberg explained that the intent is to restrict and better define the use of fees. There is no attempt to encourage use of fees.

Marshak noted that the discussion of modem access fees will be addressed at the February 1997 committee meeting.

Provost Allen said he favors the restriction of add-on fees, but warned that some courses will be dramatically impacted. Some courses will not be taught in the same way because of the cost. Allen stated that he is not sure some very specialized costs should be spread to all students. He also observed that this policy will not improve the quality of all courses. It is a very difficult situation to deal with courses that have expendable items in which you carry nothing away except what you have learned from doing it. There is a trade-off.

Zetterberg stated that he appreciated Provost Allen's comments, and noted that one of the reasons they used to have an upper-division tuition policy that allowed variation in tuition rates was precisely for the reasons Allen stated. It is more costly to offer certain kinds of courses. The Board has decided that it values choice over a cost-sensitive tuition policy, therefore, a fee policy that undermines choice is inconsistent.

Zetterberg stated that one of the real problems with special course fees is that they are not included in financial aid budgets.

Regent Spence stated that these proposals will be brought back to the committee in February for review of the policy changes. Spence also requested that the modem fee discussion and the Minnesota State Grant discussion be put on the agenda for the February meeting.

The meeting adjourned at 12:07 p.m.



STEVEN BOSACKER
Executive Director and
Corporate Secretary

UNIVERSITY OF MINNESOTA

BOARD OF REGENTS

Facilities Committee

January 9, 1997

A meeting of the Facilities Committee of the Board of Regents was held on Thursday, January 9, 1997, at 10:00 a.m. in Room 238, Morrill Hall.

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

Staff present: Chancellors David Johnson and Donald Sargeant; Senior Vice President JoAnne Jackson; Vice President McKinley Boston; Executive Director Steven Bosacker; and Associate Vice Presidents Ronald Campbell, Gail Klatt, Robert Kvavik, Roger Paschke, and Richard Pfitzenreuter.

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 January 1997. Jackson said that she and others will be interviewing the finalists for the position of Associate Vice President of Facilities Management within the next month.

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

AMENDMENT, FY 97 CAPITAL BUDGET

A motion was made and seconded to recommend approval of the following resolution relating to amendments to the FY96 Capital Budget:

RESOLVED, that on the recommendation of the President and the Senior Vice President for Finance and Operations, the FY 1997 Capital Budget is hereby amended to increase the scope and budget of the following projects:

- A. Space Management Data Base System - Phase II (Project Implementation), Budget Increase, Twin Cities Campus
Original project cost estimate: \$1,000,000
Increase in project cost: \$1,500,000
Total project cost: \$2,500,000
Funding for increase: State non-recurring O&M funds
Estimated completion date: January 1998
- B. East University Circle Reconstruction, Scope/Budget Increase, Duluth Campus
Original project cost estimate: \$425,000

Increase in project cost: \$425,000
Total project cost: \$850,000
Funding for increase: Duluth Campus Parking Reserves
Estimated completion date: August 1997

In response to a question from Regent Anderson regarding the Space Management Data Base System, Ellen Mueller, facilities management executive assistant, explained that only tabular data is currently available. The new system would put graphic data on the computer and allow easy access to it on the web. Jackson added that this system would get more people involved in better managing their space.

The committee voted unanimously to recommend approval of the proposed resolution.

REAL ESTATE TRANSACTION

Purchase of Lyddon Homesite, Crookston

A motion was made and seconded for approval of the following resolution relating to the purchase of Lyddon Homesite in Crookston:

RESOLVED, that on the recommendation of the President and the Senior Vice President for Finance and Operations, the appropriate administrative officers are authorized to execute the appropriate documents providing for the purchase of approximately 5.09 acres of land and the single-family home situated thereon, located near the Crookston Campus, from Ruth Lyddon, for the sum of \$105,000.00.

The committee voted unanimously to recommend approval of the proposed resolution.

REAL ESTATE TRANSACTIONS

Sale of Salt Spring Lands

The committee reviewed a proposal to sell 40 acres of Salt Spring Lands to the Minnesota Department of Natural Resources for the sum of \$5,000.00. Proceeds from the sale of this land are deposited to the University Salt Land Fund, to support American Indian Education at the Duluth (endowed chair), Morris, and Crookston Campuses.

Sale of Property at the North Central Experiment Station, Grand Rapids

The committee reviewed a proposal to sell approximately 21 acres of property at the North Central Experiment Station that can no longer be used for educational or research-related activities because of the proximity to residential development. The property will be appraised and offered for sale by public bid after the appraisals are complete.

SCHEMATIC PLANS, FY 97 CAPITAL BUDGET

A motion was made and seconded for approval of the following resolution relating to schematic plans for the science and math addition and remodeling on the Morris campus and a new library on the Duluth campus:

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

- A. Science and Math Addition and Remodeling, Morris Campus
Total project cost: \$42,490,000 (Phase I - \$34,320,000; Phase II - \$8,170,000)
Funding: Morris campus pre-planning funds; 1996 legislative appropriation; 1998 community partnership (anticipated); 1998 legislative appropriation (anticipated); and 2000 legislative appropriation (anticipated)
Estimated completion date: Phase I - May 2000; Phase II - September 2001

- B. Library Addition and Remodeling, Duluth Campus
Total project cost: \$23,700,000
Funding: Duluth campus pre-planning funds; 1996 legislative appropriation; and 1998 legislative appropriation (anticipated)
Estimated completion date: July 2000

Science and Math Addition and Remodeling, Morris Campus

Craig Rafferty, Rafferty, Rafferty and Tollefson Architects, presented an overview of the two phases of the project. The first phase includes the demolition of the existing 65 year old Physical Education Annex to make room for the new science facility which will provide laboratories for the chemistry and biology departments, and general classrooms for the science and math divisions. In addition, a connecting link will unite the new facility with the existing science facility. The link will house faculty offices and meeting spaces. The new facility will be compatible with surrounding buildings in scale and design.

The second phase includes renovating the existing science facility to meet current codes and teaching standards for use by classes with less stringent physical and environmental requirements.

In addition, because it was necessary to demolish the Physical Education Annex, there is also a proposal to develop a partnership between the Morris campus and the community for a joint regional recreational center on campus.

Chancellor Johnson stressed the importance of the project to the continuing success of the science and math programs on the Morris Campus. Of this year's students, 45% have stated they will major in the sciences and math. He also expressed his support of a joint recreational facility.

Lowell Rasmussen, Associate Provost for Master Planning at UMM, commented on how this project fits with the objectives of the master planning process. The new facility fits the distinctive character of the Morris campus and will enrich the campus experience by bringing an element of technology. The new recreational center creates an avenue for improving the community and the campus. The project plans maximize the value of the physical plant assets and existing space.

In response to a question from Regent Anderson, Linda McCracken-Hunt, Facilities Management Director, responded that this project was number three on the priority list of University capital requests.

Regent Phillips emphasized that the need for this project is very critical due to the hazardous nature of the current facilities.

In response to a question from Regent Larson, Rafferty explained that the design facilitates the intermingling of faculty from the various science disciplines. In addition, Rafferty expressed that the new design enhances the campus systems and visually shows the sciences as a complex rather than individual buildings.

Regent Bleyhl expressed the importance of community involvement and was pleased to see this concept present in the plans. Bleyhl emphasized, however, that "community" should be interpreted broadly to include areas beyond Morris.

In response to concerns from Anderson, Rafferty explained that tunnel connections are being made to the student center and the library. In addition, provisions for future connections are in the design.

Library Addition and Remodeling, Duluth Campus

Vice Chancellor Greg Fox, UMD, explained that the library addition will be connected to the existing Duluth tunnel system. The current library is at 52% of the capacity needed for the existing student body. Fox reminded the committee of concerns regarding structural and health problems at the existing library. The new library will address those problems, as well as be a state-of-the-art facility with electronic access that will be flexible and student-friendly. This project is on budget, on time and will result in a facility of the highest possible quality.

Ken Johnson, Stanius Johnson Architects, explained that a library is at the heart of a campus and the design for this library reflects this importance. The plan represents a cost-effective and adaptable building that will meet the needs of the campus into the 21st century. Johnson explained that the new library would be located at the intersection of the two main concourse systems. Johnson reviewed in more detail the architectural sketches.

In response to a request from Anderson, Regent Reagan moved that plaques bearing the name of the architect and other relevant information be placed on buildings from this day forward. The motion was seconded and passed unanimously by the committee.

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

HOUSING NEEDS ASSESSMENT

Associate Vice President Campbell explained that the report focuses on what we have learned about our students and their housing needs and responses to those needs. Campbell highlighted several points from the material found in the docket.

The Master Plan calls for the creation of a livable campus that instills a sense of community. Staff is paying particular attention to the current shortages in campus housing. In addition, attention needs to be drawn to the types of students and what the students have identified as the most important factors in the selection of housing, as found in the recent marketing study. Trends indicate that as retention increases, the demand for housing will be greater in years to come.

New housing needs to be located strategically to provide easy access to other facilities. Since 1991, total occupancy has risen by about 400 students, while capacity has only increased by eight (due in part to a changing of the room configuration toward

more single occupancy rooms). Room and board rates remain affordable and competitive in the Big Ten. Since 1991, the percentage of freshman living in residence halls as compared to the University's freshman class has increased by 10%. There is a direct positive correlation between the number of freshman and the need for student housing.

The Market Strategies Report conducted by Leede Research Group found that the most important factor for students choosing on-campus housing was the proximity to campus. For students living off campus the most important factor was affordability. Other important factors included laundry facilities, access to University computers and security. The study also identified that 80% of the students surveyed are willing to pay more for features they consider valuable.

Vice President MacKinley Boston expressed his excitement regarding a move away from a reactionary phase of responding to housing to a move toward assessing need. The current guaranteed housing for freshman policy, as well as improved programmatic efforts, has had a positive impact on the retention of students in campus housing.

Campbell explained that in 1996 there was a 33% system-wide retention rate for on-campus housing. It is estimated that retention will increase to 38% for the fall of 1997 resulting in a housing shortage of approximately 226. It is predicted that the retention rate will be 40-45% over the next three to five years. As we commit more space to freshmen and upper-class students we need to build different types of accommodations, network with the community to build and develop better and affordable housing, and act competitively in responding to student housing needs.

Campbell provided an update on the status of the Mineral Resources Research Center (MRRC) housing project. It is estimated that this project could add 135 student beds. The project cost is estimated to be \$8.5 million funded through an internal University loan. Unlike Roy Wilkins Hall, this project will not be supported solely by the revenue it generates. It is anticipated that the rent will be \$450/month/student. The facility should be open for use by Sept. 20, 1997.

Members of the building team of Lund/Martin/Miller Dunwiddie Design were introduced. The next housing project being scheduled will be located on East River Road.

Senior Vice President Jackson explained that Dain Bosworth was engaged to evaluate funding possibilities for student housing. The MRRC housing project has two cash flow problems: the annual cash flow is negative and the cost of environmental cleanup is not included in the capital request for this project. With the help of the architects, we should be able to overcome these problems and stay within the budget.

Regent Reagan requested that references in the Housing Master Plan specify which campus is being discussed.

In response to a question from Regent Phillips, Campbell explained that they have talked with off-campus developers to provide housing, but their efforts have focused on property the University owns. Regent Phillips requested that there be a presentation and discussion of off-campus housing at a future meeting.

Regent Anderson asked if the question regarding a student's desire to live on campus reflected the type of student housing being built today (i.e., modern with several amenities) and if not, what impact would this knowledge have on the student's desire to live on campus. Mary Ann Ryan, Director of Housing and Residential Life, reporting that overwhelmingly students wanted apartment-type housing. Campbell added that as better housing is built, student satisfaction will increase.

In response to a question from Student Representative Zehrer, Ryan stated that due to difficulty marketing the one bedroom units for two students, they allowed just one student to rent the unit. She added that, given the waiting list, it may be prudent to evaluate the policy and possibly make a change.

In response to a question from Regent Reagan, Associate Vice President Kvakik stated that it may be possible to extract information on how students who live on campus do academically as compared to students that live off campus from existing data. Vice President Boston added that, generally, the research suggests that students that are more active on campus tend to do better academically.

Steve Yanisch, Dain Bosworth, presented a brief overview of the Financing of Student Housing Projects report. (A more detailed presentation was given in the Financial Operations Committee.) The report addresses different models for financing student housing drawing on Dain Bosworth's experience working with other higher education clients. Many of their clients are looking at alternative ways to build student housing. Comparisons were made between housing in the Minneapolis area with housing available on the Minneapolis campus. The report addresses the housing situation on the Minneapolis campus only and looks at four funding options: University of Minnesota full faith and credit; public-private partnership; state-issued bonds; and University incorporated 501(c)(3) non-profit corporation.

Jackson added that the report outlines the financial options to identify what the financing model should look like. Some options are more attractive than others; some will put more of a strain on the University's financial position.

In response to a question from Regent Peterson, Campbell stated that Wilkins Hall cost \$113 per square foot and MRRC is predicted to cost between \$94-96 per square foot. McCracken-Hunt clarified that the number in the report of \$120 per square foot includes furnishings and end costs which aren't included in the Wilkins and MRRC numbers.

QUARTERLY CAPITAL IMPROVEMENT PLAN REPORT

Linda McCracken-Hunt, Facilities Management Director, explained that four projects have been approved for the FY97 budget. In most cases, the funding is a combination of other project funds. To date, 18% of projects are completed; 7% are on hold; and 75% are in process.

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

The meeting adjourned at 12:05 p.m.



STEVEN BOSACKER
Executive Director and
Corporate Secretary

UNIVERSITY OF MINNESOTA

BOARD OF REGENTS

Educational Planning and Policy Committee

January 9, 1997

A meeting of the Educational Planning & Policy Committee of the Board of Regents was held on Thursday, January 9, 1997, at 1:45 p.m. in Room 300, Morrill Hall.

Regents present: Stanley Sahlstrom, presiding; William Hogan, Michael O'Keefe, Bryan Neel, and Jessica Phillips.

Staff present: Chancellors David Johnson and Donald Sargeant; Provosts Gene Allen and W. Phillips Shively; Senior Vice President Marvin Marshak; Vice President Mark Brenner; and Associate Vice President Jane Canney.

Student Representatives present: Eric Gustafson and Andrew Toftey.

SENIOR VICE PRESIDENT'S MONTHLY REPORT

Senior Vice President Marvin Marshak presented the Senior Vice President's Monthly Report which was included in the docket. The following items were highlighted for the committee:

1. The College of Science and Engineering at the University of Minnesota, Duluth will discontinue the minor in Military Science at the end of spring quarter 1997 due to declining enrollment.
2. The Committee on Educational Policy of the College of Education and Human Development approved the name change of the undergraduate program from Industrial Education to Business and Industry Education.
3. A Master of Biological Sciences was recommended for approval. There are continuing discussions between the College of Biological Sciences and the Graduate School regarding administration of the program.
4. The Graduate School intends to offer a Master of Science (M.S.) degree in Nursing at the University's Rochester Center in cooperation with Winona State University.
5. The Office of Information Technology and the Digital Media Center at the University of Minnesota offered the educational satellite broadcast of the New Media Center Program on the topic "Web-Based Instruction" on December 13, 1996 in the Bell Museum Auditorium.
6. The Masters of Health Care Administration has been transferred from the School of Public Health to the Carlson School of Management.
7. The Inter-College Program and the Program for Individualized Learning have joined with University College to improve access to baccalaureate degrees for adult and part-time students, and at the same time ensure access for traditional-aged

students to programs which enable students to individualize their own degree programs under the guidance of University faculty.

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

ELDERLEARNING INSTITUTE

Senior Vice President Marshak introduced Dean Harold Miller of University College to give an overview of the ElderLearning Institute.

Miller reported that University College has a long history of serving citizens over the age of 55. A legislative statute provides for "guest individuals" (adults over 55) to pay a small registration fee for extension classes on a space available basis. The Northeast Center for Continuing Education in Duluth has a living and learning community summer program. This program is known as Elderhostel. It has been offered at UMD, UMC and now at the UMTC. There are 36 other institutions in the state that offer these programs. The state office for Elderhostel is located at the UMTC. The ElderLearning Institute grew from the Elderhostel movement.

Professor Steve Benson gave an overview of the ElderLearning Institute. He noted that the school is an all volunteer organization with 239 members. He acknowledged a number of people who played pivotal roles in creating the program with special recognition and thanks to Ann O'Loughlin in the Office of Institutional Relations. Distinguished faculty from the University, Hamline, St. Thomas, Macalester, and members from all segments of the community are teachers and participants. Over 60 topical discussions are offered each year.

Professor Clarke Chambers, who develops the curriculum for the University College Elderlearning Institute, concluded the presentation. He reported that sessions are eight weeks long and take place in the fall, winter and spring. The curriculum is divided into three categories:

- traditional disciplines (science, history, arts, literature);
- problem-solving in current affairs in the State of Minnesota and the metropolitan area (environment, urban planning); and
- special courses for seniors with particular problems (health and wellness, computer training).

ACADEMIC REPORT SERIES: AGRICULTURAL EDUCATION

Senior Vice President Marshak introduced Provost Gene Allen, Dean Robert Bruininks, College of Education and Human Development and Dean Michael Martin, College of Agriculture, Food, and Environmental Sciences (COAFES) to present the Academic Report Series report on agricultural education.

Provost Allen confirmed that the two colleges have been involved with the agricultural education program in the past, but in the future there will be a closer and more well-coordinated program. He noted that reciprocity agreements with Wisconsin, North Dakota, and South Dakota have added to the falling enrollment at the University, as well as a decrease in the number of faculty.

Bruininks reported that a task force was created to discuss a wide range of issues affecting the College of Education and Human Development and COAFES. The task force members agreed that a vital agricultural education program is important

particularly because of the land-grant mission of the University. Bruininks outlined the task force's concerns. They are:

- developing a better connection of the department's three faculty members with both colleges;
- addressing the major changes in technology and how they affect the program;
- strengthening the ties with the University of Minnesota Crookston;
- funding; and
- attracting outstanding faculty.

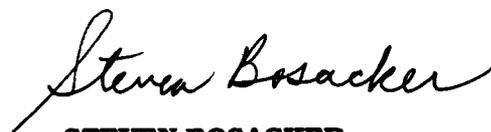
Bruininks believes that many of these concerns are being addressed and that there will be adequate resources. He stated that there has been an additional commitment of funds. He also pointed out that Professor Roland Peterson will assume program responsibility and work to attract outstanding faculty.

Martin shared his commitment to the program. He added his observation that many graduates assume positions other than agricultural educators.

Regent O'Keefe requested concrete examples for grass roots strategies to implement their plan. Bruininks responded that an intercollege framework has been established to oversee the program.

Committee members discussed ways to improve and broaden agricultural education statewide. The meeting concluded with a suggestion that the committee study further how the College of Education can play a role in establishing a learning framework in programs throughout the University.

The committee adjourned at 3:55 p.m.



STEVEN BOSACKER
Executive Director and
Corporate Secretary

UNIVERSITY OF MINNESOTA
BOARD OF REGENTS
Financial Operations Committee

January 9, 1997

A meeting of the Financial Operations Committee of the Board of Regents was held on Thursday, January 9, 1997, at 1:57 p.m. in Room 238, Morrill Hall.

Regents present: Julie Bleyhl, presiding; Warren Larson, William Peterson, Thomas Reagan, and Patricia Spence. Regent Bryan Neel also joined the discussion.

Staff present: Provost Frank Cerra; Senior Vice President JoAnne Jackson; Vice President McKinley Boston; Executive Director Steven Bosacker; and Associate Vice Presidents Robert Kvavik, Roger Paschke, and Richard Pfitzenreuter.

Student Representatives present: James Reed and Tonia Zehrer.

SENIOR VICE PRESIDENT'S REPORT

Senior Vice President Jackson reviewed the Senior Vice President's Report, which was included in the docket.

Jackson stated that Director of Audits Klatt is heading the search committee charged with hiring a new treasurer to replace Associate Vice President Paschke. On behalf of the committee, Regent Bleyhl thanked Paschke for the tremendous effort he has put forth on behalf of the University.

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

PURCHASE OF GOODS & SERVICES OVER \$250,000

Karen Triplett, Director of Purchasing Services, distributed a resolution relating to the purchase of goods and services over \$250,000. Triplett noted that this was a revised version of the resolution included in the docket materials.

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:

- To Costar Corporation for \$283,680 for the purchase of labware to be stocked at University Stores for distribution to University departments for the period of 1/01/97 through 12/31/97.

- To Fisher Scientific for \$423,616 for the purchase of labware to be stocked at University Stores for distribution to University departments for the period of 1/01/97 through 12/31/97.

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

QUARTERLY PURCHASING REPORT

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

July, August, September 1996

A total of 86,709 transactions were processed for a value of \$111,471,689. Of the total, 48 were justified sole source awards totaling \$1,678,343.

- There were eight Regents' policy violations.
- Three change orders exceeded \$100,000.
- Twenty-two purchase awards were made that were over \$100,000 and under \$250,000.

QUARTERLY REPORT OF ASSET AND DEBT MANAGEMENT

Associate Vice President Paschke presented a review of the Quarterly Report on Asset and Debt Management for the third quarter of 1996, which was included in the docket materials. The University of Minnesota now has over \$1 billion in assets including \$385.2 million in the consolidated endowment fund, \$200.2 million in long-term reserves, and \$337.9 million in short-term reserves. The University's bonded debt totals \$294.8 million, split between fixed rate debt and variable rate debt.

Paschke explained that virtually every market has been up for the past 12 months. It has been a tremendous year for the market with the University enjoying extraordinary returns, but analysts do not expect the high yields to continue.

ASSET ALLOCATION ANALYSIS

Associate Vice President Paschke introduced Mike Stolte of Asset Allocation, Inc., and Song Li and Sheila Warness of the Office of Asset Management, who have been involved in an extensive year-long review of the asset allocation strategy and overall investment management of the University's Consolidated Endowment Fund (CEF). The purpose of this review and analysis was to evaluate the investment experience of the CEF, reexamine the risk and return implications of CEF's investment policy, affirm the responsibilities of internal staff, and, as a result, best position the endowment to maximize investment performance for the future.

Paschke explained that, as a result of the analysis, the following resolution is proposed:

RESOLVED, that the University's investment policy guidelines are amended as follows:

The primary asset class target allocations of the Consolidated Endowment Fund shall be:

- 50% domestic equities
- 30% foreign equities
- 20% fixed income

The strategic allocation ranges around the target allocations shall be:

- 40% to 60% domestic equities
- 20% to 40% foreign equities
- 10% minimum allocation to fixed income

The resolution will be on the agenda for action at the February 1997 meeting.

ACADEMIC HEALTH CENTER FINANCIAL REPORT

Senior Vice President Jackson reminded the committee that one of their initiatives was to receive a financial review from each provostal unit and coordinate campus. To date, the committee has received one report from the Morris campus. Jackson introduced Provost Cerra and Kathy Johnston, Chief Financial Officer for the Academic Health Center.

Cerra stated that achievements of the Academic Health Center (AHC) during 1996 included: 1) completion of the Fairview merger; 2) development, approval, and implementation of a single private practice plan for the Medical School; and, 3) the development of the comprehensive AHC strategic plan.

There are six strategic goals in the AHC's strategic plan: 1) enhance competitive position and relevance of AHC education and research; 2) meet relevant workforce needs and ensure AHC's leadership role in the healthcare professions through adjustments in the size and mix of enrollments and educational programs; 3) improve the competitive position of clinical/outreach functions for all health professional schools and the AHC; 4) enhance faculty and staff creativity, excellence, and productivity; 5) strengthen financial management to promote flexibility, investment, and financial stability; and, 6) maintain each profession's identity and excellence as AHC interscholastic programs develop.

The objective for 1997 is timely and effective financial planning and budgeting across the AHC that is integrated with programmatic and human resources development.

In tracking financial change, the Spring 1996 forecast showed a serious deterioration in the AHC's financial condition. Cerra explained that three factors characterize the AHC's current financial condition: structural imbalances in all AHC budgets, multi-million dollar budget deficits, and depletion of reserves.

Cerra stated that the AHC will continue spending its reserves for operating costs if no changes are made. Factors which have caused the financial problems include a decline in hospital revenues, increased dependency on private practice revenues to support operating budgets, mandates given to the AHC without corresponding increases in University funding, and downward trends in gift and endowment income.

The AHC's strategies for financial stability include: 1) establishment of investment pools to revitalize the AHC (AHC-wide investments, school-specific investments, and legislative investments); and, 2) development of alternatives for correcting structural imbalances.

Johnston said that by reinvesting in programs through the strategic investment pool, they expect that sponsored programs will grow. By reducing current staffing and variable operating expenses, and by increasing private giving and the use of endowment incomes, the outlook will continue to improve until 1999-2000, where the budget will be balanced. Beyond that, each year will show an improved level of net revenue so that the AHC can begin to replenish the reserves that have been depleted.

The goals for the AHC in the future are: 1) the AHC of the University of Minnesota will rank in the top 10 of all AHC's; 2) all schools of the AHC will rank in the top 10 of their respective peer institutions; and, 3) interscholastic programs of excellence will be created while the schools' unique national reputations are preserved.

In response to a question from Regent Peterson, Cerra said that he would not be as optimistic about the future if the exceptional status was not removed.

Regent Larson suggested that if these are realistic goals, the message the University needs to send out to funding agencies and the legislature is that we are at a vulnerable time. With the support of the different entities and an understanding of our vision, they can help to position the Academic Health Center to realize its full potential.

FINANCING OPTIONS FOR STUDENT HOUSING

Associate Vice Presidents Paschke and Campbell introduced Steve Yanisch and Paul Abzug of Dain Bosworth. Paschke explained that Dain Bosworth has been working with the University in looking into a range of financing alternatives related to student housing.

Yanisch explained that they have examined private rental housing in Minneapolis, as well as financing options and credit implications of University housing.

There were four options considered for financing student housing: 1) University of Minnesota-owned housing, using its full faith and credit; 2) public-private partnerships; 3) state-issued bonds; and, 4) a University incorporated non-profit corporation.

With the University of Minnesota-owned full faith and credit option, the University gets a "AA" rating; tax-exempt bond financing is eligible; no real estate taxes would be paid; and no debt service reserve fund is required.

There are three ways to look at the public-private partnership option: 1) privately built, owned, and managed on leased land; 2) publicly built, owned, and privately managed; and, 3) turn-key development, publicly owned, and public or private management.

Senior Vice President Jackson stated that with the various structures having been laid out for the Regents, the next step in this long-term discussion is to do a preliminary business plan on these structures.

Discussions on all options will be continued at the February 1997 meeting.

The meeting adjourned at 3:50 p.m.



STEVEN BOSACKER
Executive Director and
Corporate Secretary

UNIVERSITY OF MINNESOTA

BOARD OF REGENTS

Committee of the Whole

January 10, 1997

A meeting of the Committee of the Whole of the Board of Regents was held on Friday, January 10, 1997, at 9:00 a.m. in Room 238, Morrill Hall.

Regents present: Thomas Reagan, presiding; Wendell Anderson, Julie Bleyhl, William Hogan, Warren Larson, Michael O'Keefe, William Peterson, Jessica Phillips, Stanley Sahlstrom, and Patricia Spence.

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 Carol Carrier, Robert Kvavik, Roger Paschke, and Richard Pfutzenreuter.

Student Representative present: Blessing Rugara.

RECOGNITION OF ROGER PASCHKE

Recognition was given to Associate Vice President Roger Paschke who is leaving the University to assume the position of Senior Vice President and Chief Financial Officer of the O.I.L. Insurance Company in Bermuda.

ELECTION OF UNIVERSITY TREASURER

President Hasselmo recommended that JoAnne Jackson be appointed to serve as Treasurer of the University of Minnesota until the annual meeting of the Board of Regents is held in June 1997. The motion was moved and seconded. Chair Reagan asked for nominations from the floor. Being none, the committee voted unanimously to recommend approval of the motion.

RESOURCE ALLOCATION GUIDELINES

President Hasselmo introduced the discussion relating to the Resource Allocation Guidelines proposed for use in preparation of the FY98 budget. He called on Senior Vice President Marshak who highlighted information relating to the four-year financial framework and the proposed Biennial Budget Proposal for FY98-99 that was approved by the Board in October 1996. Approval of the guidelines represents an important step in the implementation of the U2000 plan. The guidelines address the first year of the four-year financial framework that was developed by the administration to promote and enhance the important role of the University in the economic, social, and political viability of the State of Minnesota in the 21st century; enhance long-term financial planning and clearly communicate the investment needs of the University;

commit the University to the delivery of planned, measured results; and build a partnership among students, the University and the State of Minnesota based upon a shared responsibility for identifiable goals.

The following resolution was presented:

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

WHEREAS, the University of Minnesota is committed to achieving and maintaining standards of national and international excellence and to realize goals set forth in *University 2000*; and

WHEREAS, the 1998 - 1999 University of Minnesota biennial budget proposal is derived from the *University 2000* 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

WHEREAS, the University, its faculty, students, and staff have contributed to major reallocation of resources and effort in support of the University's mission and *University 2000*, through their actions and support; and

WHEREAS, the University has developed a four-year financial planning framework, of which the 1998 - 1999 Biennial Budget Proposal represents the first two years of that investment plan, identifying shared responsibilities between the state of Minnesota, the University and the students;

NOW, THEREFORE, BE IT RESOLVED that to achieve these goals, the Board of Regents of the University of Minnesota adopts the following resource allocation guidelines for preparation of the budget for fiscal year 1998:

1. The allocation of financial resources will be directed to programs and activities where support is critical to achieving the University's strategic directions in six major areas (as set forth in *University 2000*): (1) research, (2) graduate and professional education, (3) undergraduate education, (4) outreach and access to the University, (5) a user-friendly University community, and (6) diversity. The investments to be made in each area will be specified in the budget proposal to be presented in May/June and will follow plans outlined in the University Plan 1996/97 and in central, campus, and provostal area plans.
2. The preparation of the fiscal year 1998 annual operating budget shall proceed from the framework established in the University's 1998 - 1999 Biennial Budget Proposal. The proposal outlines \$380,000,000 of planned University investments over the two years of the biennium. For fiscal year 1998, the planned investment needs included in the proposal total \$159,600,000,

which is predicated upon (1) an increase in state resources of \$115,500,000 compared to the base level funding established for the University for fiscal year 1998 by the state of Minnesota, (2) a tuition revenue increase of \$5,300,000 representing an overall increase of 2.5% from the fiscal year 1997 budgeted estimate of tuition revenue, and (3) a growth in existing University revenues of \$17,200,000, and University reallocations/new revenue growth of \$21,600,000.

3. The University will set a budget amount for compensation for fiscal year 1998 based on two general principles: (1) to provide an inflationary adjustment to all employee groups to maintain the purchasing power of current wages, and (2) to raise the average compensation for all employee groups (over a two year period) to at least the mean of the appropriate local or national market. These two principles form the basis for the compensation budget initiative in the Biennial Budget Proposal. Special emphasis will be placed on meeting the severe competitive pressures in regard to faculty salaries in order to ensure the success of the University's strategy for academic excellence. Pending further review of compensation structures, contract negotiations, appropriate consultation with faculty and staff governance, and final appropriations provided to the University for fiscal year 1998 by the State of Minnesota, the budget presented to the Board of Regents will reflect proposed salary and benefit cost increases.
4. The fiscal year 1998 annual operating budget will include implementation of "Incentives for Managed Growth." In this evolving system, management, budgetary, and reward structures will be created that tie resources to performance so that decision makers will see how their own actions influence the security and fiscal well-being of their units. "Incentives for Managed Growth" will be implemented through four avenues: (1) the attribution of tuition revenue directly to the collegiate unit, (2) the continued realignment of indirect cost recovery (ICR) by returning ICR revenue to the unit most responsible for generating ICR, (3) the establishment of facilities charges to introduce an incentive to manage space utilization, and (4) the allocation of the state operating subsidy in accordance with these allocation guidelines.

BE IT FURTHER RESOLVED, that the fiscal year 1998 operating budget presented to the Board of Regents for review in May, 1997 and final approval in June, 1997 will include revenue and expenditure budgets for all current, non-sponsored funds for each resource responsibility center compiled according to the current organizational structure of the University.

Marshak briefly highlighted important aspects of the guidelines stressing that an across-the-board budget is not being proposed, that resources will be allocated to programs and activities where support is critical to achieving the University's strategic directions. Compensation is a critical area and the proposed guidelines direct the University to set a budget amount for compensation based upon the principle of raising, over a two-year period, the average compensation for all employee groups to at least the mean of the appropriate local or national market with a special emphasis on faculty salaries and maintaining the purchasing power of current wages. The guidelines include incentives for managed growth that will be implemented through designation of tuition income and indirect cost recovery funds; establishment of facilities charges; and allocation of the state operating subsidy.

Marshak reviewed the FY98 budget process timeline. With the approval of the Resource Allocation Guidelines, budget instructions will be issued in January and budget planning and hearings will be held from February to mid-April. The Board will review the President's recommendation in May with action scheduled for June.

Associate Vice President Pfutzenreuter addressed the governor's possible allocation recommendations for FY98. He stated that he is confident that the governor will treat the University fairly and will be supportive of the University's efforts at the Legislature. It is hoped that the funding the University receives will be recurring. The governor's recommendation is expected to be announced on January 28, 1997.

In answer to a question from Regent Reagan, Marshak stated that the University is committed not only to seeking world-class faculty and staff but to the retention of the top faculty and staff it already employs. Strategies are being developed to provide for flexible funding to accommodate both issues. Hasselmo added that many corporate and private donors have provided funding for the purpose of investment in faculty retention.

It was moved and seconded to recommend approval of the resolution.

Regent Hogan asked about the allocation of resources for technology. Associate Vice President Kvavik responded that it is anticipated that proposed systems projects will cost approximately \$45 to \$48 million over a four-year period of time. It is anticipated that the expense for the projects during FY98 will be approximately \$17 million.

Regent Larson asked if the University is making progress in the area of deferred maintenance. Marshak responded that current budget plans include an allocation for maintenance of some systems. There are also plans to take a significant amount of space off line with the elimination of a number of buildings in the future, which will also reduce deferred maintenance. Senior Vice President Jackson added that a major problem facing the University in reducing its deferred maintenance relates to the unexpected costs that occur when buildings are decommissioned or renovated. Health and safety issues that are not anticipated often increase the cost of a project which require the use of funds originally targeted for deferred maintenance.

Regent Sahlstrom asked what efforts are being made to share the University's four-year plan with the citizens of the state. Hasselmo responded that a concentrated effort is underway to inform alumni, legislators, and other interested constituencies of the University's strategic planning efforts.

The committee voted unanimously to recommend approval of the resolution relating to resource allocation guidelines for FY98.

INFORMATION TECHNOLOGY REPORT

Senior Vice President Marshak introduced the agenda item relating to a report on information technology. The Biennial Legislative Request details the University of Minnesota's proposal to invest \$195 million over four years in information technology related initiatives. Current plans call for the replacement of administrative systems. The initiatives will provide the infrastructure tools and support to enable the achievement of the academic program initiatives. The report before the committee focuses on critical success factors in managing information technology, addressing the management of risks and an integrated approach to the replacement of the enterprise administrative systems.

Senior Vice President Jackson added that a significant issue contained in the management letter from the University's external auditors related to the need for the University to have a stronger emphasis and control over how its major technology systems will be converted to reach its goals by the year 2000. This report outlines how the University is taking control of the significant risk facing the University.

Associate Vice President Donald Riley reported that the focus of today's report is administrative systems projects and process redesign, with some introductory information being presented on the University's technology plans, as they relate to the biennial budget request for investments in technology. The funds requested in the biennial budget request will have a positive impact on education, research, outreach, and management processes; the overall student experience; faculty experience and productivity; staff productivity and business processes; and cost-effectiveness and computing cycle time. Benefits would also accrue to the state of Minnesota and the greater public.

As noted in the FY98-99 budget request, the objective of the University's technology plans is to "provide infrastructure, tools, and support required to create the technology intensive environment to propel the University and the state into a leadership position in the global information age economy."

Related to this is Access 2000, the objective of which is to ensure that students will have the tools and support necessary to receive maximum benefits from technology. It means continuing to build the communications infrastructure (like networks), providing systems and information resources, and increasing faculty development and support in this area, as well as providing for all students having personal computers by 1999.

In terms of administrative process redesign, the University of Minnesota has committed to replacing, or significantly improving, nearly all of its central administrative systems over the next four years. Goals are to simplify policies and procedures; apply best practices; streamline underlining workflows; reduce support staff needs; reduce overall cycle times; provide one-stop, seamless, user-friendly support and services; establish a performance-oriented approach to program and service delivery; and increase administrative accountability. The paradigm shift will be from the current process emphasis on specialists and generalists to auto-transactions and self-help. The new World Wide Web "front door" to the University and its design focus on more personal and customized services is a manifestation of this shift.

Administrative systems projects under way include:

- Student 2000 System (new modules to be completed Fall 1998)
- Human Resources Management System (new modules start phased-in replacement beginning Fall 1998, with payroll system replacement by 1999)
- Enhanced Grants Management System (completed by the end of 1997)
- Financial Management System (Year 2000 problems fixed in 1997, with phasing in of CUFS replacement beginning in 1998), and
- Information Technology Infrastructure Readiness.

Replacement of CUFS is necessary because existing systems will fail due to the year 2000 date problems. The alternative would be to spend \$15 million on year 2000 fixes with no added value -- the old processes and problems would remain. New systems will support redesigned processes and productivity enhancement; enable a new service model (network-based self-service); support planning, performance, and marketing; and better support for students, faculty, and staff.

Risks include many immovable target dates within a still evolving newer technology environment. The first PeopleSoft student system release will not occur until

the Fall of this year. Availability and timing of financial resources is a major concern. Technical staff will experience a learning curve with the new technology -- and department training issues are immense. Academic and financial policies will need to be modified relating to all processes that are redesigned. Network security issues must be addressed to take full advantage of our "intranet." And lastly, the University will need to work hard to retain its key systems and support personnel due to the great competition for skilled technical and business process staff.

To mitigate the risks, mechanisms need to be put in place to insure integrated project management, a significant positive step for the University. A senior level project management team has been formed and charged with the coordinated successful outcome of all of these systems projects. Team members include Don Riley (chair; Information Technology), Carol Carrier (Human Resources), Bob Kvavik (Academic Affairs), Terry O'Connor (Finance and Operations/Controller), and Ed Wink (Research and Technology Transfer). Related projects are also under way: Year 2000, computing common infrastructure, network redesign, and enhanced network security planning. Management approach and vendor selection is common among many "sister schools" in the Committee on Institutional Cooperation (CIC -- "Big 10" plus). The University has a close working relationship with system designers (vendors), and with other "beta test site" and charter schools. Common Web-based tools that follow Internet standards are being developed. Seasoned information systems services managers are leading the projects, we have strong advisory structures in place for each project, targeted consulting will be employed where personnel and/or expertise is lacking, and extensive communication efforts are being implemented. Lastly, it should be noted that the University's approach to process redesign and administrative systems replacement is recognized as a national model as indicated by involvement in major conferences in 1996, and by continued interest from external vendors who are partnering with the University of Minnesota.

Regent Hogan asked if the University has sufficient funding and human resources to address the information technology initiatives. Riley responded that the administration does not yet know if there are enough resources to address the initiatives. They do know that there are not enough individuals in place at this time to implement the initiatives. The Board's support in making the tough decisions will be key and instrumental in avoiding cost overruns and problems that may arise. Hasselmo added that the FY98 and 99 budgets will reflect the needs for the technology initiatives. If the state does not fund what is proposed, the Board will be faced with the decision of how much will have to be retrenched and reallocated in order to meet the technology needs.

Regent O'Keefe stressed that the purpose of creating the systems are to serve the end user. He anticipates that user advisory groups will be formed for each of the constituencies that will be utilizing the systems to ensure that the needs of the user are being met. Riley responded that meeting the needs of the user is a driving factor of the technology initiatives.

Sahlstrom asked if funding has been pursued at the federal level. Riley indicated that he is not aware of requests for federal funding in the systems development activities, however, federal and private funding opportunities have been sought in the areas of networking.

Regent Spence indicated that a number of recommendations from the Denny Commission on Human Resources will be critical to achieving the technology initiatives. She would like a progress report on implementation of the Denny Commission recommendations in the near future.

President Hasselmo concluded the discussion indicating that this presentation was meant to convey to the Board the extent and complexity of change that the

University is undergoing with regard to technology. The University of Minnesota is responding with profound, rapid, and constructive change in order to stay abreast of the rapidly changing technology environment in today's society.

STATE RELATIONS REPORT

State Relations Director Donna Peterson presented a state relations report regarding the 1997 Minnesota Legislative session. She called on Peter Zetterberg, Director of the Office of Planning and Analysis, to review a presentation designed for use in presenting the University's biennial proposal to the Legislature. Zetterberg noted that the information contained in the presentation is available in a variety of formats for use during the legislative session and the information can be tailored to accommodate the audience where it is being presented.

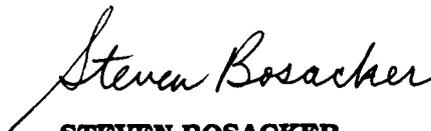
Regent O'Keefe asked that the Regents be considered part of the external relations team and requested that the administration keep Board members apprised of forums where Regents might be the better spokesperson for the institution. He urged members of the Board to be available whenever possible to participate in this type of outreach.

Peterson reported that the 1997 session of the Minnesota Legislature will begin on Tuesday, January 7, 1997 at noon. She provided the Board with an update on committee structures and membership, and highlighted a list of issues that may have an impact on the University at the legislature during the session.

Peterson indicated that there seems to be a different focus on higher education this year. There is an awareness that the University contributes greatly to the economy of the state and there is a genuine concern about its future.

The role of faculty is also changing at the legislature. Faculty are not only being engaged in lobbying efforts, but also in the role of providing information on a variety of issues where information is needed in particular areas of expertise.

The meeting adjourned at 11:45 a.m.



STEVEN BOSACKER
Executive Director and
Corporate Secretary

UNIVERSITY OF MINNESOTA

BOARD OF REGENTS

January 9, 1997

A meeting of the Board of Regents was held on Thursday, January 9, 1997, at 4:16 p.m. in 238 Morrill Hall.

Regents present: Julie Bleyhl, Warren Larson, H. Bryan Neel, Michael O'Keefe, William Peterson, Jessica Phillips, Thomas Reagan, Patricia Spence, and Stanley Sahlstrom. President Nils Hasselmo, presiding.

Staff present: Provost Frank Cerra; Senior Vice Presidents JoAnne Jackson and Marvin Marshak; Vice President Mark Brenner; Acting Vice President Thomas Swain; General Counsel Mark Rotenberg; and Executive Director Steven Bosacker.

Others present: Mark Bohnhorst, William Donohue, Marcia Fluer, Lorie Gildea, and Julie Sweitzer.

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, January 9, 1997, 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 4:17 p.m.



STEVEN BOSACKER
Executive Director and
Corporate Secretary

UNIVERSITY OF MINNESOTA

BOARD OF REGENTS

January 10, 1997

A meeting of the Board of Regents of the University of Minnesota was held on Friday, January 10, 1997 at 11:46 a.m. in Room 238, Morrill Hall.

Regents present: Wendell Anderson, Julie Bleyhl, William Hogan, Warren Larson, Michael O'Keefe, William Peterson, 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; and Acting Vice President Thomas Swain.

APPROVAL OF MINUTES

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

Special Board of Regents Meeting - November 27, 1996
Special Board of Regents Meeting - December 11, 1996
Emergency Litigation Review Committee Meeting - December 12, 1996
Board of Regents Meeting - December 13, 1996
Committee of the Whole - December 13, 1996
Board of Regents Meeting - December 13, 1996

REPORT OF THE PRESIDENT

President Hasselmo presented his monthly report, which pertained to the Fairview-University Medical Center affiliation; a Report on Information Technology; personnel items; and the Coopers & Lybrand management letter.

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

REPORT OF THE CHAIR

Chair Reagan reported that the Board of Regents will meet on the Duluth campus in May 1997 and on the Crookston campus in the Fall.

Reagan spoke briefly about the transition period for President-Designate Yudof. A transition team has been appointed to assist Yudof. Members of the team are Vice President McKinley Boston, Faculty Consultative Committee Chair Virginia Gray, Chancellor David Johnson, and Senior Vice Presidents JoAnne Jackson and Marvin Marshak.

RECEIVE AND FILE REPORTS

President Hasselmo noted the receipt and filing of the Eastcliff Report and the Fall Quarter Enrollment Report.

GIFTS

Robert Hanle, Associate Vice President of the University of Minnesota Foundation, 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

Chair Reagan reported that the committee voted unanimously to recommend:

- a) Approval of a motion to appoint Senior Vice President JoAnne Jackson Treasurer of the University of Minnesota until the annual meeting of the Board of Regents is held in June 1997.
- b) Approval of a resolution relating to the Resource Allocation Guidelines, as follows:

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

WHEREAS, the University of Minnesota is committed to achieving and maintaining standards of national and international excellence and to realize goals set forth in *University 2000*; and

WHEREAS, the 1998 - 1999 University of Minnesota biennial budget proposal is derived from the *University 2000* 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

WHEREAS, the University, its faculty, students, and staff have contributed to major reallocation of resources and effort in support of the University's mission and *University 2000*, through their actions and support; and

WHEREAS, the University has developed a four-year financial planning framework, of which the 1998 - 1999 Biennial Budget Proposal represents the first two years of that investment plan, identifying shared responsibilities between the state of Minnesota, the University and the students;

NOW, THEREFORE, BE IT RESOLVED that to achieve these goals, the Board of Regents of the University of Minnesota adopt the following resource allocation guidelines for preparation of the budget for fiscal year 1998:

1. The allocation of financial resources will be directed to programs and activities where support is critical to achieving the University's strategic directions in six major areas (as set forth in *University 2000*): (1) research, (2) graduate and professional education, (3) undergraduate education, (4) outreach and access to the University, (5) a user-friendly University community, and (6) diversity. The investments to be made in each area will be specified in the budget proposal to be presented in May/June and will follow plans outlined in the University Plan 1996/97 and in central, campus, and provostal area plans.
2. The preparation of the fiscal year 1998 annual operating budget shall proceed from the framework established in the University's 1998 - 1999 Biennial Budget Proposal. The proposal outlines \$380,000,000 of planned University investments over the two years of the biennium. For fiscal year 1998, the planned investment needs included in the proposal total \$159,600,000, which is predicated upon (1) an increase in state resources of \$115,500,000 compared to the base level funding established for the University for fiscal year 1998 by the state of Minnesota, (2) a tuition revenue increase of \$5,300,000 representing an overall increase of 2.5% from the fiscal year 1997 budgeted estimate of tuition revenue, and (3) a growth in existing University revenues of \$17,200,000, and University reallocations/new revenue growth of \$21,600,000.
3. The University will set a budget amount for compensation for fiscal year 1998 based on two general principles: (1) to provide an inflationary adjustment to all employee groups to maintain the purchasing power of current wages, and (2) to raise the average compensation for all employee groups (over a two year period) to at least the mean of the appropriate local or national market. These two principles form the basis for the compensation budget initiative in the Biennial Budget Proposal. Special emphasis will be placed on meeting the severe competitive pressures in regard to faculty salaries in order to ensure the success of the University's strategy for academic excellence. Pending further review of compensation structures, contract negotiations, appropriate consultation with faculty and staff governance, and final appropriations provided to the University for fiscal year 1998 by the State of Minnesota, the budget presented to the Board of Regents will reflect proposed salary and benefit cost increases.
4. The fiscal year 1998 annual operating budget will include implementation of "Incentives for Managed Growth". In this evolving system, management, budgetary, and reward structures will be created that tie resources to performance so that decision makers will see how their own actions influence the security and fiscal well-being of their units. "Incentives for Managed Growth" will be implemented through four avenues: (1) the attribution of tuition revenue directly to the collegiate unit, (2) the continued realignment of indirect cost recovery (ICR) by returning ICR revenue to the unit most responsible for generating ICR, (3) the establishment of facilities charges to introduce an incentive to manage space utilization, and (4) the allocation of the state operating subsidy in accordance with these allocation guidelines.

BE IT FURTHER RESOLVED, that the fiscal year 1998 operating budget presented to the Board of Regents for review in May, 1997 and final approval in June, 1997 will include revenue and expenditure budgets for all current, non-sponsored funds for each resource responsibility center compiled according to the current organizational structure of the University.

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

Reagan reported that the committee also reviewed an information technology report and a report on state relations.

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.
- 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:

- Costar Corporation for \$283,680 for the purchase of labware to be stocked at University Stores for distribution to University departments for the period of 1/01/97 through 12/31/97.
- Fisher Scientific for \$423,616 for the purchase of labware to be stocked at University Stores for distribution to University departments for the period 1/01/97 through 12/31/97.

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

Bleyhl reported that the committee reviewed the quarterly Purchasing Report; the quarterly Asset and Debt Management Report; proposed amendments to the University's investment policy guidelines; and an Academic Health Center Financial Report. Bleyhl reported that the committee briefly discussed financing options for student housing. Due to time constraints, a continuation of the discussion will be scheduled for February.

Regent O'Keefe asked to be provided with information relating to the asset allocation analysis before action is taken by the Board on the amendments. The Executive Director will arrange for a briefing session for O'Keefe before the February meetings.

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 Educational Planning & Policy Report as presented to the committee and included in the docket material.

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

Sahlstrom reported that the committee also reviewed a report on the ElderLearning Institute and a report on Agricultural Education as part of the Academic Report Series.

REPORT OF THE FACULTY, STAFF & STUDENT AFFAIRS COMMITTEE

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

- a) Approval of the Senior Vice President's Faculty, Staff & Student Affairs Report as presented to the committee and included in the docket material with the addition of the appointment of Dr. Michael Till as dean of the School of Dentistry for a two-year term.

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

Spence reported that the committee also reviewed a report on the programs and initiatives of student development and athletics and a report on strategic directions for tuition/aid policy development.

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 included in the docket material.
- b) Approval of a resolution relating to amendments 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 increase the scope and budget of the following projects:

- A. Space Management Data Base System - Phase II
(Project Implementation), Budget Increase, Twin Cities Campus
(\$2,500,000)
- B. East University Circle Reconstruction
Scope/Budget Increase, Duluth Campus
(\$850,000)
- c) Approval of a resolution relating to the purchase of Lyddon Homesite in Crookston, 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 purchase of approximately 5.09 acres of land and the single-family home situated thereon, located near the Crookston campus, from Ruth Lyddon, for the sum of \$105,000.

- d) 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 plans are approved and the appropriate administrative officers are authorized to proceed with the design and construction of the following projects:

- A. Science and Math Addition and Remodeling, Morris Campus
(\$42,490,000)
- B. Library Addition and Remodeling, Duluth Campus
(\$23,700,000)
- e) 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 approve the second 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 proposed real estate transactions relating to the sale of Salt Spring Lands to the Minnesota Department of Natural Resources and the sale of land at the North Central Experiment Station in Grand Rapids, Minnesota. The committee also discussed housing needs for the Twin Cities campus.

REPORT OF THE AUDIT COMMITTEE

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

- a) Approval of the Senior Vice President's Audit Report as presented to the committee and included in the docket material.

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

Hogan reported that the committee also reviewed the annual external auditor's review of the Management Letter; reviewed the President's Report on Internal Control; engaged in a discussion on the integrated framework; and were introduced to the representatives from the firm of Deloitte & Touche, the University's new external auditors.

Hogan recommends that a briefing on the integrated framework be scheduled for the full Board after new members have been elected. He also suggests that a special session be scheduled with President Hasselmo, President-Designate Yudof, Director Klatt, and Senior Vice President JoAnne Jackson to review audits that have been conducted over the past two years.

REPORT OF THE LITIGATION REVIEW COMMITTEE

Regent Spence reported that the committee met in non-public session on December 12, 1996, December 18, 1996, December 19, 1996, and January 8, 1997 to discuss attorney-client privileged matters.

The meeting adjourned at 12:18 p.m.



STEVEN BOSACKER
Executive Director &
Corporate Secretary

MBA
M661

UNIVERSITY OF MINNESOTA

BOARD OF REGENTS

MINUTES

BOARD OF REGENTS' MEETING

AND

REGENTS' COMMITTEE MEETINGS

February 13, 1997

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

February 13, 1997

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Year 1996-97

UNIVERSITY OF MINNESOTA

BOARD OF REGENTS

Faculty, Staff and Student Affairs Committee

February 13, 1997

A meeting of the Faculty, Staff and Student Affairs Committee of the Board of Regents was held on Thursday, February 13, 1997, at 10:15 a.m. in Room 238, Morrill Hall.

Regents present: Patricia Spence, presiding; William Hogan, Hyon Kim, and Stanley Sahlstrom.

Staff present: Chancellors David Johnson and Donald Sargeant; Provost W. Phillips Shively; Senior Vice President Marvin Marshak; Executive Director Steven Bosacker; Associate Vice Presidents Nancy Barcelo and Jane Canney; and Assistant Vice President Robert Jones.

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, and noted the following:

- The University is involved in a number of joint ventures with the Minnesota State Colleges and University system (MnSCU), including the current search for a provost for the University Center, Rochester. A joint search committee between MnSCU and the University is accepting applications for the position until February 20, 1997.

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

REPORT ON FACULTY DIVERSITY

Senior Vice President Marshak introduced Associate Vice President Barcelo and Assistant Vice President Jones to provide an update on the current status of the University of Minnesota's efforts to recruit and retain faculty of color and women faculty. The report also provides information on issues related to faculty with disabilities and gay, lesbian, bisexual, and transgender faculty.

Barcelo explained that the University 2000 diversity goals are to: 1) increase the presence and participation of racial and ethnic minorities and women in areas where they are underrepresented; and, 2) create an environment that actively acknowledges

and values diversity -- one that is inclusive of women, people of color, varying sexual orientations, and people with disabilities.

The three major challenges are; 1) underrepresentation of African Americans, American Indians and Chicanos/Latinos; 2) collegiate and disciplinary distribution of faculty of color in freshman admitting colleges; and, 3) retention of faculty of color.

Barcelo explained that Vice President Jones has been assessing the status of faculty of color system-wide at the University of Minnesota and developing a comprehensive pilot project to expand the diversity of faculty. It is also hoped that this project will provide a foundation for including other diverse groups such as faculty with different sexual orientation, women and the disabled.

Jones stated that the recruitment and retention of faculty of color remains one of the most challenging issues in higher education today.

Since 1988, the University has hired 206 faculty members of color, but retained only 86 members of that group. During that same time, however, the number of faculty members of color increased from 212 to 298.

After surveying practices at other institutions, reviewing literature, and having informal discussions with numerous constituent groups, Jones said that they have learned the following: 1) people of color are underrepresented in the Pre K-12 and collegiate pipeline to doctorates; 2) there are numerous recruitment and retention initiatives existing at the University of Minnesota and other universities, but these initiatives are not linked to other strategies and many of them are not comprehensive in scope; and 3) the retention of faculty of color can only take place if there is a comprehensive faculty development effort in place and the creation of a positive professional environment.

Jones explained that the Office of the Associate Vice President for Minority Affairs and Diversity proposes a faculty-focused approach that would build an educational pipeline to reach out and support minority students from preschool through college and into their professional careers.

In order for the faculty-focused approach to work, Jones noted that there also must be an institutional focus, because unless the University provides a climate in which faculty of color can be successful, all the efforts put toward developing faculty of color will not allow the institution to achieve its goals of retention.

Barcelo acknowledged the work of Dr. Jessica Bailey in her capacity as chair of the Commission on Women. Bailey has been providing important leadership on behalf of women faculty. Substantial progress has been made with women, who now account for 24% of all faculty in the system.

Barcelo noted the needs of faculty with disabilities and those who have a different sexual orientation. Between July 1 and December 31, 1996, Disability Services provided assistance to 151 faculty and staff focusing on accommodation issues, which become compounded during the winter months. There is no reliable mechanism at this point to identify the number of faculty and staff that may require accommodations.

Based on the number of complaints received, Barcelo stated that gay and lesbian faculty issues appear to center on the inequity of health insurance benefits and discrimination in the workplace. Data pertaining to both of these populations is practically non-existent, making a complete analysis difficult at this point. However,

the Office of the Associate Vice President for Minority Affairs and Diversity will be working with faculty, colleges, the office of human resources and the office of equal opportunity to develop strategies toward addressing gay and lesbian needs with the expectation that they will become a part of the faculty development initiative.

Senior Vice President Marshak emphasized that diversity is an issue for every person at the University. Moving the University forward in the area of diversity is the responsibility of everyone in leadership at this institution. In fact, Marshak said, it is the responsibility of everyone in the community.

STRATEGIC DECISION & POLICY DIRECTION: TUITION AND FINANCIAL AID

Senior Vice President Marshak and Peter Zetterberg, Director of the Office of Planning and Analysis, presented proposed tuition and financial aid policy changes as discussed at the January 1997 committee meeting. Zetterberg reminded the committee that the proposed Access, Choice, and Quality Fund policy would allow the allocation of need-based funding for financial aid on a yearly basis by the University as approved by the Board. Proposed changes to the tuition policy would provide that variations in upper division tuition rates on any campus would be eliminated by 1998-99, and for each campus the tuition rate must be the same for all undergraduate students by 1998-99. Regarding course fees, the proposed language would provide that the President may recommend to the Board that course fees be assessed in only very specific instances as defined in the policy. College or campus-wide fees may be assessed for special equipment, supplies and services as long as there is no more than one campus-wide fee per campus, and no more than one college-wide fee per college on the Twin Cities and Duluth campuses.

Marshak stated that technology fees would be rolled into either a college fee or a campus fee, and noted that technology cannot be limited to engineering and science. Technology needs to be available to all students, regardless of their majors or interests. The University should not do anything that would limit or discourage students to use the worldwide web, because it provides something for everyone. Because technology is important to all of our students, we should not have a structure that keeps any of them from accessing technology.

Regent Spence stated that the proposals will be brought back to the committee in April for approval.

MODEM ACCESS

Senior Vice President Marshak led a discussion focusing on potential policy issues that may arise because of the impact technology has on the University of Minnesota. Because technology is changing the way educational institutions deliver instruction as well as the way faculty, staff and students seek information, conduct research, and communicate with each other, new or amended policies may be necessary in order to protect the University's mission while meeting its goals.

Marshak stated that the following points must be considered when addressing these issues: 1) modem usage has roughly doubled every year for the last four years; 2) the Twin Cities campus currently has 1,600 modem lines available for public use at an annual cost of about \$1,000 per line; 3) the modem pool was often saturated last Spring before the addition of another 800 lines. The demand is again approaching the new capacity.

Some possible alternatives include:

1. The modem pool is regarded as a public good similar to the University library and provided to faculty, staff and students free of charge. The University pays whatever is required to meet the demand for modem connections with no attempt at rationing or discouraging demand.
2. The modem pool is regarded as a public good and provided to faculty, staff and students free of charge, but demand is rationed either by fixing the number of lines and tolerating continuous busy signals during peak periods or by cutting off connections during peak periods after a fixed time and forcing users to dial in again to continue their connection.
3. Demand for the modem pool is discouraged or rationed through some charging algorithm. The revenue delivered from charging is added to the current University subsidy in order to provide more capacity for the modem pool. This charging algorithm may or may not include some amount of "free" time per person per month. It may affect everyone or only certain groups. In the case of faculty and staff, the charge could be a University-wide responsibility, a college or department responsibility or a personal responsibility.
4. The University completely exits the modem pool business and attempts to arrange the best possible deals for individuals or departments with commercial providers such as U.S. West, MCI or America Online.

Marshak explained that on February 1, 1997, the University began experimenting with Option 3 with 30 hours of free connect time per user per month and a charge of \$4.00 for a block of up to an additional 30 hours.

In response to a question from Regent Hogan, Marshak explained that alumni are allowed a special rate, and are currently charged \$130 per year for 50 hours of use per month.

Student Representative Toftey said that 30 hours per month was a reasonable amount of time for the general student population, but that it may be unfair for computer science majors,

Regent Spence called on Professors Campbell and McGehee to present the faculty perspective. Campbell, representing the Senate Committee on Computing Information Systems, stated that they support the current policy, but questioned how excessive use will be determined. There are a number of faculty members who are developing education resources on the worldwide web. Campbell stated that you do not want to provide a disincentive for the faculty members to develop new programs. Campbell recommended that the Office of Information Technology (OIT) provide an exception-based limit to the rule. McGehee, representing the Senate Committee on Faculty Affairs, agreed with Campbell and added that he would like to see the charge go directly to departments rather than to the faculty and staff.

In response to a question from Regent Spence regarding the timeline of this issue, Marshak stated that they would like to try the modem charge plan for two to three months to determine what behavior changes result and how much money is involved. A quarterly report on technology will be presented to the Committee of the Whole, but committee-specific issues will be brought to each committee as they develop.

Before adjourning, Regent Spence noted the contributions that Regents Kim and Sahlstrom have made for the benefit of students and faculty at the University. Their commitment and hard work will be greatly missed.

The meeting adjourned at 12:05 p.m.

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

STEVEN BOSACKER
Executive Director and
Corporate Secretary

UNIVERSITY OF MINNESOTA

BOARD OF REGENTS

Facilities Committee

February 13, 1997

A meeting of the Facilities Committee of the Board of Regents was held on Thursday, February 13, 1997, at 10:10 a.m. in Room 300, 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 Clint Hewitt and Eric Kruse.

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 February 1997. The following items were highlighted for the committee:

1) Dakota County would like to extend County Road 46 across University property in Rosemount. Dakota County's proposal includes purchasing the property Dakota needs for the road and returning property Dakota had previously bought from the University at no cost to the University.

The problem is that the extension for County Road 46 would adversely impact the College of Veterinary Medicine research facility. Dean David Thawley of the College of Veterinary Medicine explained the need for the facility and its location. Thawley is supportive of the proposal if the college is able to still use the farm on the property to continue some types of research and then allowed to use the money from the sale of the property, along with a federal grant, to renovate a facility on the St. Paul Campus to conduct other research that could no longer be done at the Rosemount facility.

In response to a question from Regent Reagan, Associate Vice President Hewitt explained that the County Road 46 link is part of an overall circulation plan for Dakota County. Interest in this link started back in 1977. Since then much discussion has occurred between the involved parties. In 1988, the Board of Regents did give approval for the link, with certain conditions, which held up the project. Reagan suggested that Ann O'Loughlin, Community Relations Coordinator, play an active role in the negotiations on this proposal. Hewitt assured Reagan that O'Loughlin is involved.

In response to safety concerns from Regent Larson, Thawley explained that the one mile buffer at the current Rosemount facility was done in lieu of building a very expensive state-of-the-art building. The buffer of space affords some protection from the hazards associated with veterinary medicine research, but could ultimately leave us with more liability exposure. In order to ensure safety and limit liability, moving to a different, more technically sophisticated building is the way to go.

Jackson noted that this item was not for action at this time, but will be brought back for approval by the Board at a later meeting.

2) The new space for the Art Department, located at University Stores South, has turned into a larger project than originally thought. There is an urgency to move the department out of their current temporary space at Holman Field, in that that building is slated for demolition. The project still needs approval by the Board of Regents and staff will come with the specific proposal for approval at next month's Board meeting.

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

REAL ESTATE TRANSACTION

Sale of Salt Spring Lands

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 40 acres of salt spring lands to the Minnesota Department of Natural Resources for the sum of \$5,000.00.

The Committee voted unanimously to recommend approval of the resolution.

MRRRC HOUSING PROJECT

Senior Vice President Jackson reported to the committee that the original presentation was to present the schematic plans for the Mineral Resources Research Center (MRRRC) student housing project. It was recently learned that the administration needs additional time to work out the details, especially regarding cleanup of contamination on the property. The Committee will be updated at future meetings.

Associate Vice President Campbell explained that there is also an issue of controlling costs for this project. Under the current proposals, the University would pay about \$2 million more than originally projected. It is staffs' recommendation to not move forward with the current proposals at this time, but rather to try to bring the different costs down.

In response to a question from Regent Phillips, Campbell stated that it is the administration's intention to still move forward with this site and come back to the committee in May with a better proposal. Regent Anderson clarified for the members that the administration is moving forward with the project, but is asking for time to negotiate the costs to get the project done within the funds allotted for the project.

Boston agreed and added that there are a number of issues associated with this building, the most critical being the environmental cleanup. Of the additional sites identified in Master Plan, the East River Road project will be pursued next.

Director Linda McCracken-Hunt assured the committee that the administration is committed to moving forward with the project and will come back to the committee in May with a proposal.

A motion was made and seconded to recommend approval of the following resolution regarding the MRRC student housing project:

WHEREAS, the Board of Regents has identified additional residential housing on the Twin Cities campus as a high priority of University 2000 and the University Administration has committed to the construction of additional affordable housing as quickly as feasible within the parameters of the University's housing program and need; and

WHEREAS, the University Administration has determined that the Mineral Resources Research Center Building (MRRC) is a building worthy of reinvestment and the University Administration has determined that the MRRC building is a suitable site for student residential housing; and

WHEREAS, the University Administration recognizes the need for thorough analysis of the feasibility of developing the MRRC building into student residential housing and recognizes the need to develop project documentation that adequately defines the project to ensure competitive pricing by the local construction community; and

WHEREAS, the University Administration recognizes the need to establish a project development/construction schedule that allows the local development/construction industry to economically price their services and work; and

WHEREAS, the University Administration has determined that \$9,500,000 is the maximum investment that the University will reinvest in the MRRC building in its effort to redevelop the building into student residential housing;

NOW, THEREFORE, BE IT RESOLVED, that the University Administration continue to analyze and develop the feasibility of redeveloping the MRRC building site into student residential housing as per the docket material distributed for the February 1997 Facilities Committee meeting and the University Administration return to the Board in May 1997 with any modifications or amendments to such docket material.

The Committee voted unanimously to recommend approval of the resolution.

CURRENT POLICIES FOR ACQUIRING AND DISPOSING OF UNIVERSITY PROPERTY

Sue Weinberg, Real Estate Coordinator, reviewed the Board of Regents Policy on "Acquiring and Disposing of University Real Estate" and noted that each piece of property must be part of the University mission. If the property is declared surplus through a review process, it is disposed. If disposed, the objective is to do it quickly getting the best return, while still considering other public purposes. University Policy requires that the property first be offered to the state, the county, and the municipality where the property is located. The University contacts the public parties involved before the property is put on the market and sold. Once the property is sold it is subject to local zoning ordinances. Appraisals are done to reflect the highest and best use for the University and the local zoning regulations.

Regent Anderson informed the committee of the strong interest in the Motley regarding the sale of University property in that area. He has spoken with several members of the community and elected officials in the past month, and has serious

concerns. In light of these concerns, he asked the administration to prepare some information to be discussed at a committee meeting.

Ann O'Loughlin, Community Relations Coordinator, informed the committee that in May 1996, the decision was made that the properties in the Motley area didn't conform with the University mission. Staff notified residents in August 1996 that the property would be sold and attempted to work with the neighborhood group. The largest concern for the neighborhood was that Dinnaken Properties would out-bid other potential buyers. O'Loughlin stated that a meeting has been scheduled for February 21, 1997 for the University, Dinnaken Properties and members of the neighborhood to discuss the issue.

Anderson noted that members of the neighborhood were not present due to this item coming earlier than anticipated on the agenda. His understanding of University policy is that, in general, it is to get the most money out of the sale of property. Weinberg added the condition that it be consistent with the highest and best use to the University.

Anderson asked if it wouldn't be helpful to the administration to have an additional tool that, on a case-by-case basis, would allow property to be sold to someone who is not the highest bidder. Weinberg explained that case-by-case flexibility is currently allowed with Board approval.

In response to a question from Anderson, Senior Vice President Jackson stated that no policy changes were necessary to allow the administration to sell property if someone is not the highest bidder.

O'Loughlin added that the neighborhood wanted the Board to change the policy to say only homeowners could purchase the property. The University's best interest is not necessarily satisfied by such a policy. It is better to sit down with the interested parties and negotiate a win-win situation for all involved parties.

Anderson encouraged the parties to meet and to come back to the committee, if necessary, at a future meeting.

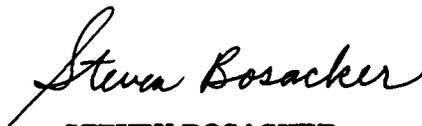
STATUS OF HOUSING PROJECTS

Regent Anderson asked for a update on the financing options for the other student housing projects.

Senior Vice President Jackson reported that she had spent significant time evaluating the debt capacity of the University, including reviewing how the rating agencies rate the University and the factors that influence our rating. Options were given by the rating company for increasing the debt capacity and how the money can be used. The intent, after a review of the options is complete, is for staff to come back to the Financial Operations Committee with a proposal.

Regent Anderson offered his assistance to work with the University on financing for these projects.

The meeting adjourned at 11:06 a.m.



STEVEN BOSACKER
Executive Director and
Corporate Secretary

UNIVERSITY OF MINNESOTA

BOARD OF REGENTS

Educational Planning and Policy Committee

February 13, 1997

A meeting of the Educational Planning & Policy committee of the Board of Regents was held on Thursday, February 13, 1997, at 8:00 a.m. in Room 238, Morrill Hall.

Regents present: Stanley Sahlstrom, presiding; William Hogan, Michael O'Keefe, H. Bryan Neel, and Jessica Phillips.

Staff present: Chancellors David Johnson and Donald Sargeant; Senior Vice President Marvin Marshak; Executive Director Steven Bosacker; Associate Vice Presidents Nancy Barcelo, Gerald Fischer, and Donald Riley.

Student Representatives present: Eric Gustafson and Andrew Toftey.

SENIOR VICE PRESIDENT'S REPORT

Senior Vice President Marshak presented the Senior Vice President's Report for February 1997. The following items were highlighted for the committee.

Marshak reported on the progress of the biennial request at the Legislature. The University has submitted a list of needs to meet the challenges of the 21st century. He acknowledged that both the House and Senate Education Committees have shown interest in technology particularly the University's World Wide Web registration system.

Marshak outlined a report in which the University and the State of Minnesota worked together to develop recommendations for a statewide accountability reporting system for K-12 education in Minnesota. The study team offered nine major recommendations:

- comprehensive framework of educational indicators;
- coordination and integration of local and state reporting of performance indicators;
- strategy for assessing and reporting academic achievement;
- statewide system of educational accountability for all students;
- standards for statistical analysis and reporting of information;
- build on current data reporting system practices;
- align initiatives to build motivation and capacity;
- organizational unit and governance framework; and,
- provide sufficient fiscal resources.

Marshak also discussed two areas where the University of Minnesota and the MnSCU system are cooperating to meet the higher educational needs of the state: 1) the Rochester Center; and, 2) the challenge posed by the higher education needs of the Twin Cities metropolitan area. There are several areas of concern: 1) 30,000 students currently graduate from high school in the Twin Cities and those numbers will increase in the next 4-5 years; 2) Twin Cities students of color that are college-ready are decreasing; and, 3) Life-long education in the Twin Cities.

Regent Hogan inquired about the inclusiveness of the discussions. He recommended that we carefully examine who is participating in the discussions about how the University contributes to overcoming many of our challenges. Diverse points of view (especially by those affected by the policy decisions) have a great deal to do with a successful outcome.

Marshak responded that the discussions have just started and have not yet been substantive. Thus far Deans David Taylor and Hal Miller and Provost Phil Shively have internally been examining this issue. It appears that MnSCU is ready to engage in the dialogue.

Hogan also recommended that members of the broader Minnesota community be included before meeting with MnSCU, especially in terms of defining the University's role in meeting the needs of the state in the urban area. Regent O'Keefe added his support to this recommendation and added that the resolution of the issue must be sensitive to the needs of the community and must engage that broader community in the discussion.

Regent Neel voiced his appreciation of the work on technology and linking the various higher education institutions. He urged a thorough investigation into the creation of Rochester as the site of the "Virtual University." Marshak acknowledged that Rochester continues to be in the plans as a test bed for a virtual university.

Regent Sahlstrom noted that he toured the Recreational Sports facilities in St. Paul and Minneapolis. He acknowledged tremendous advancement of the University in getting opportunities in sports for both campuses. He suggested that Assistant Vice President Jim Turman and Recreational Sports Program Director Anthony Brown be given an opportunity to come before the committee for a report at a future date.

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

ACADEMIC COMPUTING AND DISTANCE EDUCATION

Senior Vice President Marshak introduced Vice President Riley to give a report on academic computing and distance education. Riley's report covered the very complex design and planning taking place to address the needs of today's student (as well as the student of the future). The University must invest in technology because of its impact both on and off campus.

The information age requires new attitudes that need to be addressed about the technologies and the people who need to use these tools. The University must incorporate traditional learning with responding to market needs. Student demands and needs are rapidly changing. The information infrastructure requires the University to remove barriers forcing new kinds of organizational structures. This could have a great effect on the institution in the long run. The University must consider many aspects when creating this vision for initiatives in learning technologies. Some of the items the University is considering are:

- impact of technology investments;
- educational delivery: establishing those different perspectives and needs;
- scale & leverage: focus on quality, cost effectiveness,
- changes in the student experience;
- changes in the Faculty experience;
- access;
- administrative process redesign;

- University of Minnesota educational initiatives -- sharing our knowledge and skills with other Big 10 institutions; and,
- distance education initiatives -- personalizing the classroom.

Regent Neel asked how use of technology enhances verbal communication skills. Chancellor Sargeant responded that UMC did a survey of local employers after that campus had converted to extensive use of computers and found that 92% of students do better verbally and 100% listen more effectively as a result of using computers.

Regent O'Keefe urged creative thinking in ways to improve the campus experience under this new model. He also urged collaborative efforts with universities beyond Minnesota. Marshak mentioned his role as a representative to a consortium on learning technologies. Those discussions are taking place.

Student Representative Gustafson inquired about the identity of the University and how all of the collaborations might affect the University and its uniqueness. He suggested this might come back in the form of a report at a later date.

Neel asked if the University should accelerate the goal for every student to have a personal computer by 1999. Marshak responded that there are twin goals to consider. Students who have computers must have ability to access the technology. These issues are currently under consideration.

**ACADEMIC REPORT SERIES:
HUBERT H. HUMPHREY INSTITUTE OF PUBLIC AFFAIRS**

Senior Vice President Marshak introduced Dean Edward Schuh who has been appointed the Orville and Jane Freeman Chair of the HHH Institute for Public Affairs. Marshak congratulated Schuh for his remarkable job as Dean of the HHH Institute. In attendance with Dean Schuh were Sandra Archibald, Associate Dean for Instruction, and Brian Swanson, President of the HHH Institute's Student Assembly.

Schuh emphasized the remarkable changes in the Institute. There has been much innovation and growth. The Institute has tripled its budget under his leadership. Sound financial management has resulted in a balanced budget every year.

The HHH Institute is nationally ranked. The Institute offers three master level degrees: M.A. in Public Affairs, M.A. in Public Planning, and M.S. in Science and Technology Policy.

The number of students enrolled in the Institute have increased 67% over the past 4 years. The students represent over 50 undergraduate disciplines. The average age is 27 years of age. Most of the students have professional experience prior to attending the Institute. Approximately 60% are Minnesota residents. Minority students account for 12% of student enrollment. International students account for 7-10%. Schuh is striving for an increase in those numbers. The gender distribution is 60% female, 40% male.

The HHH Institute is a multidisciplinary institution. There are over twelve disciplines represented on the faculty. The Institute also collaborates with other units in the University in their outreach program. Schuh would like more to be done on the research side.

The Budget of the HHH Institute is \$11 million per year. This figure has tripled since 1987-88. Only 12% of the budget comes from the University. Another 12% comes from revenue from their endowment. Seventy-six percent of the budget comes from gifts.

contracts and grants. Schuh believes the Institute has reached the limit of what they can do without expanding the \$40 million endowment.

In keeping with its multidisciplinary mission the HHH Institute sustains a tripartite intellectual base that underpins its academic degrees program. The components are public policy, public management, and public planning. It appears that only the Kennedy School at Harvard tries to sustain such a tripartite intellectual base for its programs.

The Institute has expanded the concept of Senior Fellow. The fellows bring in many resources but do not hold tenure in the Institute.

The Institute has also pioneered programs that serve as problem-oriented (centers). The basic concept of the centers is to attract involvement of faculty from other parts of the University, thereby attracting outside funders.

Regent Sahlstrom asked about the use of technology at the Institute. Archibald responded that the HHH Institute had one of the first web sites, developed the first interactive application form, and have students with individual web pages. Centers are on the internet.

Swanson added that although technology is important, greater financial aid (research and teaching assistantships) needs to be made available to the incredibly qualified students who apply to the HHH Institute. Students are also concerned that responsibility center management may take away interdisciplinary flexibility and will negatively impact a prospective student's decision to come to the Institute.

Hogan shared his concern over the loss of a faculty member which could lead to the loss of the Wilkens Chair. Schuh responded that although diversifying is difficult, the Institute has had much success. The eight or nine hires that have taken place under his tenure as dean have been four minority faculty and a number of women.

The meeting adjourned at 10:07 a.m.



STEVEN BOSACKER
Executive Director and
Corporate Secretary

UNIVERSITY OF MINNESOTA
BOARD OF REGENTS
Financial Operations Committee

February 13, 1997

A meeting of the Financial Operations Committee of the Board of Regents was held on Thursday, February 13, 1997, at 8:10 a.m. in Room 300, Morrill Hall.

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

Staff present: Senior Vice President JoAnne Jackson; Executive Director Steven Bosacker; Associate Vice Presidents Robert Kvavik, Richard Pfitzenreuter, and Donald Riley; and Assistant Vice Presidents Stephen Cawley and Paul Tschida.

Student Representative present: Tonia Zehrer.

SENIOR VICE PRESIDENT'S REPORT

Senior Vice President Jackson reviewed the Senior Vice President's Report, which was included in the docket.

Jackson stated that a search committee is in the process of interviewing candidates for Associate Vice President for Finance and Treasurer to fill the position vacated by Roger Paschke. At this time there is no deadline for applying, and applications are still being accepted.

A motion was made and seconded, and the committee voted unanimously to recommend approval of the Senior Vice President's 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. Triplett noted that this was a revised version of the resolution included in the docket materials.

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:

- ADEC, Inc. for \$323,800 for the purchase of dental chairs for the department of Dental Engineering Services.

- Doherty Employment Group for \$250,000 to supply temporary architectural, engineering and related services as needed to Facilities Management for the period of May 17, 1996 to May 16, 1997.
- Hollstadt & Associates for a contract extension of \$176,600 through June 30, 1997 to perform project management for the Grants Management project. Total amount of contract would now be \$792,600.
- Painting by Nakasone for a contract extension of \$1,000,000 through June 30, 1997 to paint and repair public areas on the Twin Cities Campus for Facilities Management. Total amount of the contract would now be \$1,450,000.
- Peer Environmental & Engineering Resources, Inc. for remediation of the Schnitzer property for the Department of Environmental Health & Safety. The project is estimated at \$5,000,000 and will be reimbursed to the University. The remediation is a condition of the sale of the property.

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

ASSET ALLOCATION ANALYSIS

Senior Vice President Jackson and Sheila Warness, Associate Director of the Office of Asset Management, presented a resolution regarding target allocation and strategic allocation ranges for the consolidated endowment fund which was reviewed by the committee at the January 1997 meeting:

RESOLVED, that on the recommendation of the President and Senior Vice President for Finance and Operations, we request approval of the following target allocation and strategic allocation ranges:

The primary asset class target allocations for the Consolidated Endowment shall be:

50% Domestic Equities
30% Foreign Equities
20% Fixed Income

The strategic allocation ranges around the target allocations shall be:

40% to 60% Domestic Equities
20% to 40% Foreign Equities
10% Minimum Allocation to Fixed Income

Approval of the Asset and Debt Management Advisory Council is required whenever the strategic allocation for foreign equities is greater than 35%.

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

QUARTERLY MANAGEMENT REPORT

Carole Fleck, Director of Financial Reporting, presented the quarterly report on the fiscal status of the University as of December 31, 1996, which was included in the docket materials.

Senior Vice President Jackson noted that the Quarterly Management Report's new format was in compliance with requests from the Board to receive more analysis of information being presented.

Fleck stated that the intention of the report is to address major fluctuations in items or bring specific issues to the Board's attention. Because none of the items reflected in this report are seen as problem areas, the report focuses on major fluctuations in items.

In response to a question from Regent Bleyhl, Fleck explained that balance sheets are prepared on a monthly basis, and budget officers review their units regularly. Bleyhl requested that items on the statements that appear problematic be brought before the committee for explanation.

Regent Reagan commended Fleck and Jackson for this streamlined report, stating that this is exactly the type of summary that the Board has been requesting.

MONEY MANAGER REPORT: ALLIANCE CAPITAL

Sheila Warness, Associate Director of the Office of Asset Management, introduced Alfred Harrison of Alliance Capital Management Corporation to discuss the firm's management of a portion of the domestic equity assets in the University's endowment.

Alliance Capital, who has had a relationship with the University since 1970, currently manages \$86 million of the Consolidated Endowment Fund.

Harrison stated that the S & P 500 advanced by 37.6% in 1995, and by 22.9% in 1996. In determining what will happen in 1997, Harrison explained that he does not foresee any sustained major equity decline (defined as approaching or exceeding 10%). The fundamentals that have been behind the persistent bullishness over recent years are still very much in place. These include good corporate health, moderate economic growth, moderate inflation, U.S. technology leadership, continued attention to cost cutting, and strong money flows into equities.

In response to a question from Regent Reagan, Harrison stated that Alliance expects a range for equity returns in the 8-12% range. Harrison noted that the key to Alliance's performance is going to be whether they can take advantage of likely price volatility in the market by becoming more aggressive during the dips, and toning down their exposure during rallies. The hope is for steady market gains, stretched over time.

FINANCIAL IMPACT: ENTERPRISE SYSTEMS PROJECT

Senior Vice President Jackson introduced Associate Vice President Riley and Assistant Vice President Cawley of the Office of Information Technology (OIT) to present information related to updating the University's central administrative systems.

Cawley stated that the University of Minnesota has committed to replacing or significantly improving nearly all of its central administrative systems over the next four years. Projects underway include: 1) Student 2000 system; 2) human resource

management system; 3) grants management system; 4) financial management system; 5) local decision support system; and, 6) OIT infrastructure readiness. The key to managing this complex set of projects is to coordinate across projects, control cost, manage risk, manage resources, manage outcomes, and provide accountability.

Early estimates of the total cost was \$45 million, which is being used as the working budget. With the addition of \$5 million for technology infrastructure, the project estimate totals \$50 million over four years.

The projects will be funded by the partnership proposal included in the legislative request, internal funds through reallocation and taxes on departments, and downstream savings from business process reengineering (BPR).

The Gartner Group has been hired to review and validate the cost model and early cost estimates. The Gartner Group is currently two weeks into their six-week review. Their report will also evaluate what is reasonable cost compared with industry standards.

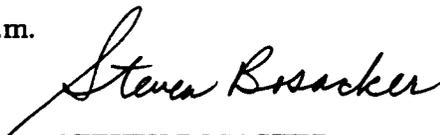
Cawley stated that a consultant was brought in to do an extensive study of the University's buildings and the need to invest in the infrastructure in order to support the next generation of network technology. An estimated cost of \$80 million over four years is part of the plan which was presented to the legislature. This includes replacement of the fiber and copper plant; replacement of active electronics; building modern equipment space and cableways into all buildings; upgrading inter-campus connectivity; enabling Internet II connectivity; and replacement of the telephone system.

Regent Larson stated that at a national conference he recently attended, national speakers recognized the University of Minnesota as leaders in telecommunications in two areas: 1) the Crookston campus model (Crookston became the nation's first university to provide all full-time students and faculty with notebook computers); and, 2) the University of Minnesota being one of the founding developers of the Internet II.

Riley agreed that Minnesota has been a leader in many areas, including: the Crookston model; the Fertile-Beltrami initiative (where seniors all have laptop computers); the IBM Global Campus Initiative, which includes three Minnesota institutions that were part of the original 30 charter members; and the Internet II initiative, a national initiative being led by 34 original charter members. The Internet II initiative will tie into the Clinton administration's Next Generation Internet initiative. Riley stated that he is encouraged whenever he hears of speakers at a national level recognizing the work being done in Minnesota.

Regent Bleyhl explained that the Finance Committee will be looking at all budgetary concerns regarding the systems replacement. Bleyhl said that by the end of the legislative session, the committee should know where things stand with state appropriations regarding technology for the University, and she looks forward to having Riley and Cawley back in June to address budgetary concerns. Following the June meeting, Bleyhl stated that quarterly progress reports to the committee would be sufficient.

The meeting adjourned at 3:50 p.m.



STEVEN BOSACKER
Executive Director and
Corporate Secretary

UNIVERSITY OF MINNESOTA

BOARD OF REGENTS

Committee of the Whole

February 13, 1997

A meeting of the Committee of the Whole of the Board of Regents was held on Thursday, February 13, 1997, at 1:45 p.m. in Room 238, Morrill Hall.

Regents present: Thomas Reagan, presiding; Wendell Anderson, Julie Bleyhl, William Hogan, Hyon Kim, Warren Larson, H. Bryan Neel, Michael O'Keefe, 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 Presidents McKinley Boston and Mark Brenner; Acting Vice President Thomas Swain; General Counsel Mark Rotenberg; Executive Director Steven Bosacker; and Associate Vice President George Robb.

Student Representative present: Blessing Rugara.

RECOGNITION OF OUTGOING REGENTS

Recognition was given to outgoing Regents Wendell Anderson, Hyon Kim, and Stanley Sahlstrom. Each Regent briefly addressed the committee.

RECOGNITION OF McKNIGHT LAND-GRANT PROFESSORS

Vice President Brenner introduced the following 1997-99 McKnight Land-Grant Professors:

John C. Bischof
Mechanical Engineering

Linda M. Boland
Physiology

Kristin A. Hogquist
Laboratory Medicine and Pathology

Catherine Liu
French and Italian

Richard M. Price
Political Science

Andreas Stein
Chemistry

The major purpose of the McKnight Land-Grant Professorship program is to strengthen the University's faculty for the future. The program is designed to advance the careers of the most promising junior faculty at a crucial period in their professional lives, and to develop their potential to make significant contributions to their scholarly fields. The Professorship is a two-year appointment that includes a research grant of approximately \$20,000 in each of the two years, to be used at the recipient's discretion for expenditures directly related to their research. Each holder of the Professorship is also awarded either a supplementary research grant or a year's leave to pursue research during the second year of the award.

HONORS COMMITTEE REPORT

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

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

SUMMARY OF EXPENDITURES

A motion was made and seconded, and the committee voted unanimously to recommend approval of the following resolution:

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

ANNUAL REPORT ON THE STATUS OF THE UNIVERSITY'S RESEARCH

Vice President Brenner presented the annual report on the status of the University of Minnesota's research.

Management practices regarding research at the University of Minnesota have been under extensive review and reform during 1996. Brenner reported that problems relating to grants management were first discovered by the University in 1994 in the Department of Surgery. The University took immediate action to address the problems and appointed a Grants Management Steering Committee. In 1995, a letter was received from the National Institutes of Health (NIH) indicating that the University of Minnesota was being declared an "exceptional organization" and withdrawing the University's expanded authorities due to problems associated with its grants management.

Significant progress has been made during 1996 relating to grants management including: research roles and responsibilities have been defined; a number of policies and procedures have been adopted; training programs and communication tools have been implemented; the financial reporting system has been coupled to the general ledger; and a Grants Electronic Management System (GEMS) has been developed. Brenner noted that the new programs that have been developed are unique and are being viewed as examples to be used across the country. Substantial efforts have also been made to provide information on the administration of grants on the World Wide Web with links to policies, procedures, and training programs.

Brenner provided a brief summary of the overall research activity at the University for FY96. Sponsored research expenditures for FY96 increased to \$304 million, up by approximately 4% from FY95. Expenditures using federal funds increased by 2%; state

and local research expenditures decreased by 1%; sponsored expenditures from business and industry increased by 10%; and expenditures from other sources, such as private foundations, increased by 16%.

The NIH continues to be the major source of sponsored research funding at the University, followed by the National Science Foundation, and the U.S. Department of Defense. The Medical School receives the greatest amount of research funding based on its FY96 research expenditures of \$103 million. It is followed by the Institute of Technology, the School of Public Health, the College of Agriculture, Food, and Environmental Sciences, and the College of Education and Human Development. Across the University, the average level of sponsored research expenditure per faculty member is \$95,000 for the 3,195 faculty.

FY96 was relatively successful for patents and licensing at the University. The overall number of disclosures filed was 159, down from 200 in FY95 but higher than the previous three years. Twenty-three patents were granted during this period and 57 license agreements were completed. Total license and royalty income for FY96 was \$6.3 million.

Regent Hogan complemented Vice President Brenner for the accomplishments that have been made in the area of grants management and noted that efforts to try and improve the research process at the University of Minnesota were well underway before the NIH raised issues. Hogan asked if there is a potential for generating revenue as a result of intellectual property. Brenner responded that there have been some institutions that have benefited from licensing technology and there are possibilities for the University of Minnesota. Hogan said he would like to have a presentation on the possibilities for the University of Minnesota in this area. He asked if the administration would pursue, from a policy position, the concept of private industry working to identify opportunities for development.

Regent O'Keefe concurred with Hogan's comments about engaging in dialogue with individuals from the private sector in trying to identify opportunities for generating revenue. He also asked that the topic of technology transfer be added to the committee's agenda for review in the near future.

In response to a question from Regent Kim, Marshak reported that the number of patents that are generated by research universities that produce significant income for the institution is small.

FACULTY CONSULTATIVE COMMITTEE REPORT

Virginia Gray, Chair of the Faculty Consultative Committee, presented the committee's quarterly report.

Gray indicated that the topic of her report this quarter focuses on "faculty voice." She noted that voice is widely recognized as important in universities and in professional organizations generally. Most universities institutionalize faculty voice in their concept of shared governance. At the University of Minnesota, the faculty voice is formally expressed in a shared governance context via the Faculty Senate and the University Senate, both of which are elected bodies. Gray outlined the traditional faculty governance system. She stated that there is another model that exists that has been proposed for the University of Minnesota -- collective bargaining. Around the country a variety of examples exist of how collective bargaining provides a legal voice for faculty, sometimes coexisting with traditional faculty senates and sometimes not. However, Gray believes it is fair to say that collective bargaining is pursued by faculty who perceive failures in the existing faculty governance system. The Duluth campus

has been represented by a union for many years. During 1996, the other two coordinate campuses considered and rejected the idea of collective bargaining.

Gray believes that the faculty governance system has great benefits. It builds leadership capacity; spreads the work of the administration through its Senate committees; builds ownership for tough decisions that have to be made and defended; and constitutes a brain trust. In addition, decisions are more likely to be sound ones when knowledgeable and experienced faculty members have provided their advice and consultation. Faculty need to feel that they are partners, not just employees.

One possible change to the current structure of the Board of Regents at the University of Minnesota might be the addition of nonvoting faculty representatives to the Board's committees. Gray indicated that she would be happy to outline the proposal in more detail at an appropriate time.

Regent Kim expressed her regret that she was not closer to the faculty during her tenure as a regent. It is important that there is mutual trust and respect between regents and the faculty. She suggested that future new regent orientations include a component on understanding faculty governance.

Regent O'Keefe stated that the issue of governance within higher education systems is unique. He requested that an agenda item be scheduled in the next few months for the Board to discuss how it can better relate to the faculty. The discussion should include the formal proposal by the faculty that Chair Gray mentioned in her report as well as how the regents might more informally engage with the faculty. It is vital that the lines of communication between the faculty and Regents, both formal and informal, be firm, solid and productive. Chair Reagan responded that he will discuss the issue with the Executive Director of the Board to determine a time for the discussion to be scheduled on the agenda.

MINNESOTA STATE GRANT PROGRAM

Senior Vice President Marshak introduced the agenda item relating to the Minnesota State Grant Program. This report was requested by the Board in preparation for meeting with Legislators and in preparation for review and action of the annual institutional budget. Marshak called on Peter Zetterberg, Director of the Office of Planning and Analysis, to present the overview of the program.

Zetterberg reported that the Minnesota State Grant Program was established by the legislature in 1969. It is administered by the Higher Education Services Office (HESO) and it is the largest program managed by HESO. The objective of the program is to provide need-based grant assistance to undergraduate students who are Minnesota residents attending a Minnesota institution. Students with need are eligible regardless of the institution they attend.

The underlying philosophy of the program since its last major revision in 1983 is known as "shared responsibility." A student, his or her family, and the federal and state governments have a "shared responsibility" for the student's higher education. The student's responsibility is 50 percent of the cost of attendance, regardless of a student's financial circumstances. For a dependent student, responsibility for the other 50 percent is assigned to the student's family and/or the federal government and/or the state government. For an independent student, responsibility for the other 50 percent is assigned to the student and/or the federal government and/or the state government.

Zetterberg explained that a student's eligibility is determined by the same financial need analysis that is used for federal grant and loan programs. The need analysis determines how much a student's family should be expected to contribute to

the student's education (or how much a student should be expected to contribute, in the case of independent students). He reviewed the formula of how the program is calculated for a student and noted that because of the way the program is structured, any increase in Pell grants will automatically lower state grants. He also reported that the Federal Pell Grant Program does not recognize differences in the cost of attendance. A student receives the same size Pell grant whether he or she chooses to attend a low-cost institution or a high-cost institution. In Minnesota, however, the cost of attendance is recognized. This is one of the defining characteristics of the Minnesota State Grant Programs. A value is placed on choice as well as access.

Zetterberg reported that many states divide their financial aid dollars among need-based programs and merit-based programs. All states provide grant funds to students attending private institutions with the rationale being that the public's benefit from a student earning a higher education degree does not depend on whether the degree was earned from a public institution or a private institution. While Minnesota and most other states award grants only to state residents attending a public or private institution in the state, some states allow students to take grant funds out of state. Nationwide, most state funding for higher education is in the form of direct allocations to public institutions. Nationwide, 93.5% of state funding is allocated directly to public institutions and 6.5% is allocated for financial aid. In Minnesota, about 91.4% of state funding is allocated directly to the University of Minnesota and MnSCU and 8.6% is allocated for financial aid.

In conclusion, Zetterberg reported that the Minnesota State Grant Program is one of the nation's best funded programs, always ranking among the top two or three in the nation in terms of grant dollars per higher education student. HESO's recommendations for the 1998-99 biennium will increase the size of grants for students in all higher education sectors. These recommendations recognize increases in the cost of attendance. It is also possible that other changes in the program will be proposed during the legislative session.

In answer to a question from Student Representative Rugara, Zetterberg acknowledged that issues relating to families who choose not to make an investment in their child's education and the determination of independent status cause a number of difficulties for students. Marshak added that he and President Hasselmo sit on the Higher Education Advisory Commission that includes representatives from MnSCU, the private colleges, and the Higher Education Services Office. The commission meets quarterly and discusses advocacy issues relating to financial aid.

In answer to a question from Regent Neel regarding the amount of financial aid going to students in private schools, Zetterberg said it is important to keep in mind how much the state is actually investing in a student in a public institution versus a student in a private institution. For a student in a private institution, the government's investment is solely the amount of the state grant. For a student in a public institution it is not only the state grant funds, but also that portion of the state's direct allocation that is underwriting the student's education. Neel stated that the University of Minnesota's three-part mission separates it from other higher education institutions and provides added value to the state.

The meeting adjourned at 4:50 p.m.



STEVEN BOSACKER
Executive Director and
Corporate Secretary

UNIVERSITY OF MINNESOTA

BOARD OF REGENTS

February 13, 1997

A meeting of the Board of Regents of the University of Minnesota was held on Thursday, February 13, 1997 at 4:51 p.m. in Room 238, Morrill Hall.

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

Staff present: Chancellors David Martin and Donald Sargeant; Provost W. Phillips Shively; Senior Vice Presidents JoAnne Jackson and Marvin Marshak; General Counsel Mark Rotenberg; Executive Director Steven Bosacker; Vice President Mark Brenner; and Acting Vice President Thomas Swain.

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 - January 8, 1997
Audit Committee - January 9, 1997
Faculty, Staff and Student Affairs Committee - January 9, 1997
Facilities Committee - January 9, 1997
Educational Planning and Policy Committee - January 9, 1997
Committee of the Whole - January 10, 1997
Board of Regents Meeting - January 9, 1997
Board of Regents Meeting - January 10, 1997

REPORT OF THE PRESIDENT

President Hasselmo presented his monthly report, which pertained to recognition of outgoing Regents; the recent vote on collective bargaining for the Twin Cities campus; alumni events held in Portland, Oregon and Seattle, Washington; legislative hearings; and recognition of the McKnight Land-Grant professors.

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

REPORT OF THE CHAIR

Chair Reagan reported that he has appointed a committee to consider naming a University building after former president C. Peter Magrath. The Board of Regents Policy on Awards, Honors, and Recognitions requires that "a committee comprising representatives of the Board of Regents and the Faculty Consultative Committee" (FCC) consider the request and, if desired, forward a recommendation to the All-University Honors Committee. Virginia Gray, Chair of the FCC, has appointed Professors Matt Tirrell and Victor Bloomfield, as well as herself, to serve on the committee. Regents Bleyhl, Peterson, and Reagan will represent the Board of Regents.

Reagan reported that information was sent to each Regent regarding the National Association of Governing Boards conference in San Diego, April 13-15. He would urge all Regents to attend if their schedules permit.

President-Designate Yudof will be back in Minnesota February 21-26. He has a full schedule of transition activities and briefings. Over the coming months meetings will be scheduled one-on-one with Yudof and each Regent.

RECEIVE AND FILE REPORTS

President Hasselmo noted the receipt and filing of the Quarterly Grants and Contracts Report and the Annual Report on Academic Personnel Actions.

GIFTS

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

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

Regent O'Keefe noted that the McKnight Foundation, of which he is Executive Vice President, has made many grants to the University of Minnesota over the years. O'Keefe confirmed that as long as he serves on the Board of Regents, he will not participate in any decisions the McKnight Foundation makes regarding grants or gifts to the University of Minnesota.

REPORT OF THE COMMITTEE OF THE WHOLE

Chair Reagan reported that the committee voted unanimously to recommend:

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

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

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

RESOLVED, that the Summary of Expenditures for the period July 1, 1996 to December 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 recommendations of the Committee of the Whole.

Reagan reported that the committee also reviewed the annual report on the status of the University's research; the quarterly report from the Faculty Consultative Committee; and a report on the Minnesota State Grant program. Recognition was also given to the three Regents ending their tenure on the Board of Regents and to the 1997-99 McKnight Land-Grant Professors.

REPORT OF THE FINANCIAL OPERATIONS COMMITTEE

Regent Larson, Vice 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.
- 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:

- ADEC, Inc. for \$323,800 for the purchase of dental chairs for the department of Dental Engineering Services.
 - Doherty Employment Group for \$250,000 to supply temporary architectural, engineering and related services as needed to Facilities Management for the period of May 17, 1996 to May 15, 1997.
 - Hollstadt & Associates for a contract extension of \$176,600 through June 30, 1997 to perform project management for the Grants Management project. Total amount of contract would now be \$792,600.
 - Painting by Nakasome for a contract extension of \$1,000,000 through June 30, 1997 to paint and repair public areas on the Twin Cities campus for Facilities Management. Total amount of contract would now be \$1,450,000.
 - Peer Environmental & Engineering Resources, Inc. for environmental cleanout of the Mineral Resources Research Center (MMRC). Estimated at \$455,975, the project is being requested by the University's Department of Environmental Health & Safety.
 - Peer Environmental & Engineering Resources, Inc. for remediation of the Schnitzer property for the Department of Environmental Health & Safety. The project is estimated at \$5,000,000 and will be reimbursed to the University. The remediation is a condition of the sale of the property.
- c) Approval of a resolution relating to asset allocation ranges as follows:

RESOLVED, that on the recommendation of the President and Senior Vice President for Finance and Operations, we request approval of the following target allocation and strategic allocation ranges:

The primary asset class target allocations for the Consolidated Endowment shall be:

50% Domestic Equities
30% Foreign Equities
20% Fixed Income

The strategic allocation ranges around the target allocations shall be:

40% to 60% Domestic Equities
20% to 40% Foreign Equities
10% Minimum Allocation to Fixed Income

Approval of the Asset and Debt Management Advisory Council is required whenever the strategic allocation for foreign equities is greater than 35%.

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

Larson reported that the committee reviewed the Quarterly Management Report; a money manager report from Alliance Capital; and information on the financial impact of the Enterprise Systems Project.

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 Educational Planning & Policy Report as presented to the committee and included in the docket material.

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

Sahlstrom reported that the committee also reviewed a report on academic computing and distance education and a report on the Hubert H. Humphrey Institute of Public Affairs as part of the Academic Report Series.

REPORT OF THE FACULTY, STAFF & STUDENT AFFAIRS COMMITTEE

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

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

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

Spence reported that the committee also reviewed a report on faculty diversity; reviewed proposed changes in the Tuition and Financial Aid Policy; and engaged in a discussion relating to modem access.

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 included in the docket material.

- b) Approval of a resolution relating to the sale of Salt Spring Lands, 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 the following described Salt Spring Lands to Minnesota Department of Natural Resources, for the sum of \$5,000:

The Southwest 1/4 of the Northwest 1/4 of Section 9,
Township 61 North, Range 14 West, St. Louis County,
Minnesota.

- c) Approval of a resolution relating to schematic plans for the Mineral Resources Research Center (MRRC), as follows:

WHEREAS, the Board of Regents has identified additional residential housing on the Twin Cities campus as a high priority of University 2000 and the University Administration has committed to the construction of additional affordable housing as quickly as feasible within the parameters of the University's housing program and need; and

WHEREAS, the University Administration has determined that the Mineral Resources Research Center Building (MRRC) is a building worthy of reinvestment and the University Administration has determined that the MRRC building is a suitable site for student residential housing; and

WHEREAS, the University Administration recognizes the need for thorough analysis of the feasibility of developing the MRRC building into student residential housing and recognizes the need to develop project documentation that adequately defines the project to ensure competitive pricing by the local construction community; and

WHEREAS, the University Administration recognizes the need to establish a project development/construction schedule that allows the local development/construction industry to economically price their services and work; and

WHEREAS, the University Administration has determined that \$9,500,000 is the maximum investment that the University will reinvest in the MRRC building in its effort to redevelop the building into student residential housing;

NOW, THEREFORE, BE IT RESOLVED, that the University Administration continue to analyze and develop the feasibility of redeveloping the MRRC building site into student residential housing as per the docket material distributed for the February 1997 Facilities Committee meeting and the University Administration return to the Board in May 1997 with any modifications or amendments to such docket material.

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

REPORT OF THE AUDIT COMMITTEE

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

REPORT OF THE LITIGATION REVIEW COMMITTEE

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

The meeting adjourned at 5:16 p.m.



STEVEN BOSACKER
Executive Director &
Corporate Secretary