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UNIVERSITY OF MINNESOTA

BOARD OF REGENTS

MINUTES

BOARD OF REGENTS' MEETING

AND

REGENTS' COMMITTEE MEETINGS

July 6-8, 1994

July 28, 1994

Office of the Board of Regents

220 Morrill Hall

UNIVERSITY OF MINNESOTA

BOARD OF REGENTS

Minutes of the Board of Regents' Meetings
and Regents' Committee Meetings

July 6-8, 1994

July 28, 1994

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UNIVERSITY OF MINNESOTA

BOARD OF REGENTS

Audit Committee

July 6, 1994

A meeting of the Audit Committee of the Board of Regents was held on Wednesday, July 6, 1994 at 2:00 p.m. in Room 300, Morrill Hall.

Regents present: Regent Hogan, presiding; Regent Keffeler. Regent Kim joined the committee.

Staff present: Senior Vice Presidents Erickson and Infante; General Counsel Rotenberg; Associate Vice Presidents Brenner, Pfitzenreuter, and Potami; Associate Executive Director Janzen; and Director of Audits Klatt.

Student Representatives present: Jessica Phillips and Cecil Smith.

Others present: Mark Chronister, Jon Kilmer, and Miles Everson from the firm of Coopers & Lybrand.

**SENIOR VICE PRESIDENT'S QUARTERLY REPORT
INCLUDING CUFS REPORT**

Director Klatt reported on the purchasing review. She stated a formal presentation will be made in September.

Senior Vice President Erickson reported that the CUFS status report was included in the docket material, indicating he would respond to questions if there were any. Regent Keffeler asked who would be in charge of CUFS following the resignation of Associate Vice President O'Connor. Senior Vice President Erickson said the responsibility clearly has to reside in the Controller's area, but he has not finalized this yet. He acknowledged the importance of Regent Keffeler's point that there needs to be an owner in charge.

It was the consensus of the members of the committee present to recommend approval of the Senior Vice President's Monthly Report.

UPDATE ON RESEARCH CONTRACTS AND GRANTS ADMINISTRATION

Senior Vice President Infante led the discussion regarding an update on research contracts and grants administration.

He reported that dramatic growth in research proposal and award activity has occurred in the past decade. The growth produced increasing management complexity and changing standards of accountability. As a result, regulatory requirements and audit scrutiny have increased. Dr. Infante summarized the factors involved. Unfortunately, he noted, the growth and complexity of the University's research enterprise have not been accompanied by comparable funding increases for system improvements, personnel, and computer applications for sponsored project management. One positive

development he noted was the recent renegotiation of the indirect cost recovery level from 40 percent to 45 percent.

Associate Vice President Potami summarized the information regarding growth in research at the University of Minnesota during the past 10 years that was included in the docket, and reviewed the management and oversight responsibilities carried out in the Office of Research and Technology Transfer Administration (ORTTA). He also reviewed the issues raised relating to increased accountability requirements and the University of Minnesota's response to the requirements, noting that a list of steps taken to improve management of sponsored programs is included in the docket.

Mr. Potami concluded by referring to further recommended improvements in management of sponsored programs included in his report. He suggested these should be implemented in the next 12 months.

UPDATE ON IRB PROCESS

Associate Vice President Mark Brenner led the discussion regarding the Institutional Review Board (IRB) process. He distributed information relating to the IRB, its scope, structure and function. The material included background information regarding the basic principle of protection of human subjects; where the IRB fits in; and what the IRB does and does not do. The structure of the University of Minnesota's IRB was included in the materials.

Dr. Brenner also presented information on measures to be taken, in response to questions by the Board of Regents, that will provide assurance that the University of Minnesota fully complies with applicable governmental regulations in the management of grants and contracts. These measures include diagnostic testing of 10 potentially high-risk studies, the engagement of an outside consultant to review regulatory compliance and the IRB procedures, and the organization of a workshop with peer research institutions to compare assurance procedures. He noted the procedures that will be used in selecting the 10 studies for diagnostic testing that will assure identification of a broad scope of high-risk projects.

Regents Keffeler and Hogan expressed satisfaction that the discussions and presentations were excellent and valuable. They noted that the proposed plans were responsive to the questions raised by the Board of Regents.

Regent Keffeler also said that adequate support and staff for the activities and plans discussed are a high priority for the Board. In response to whether support is adequate, Senior Vice President Infante indicated he wants to wait until after the University has the benefit of the planned external consultation before responding to this question.

REGENTS' POLICY ON THE USE OF HUMAN SUBJECTS IN RESEARCH

The committee reviewed proposed changes to the Regents' Policy on the Use of Human Subjects in Research. It was noted that this policy was approved by the Educational Planning and Policy Committee at the June 1994 meeting and was referred to the Audit Committee for review before approval by the Board of Regents.

Regents Hogan and Keffeler posed several questions regarding specific language contained in the policy. After discussion, it was agreed that Senior Vice President Infante would make appropriate language revisions and bring the policy to the Board meeting on Friday.

EXTERNAL AUDITOR'S CONTRACT

It was the consensus of the committee members present to recommend approval of the following resolution relating to the extension of the external auditor's contract:

RESOLVED, that on the recommendation of the President, the Senior Vice President for Finance and Operations, and the Director of Internal Audits, the Board of Regents approves an extension of the 1990 external auditing contract with Coopers & Lybrand for one year, with a possible review at a subsequent date to extend the contract for a second year.

DIRECTOR OF AUDITS' QUARTERLY REPORT

Gail Klatt, Director of Audits, presented the Director of Audits' Quarterly Report by summarizing the material included in the docket. Director Klatt noted that the four audit reports issued since the April Quarterly Report were:

Centralized Testing of Selected UMD Transactions
School of Nursing Follow-up Audit
Audit of Travel Expenses of a Minnesota Extension Service Employee
Review of the School of Dentistry Instrument Management Program

It was the consensus of the members of the committee present to recommend approval of the Director of Audits' Quarterly Report.

EXTERNAL AUDITOR'S REPORT

Mr. Mark Chronister presented a brief update on the University of Minnesota Audit timeline for 1994. He indicated that the audit was on schedule.

The meeting adjourned at 4:00 p.m.

Barbara Muesing

BARBARA MUESING
Executive Director and
Corporate Secretary

UNIVERSITY OF MINNESOTA

BOARD OF REGENTS

Facilities Committee

July 7, 1994

A meeting of the Facilities Committee of the Board of Regents was held on Thursday, July 7, 1994, at 1:30 p.m. in the Regents' Room, 238 Morrill Hall.

Regents present: Regent Rosha, presiding; Regents Kim and Reagan.

Staff present: Chancellor Sargeant; Senior Vice President Erickson; and Associate Executive Director Janzen.

Student Representatives present: Scott Burnes and Shawn Poulter.

Chair Rosha noted that the meeting did not have a quorum of members present and that all action items would be forwarded to the Board for action.

SENIOR VICE PRESIDENT'S MONTHLY REPORT

Senior Vice President Erickson presented the Senior Vice President's Monthly Report for July 1994.

Senior Vice President Erickson noted two awards. University Parking Services received the Merit Award for Excellence in Parking Design and Program Innovation, and the Department of Environmental Health and Safety recently received the National Safety Council's Award of Recognition for a Unique and Innovative Program.

It was the consensus of the members of the committee present to recommend approval of the Senior Vice President's Monthly Report.

AMENDMENTS, FY 94 CAPITAL BUDGET

The committee reviewed the following resolution relating to amendments to the FY 94 Capital Budget:

RESOLVED, that on the recommendation of the President and the Senior Vice President for Finance and Operations, the FY 1994 Capital Budget is hereby amended to incorporate the following project:

- A. Millard Hall 4th Floor Biochemistry Renovation Project, Twin Cities Campus
Estimated cost of the project: \$500,000
Funding: Medical School Indirect Cost Recovery Funds and Medical School Unrestricted Research Funds
Estimated completion date: September 1994

and to increase the scope and budget for the following project:

- B. ULITES Lighting Retrofit Project, Twin Cities Campus
Estimated original cost of the project: \$1,850,000
Increase in project cost: \$1,000,000
Total estimated cost of the project: \$2,850,000
Estimated completion date: February 1996

It was the consensus of the committee members present to recommend approval of the resolution.

REPORT ON FY 94 CAPITAL BUDGET PROJECTS

Through the use of visual aids, Linda McCracken-Hunt, Director of Project Development, provided a report regarding progress on specific projects that were authorized as a part of the FY 94 Capital Budget process.

Director McCracken-Hunt reported that during the past fiscal year, 14 new buildings have opened totaling \$104 million. In addition, there are currently 400 active projects, totaling \$590 million, that are in the planning, design, or construction phases systemwide. They range in cost from \$60,000 to replace Pillsbury Hall's entrance steps to \$66 million for the Basic Sciences and Biomedical Engineering Building.

Director McCracken-Hunt noted that the projects are managed by a staff of project managers, along with the assistance of project accountants. She introduced some of the staff that were present at the meeting.

In answer to a question from Student Representative Poulter, Director McCracken-Hunt reported that building and renewal projects are determined as part of the capital budgeting process.

QUARTERLY REPORT ON THE FY 94 CAPITAL BUDGET

Director McCracken-Hunt presented the Quarterly Report on the FY 94 Capital Budget. She noted that 34 percent of the projects included in the FY 94 Capital Budget was completed, and 46 percent of the projects will be incorporated into the FY 95 Capital Budget.

It was the consensus of the committee members present to recommend approval of the following resolution:

RESOLVED, that on the recommendation of the President and the Senior Vice President for Finance and Operations, the Board of Regents approves the final summary Quarterly Report on the FY 94 Capital Budget identified as Attachment A in the docket materials, which report summarizes all projects approved as a part of the Capital Budget (including amendments) and incorporates the amendments summarized in Attachment B of the docket materials into the FY 94 Capital Budget.

NEW BUSINESS

Regent Rosha asked about the cost of connecting the new Carlson School of Management to the West Bank ramp.

Senior Vice President Erickson responded that he will explore the issue and report back to the committee.

The meeting adjourned at 2:40 p.m.

Barbara Muesing

**BARBARA MUESING
Executive Director and
Corporate Secretary**

UNIVERSITY OF MINNESOTA

BOARD OF REGENTS

Financial Operations & Legislative Committee

July 7, 1994

A meeting of the Financial Operations & Legislative Committee of the Board of Regents was held on Thursday, July 7, 1994, at 8:30 a.m. in the Regents' Room, 238 Morrill Hall.

Regents present: Regent Page, presiding; Regents Keffeler and Neel.

Staff present: Senior Vice President Erickson; Associate Executive Director Janzen; Associate Vice Presidents Paschke and Pfutzenreuter.

Student Representatives present: Sara Monroe and Cecil Smith.

QUARTERLY MANAGEMENT REPORT

Associate Vice President Pfutzenreuter and Director of Financial Reporting and Budget Administration, Carol Fleck, presented the Quarterly Management Report for review. Director Fleck addressed the three Schedules included in the quarterly report: I) a Balance Sheet as of May 31, 1994, for all funds, both current and noncurrent; II) a Statement of Changes in Fund Balances for the period ending May 31, 1994; and III) Budget Status Reports as of May 31, 1994, for the collegiate units and summarized to the vice president and coordinate campus levels. It was noted that the report provides unaudited balances and activity for all funds, current and noncurrent, for Schedules I and II, and current funds only on the remaining schedule. Comparative prior year totals were also provided on Schedules I and II. It was further noted that the unaudited report does not contain full income and expense accruals and, therefore, the asset and liability balances provided on the balance sheet represent residual balances that are adjusted to actual only at year end. The financial report at the end of the fiscal year is the only report that contains full accruals.

Regent Neel asked about the status of the University's bond rating. Associate Vice President Paschke reported that the bond rating remains at AA for long term debt and A1+ for short-term debt. However, the issuance of steam plant bonds in the next year will bring the University to the limit at which the highest ratings can be maintained.

In response to a question from Regent Page, Senior Vice President Erickson discussed the issue of providing the Board with estimated accrual reports.

SENIOR VICE PRESIDENT'S MONTHLY REPORT

Senior Vice President Erickson presented the Senior Vice President's Monthly Report for July 1994.

He called attention to the legal costs incurred by the General Counsel for the ALG program during 1993-94, estimated at \$6 million. He reported that it is proposed the costs be covered at this time from the following funds: \$1,024,004 from the General Contingency Fund; \$2,514,000 of excess funding from the retirement supplement program; \$1,6708,000 of remaining funds from the severance program contingency; \$506,000 of balances from various miscellaneous prior-year reserve funds; and \$348,000 from property condemnation acquisition settlement.

Regent Keffeler stated it was her understanding that costs related to ALG would be funded through Medical School funds. Senior Vice President Erickson reported that funding is not available at this time out of Medical School funds, however, they will continue to explore ways for the Medical School to pay for the expenses.

In answer to a question from Regent Keffeler, Senior Vice President Erickson reported that there are other areas that have incurred deficits and the Administration is in the process of addressing the issue. He added that ALG is an exception and significantly higher than other deficits. Regent Keffeler expressed concern, indicating that the same policies should apply to the Medical School as other departments.

Regent Neel asked about the possibility of using proceeds from the sale of surplus property. Senior Vice President Erickson reported that proceeds from the sale of surplus property could be used for this deficit if the Board deemed it appropriate, however, it is not available at this time.

After further discussion, it was the consensus of the committee that the item be considered an accounting transaction at this time and that a complete analysis of the financial situation in the Medical School be reviewed and a policy decision of how to handle the deficit in the Medical School be addressed at a later date.

Senior Vice President Erickson also reported that he would like to alert the committee that there may be a need to replace computers on the University of Minnesota, Crookston campus before the September meeting. In response to this information, Regent Keffeler suggested that a resolution be presented at the Board meeting authorizing the execution of the appropriate agreements to replace computers at the University of Minnesota, Crookston if necessary before the next Board of Regents' meeting is held in September 1994. Senior Vice President Erickson stated that he would present a resolution at the Board meeting.

It was also noted that the Regents' Policies on Investment Guidelines for Endowment Funds and Guidelines for Short-Term Reserves, Long-Term Reserves, and Cash Related to Arbitrage Program were included in the docket materials reflecting the changes approved at the June 10, 1994 Board of Regents' meeting.

It was the consensus of the members of the committee present to recommend approval of the Senior Vice President's Monthly Report.

REGENTS' POLICY ON INVESTMENT MANAGERS

Senior Vice President Erickson presented the following resolution relating to the Regents' Policy on Investment Managers:

BE IT RESOLVED, that it is the policy of the Board of Regents of the University of Minnesota to encourage the use of emerging investment management firms that manage institutional assets under \$250 million and investment management firms that are minority-owned and woman-owned, and to take affirmative steps in this regard consistent with the financial and fiduciary responsibility of the University.

BE IT FURTHER RESOLVED, that at least annually and as appropriate opportunities arise for external investment management, the University administration will report all steps taken, consistent with the University's fiduciary responsibility, for providing opportunities to emerging investment management firms, minority-owned and woman-owned investment management firms, and firms committed to the University's policies and standards for equal opportunity and diversity.

Regent Neel stated that it is important to recognize the University has two agendas, diversity and fiduciary responsibility, and that this resolution is consistent with both agendas.

Senior Vice President Erickson stated that he is comfortable that both issues are addressed with this resolution.

It was the consensus of the committee members present that the resolution should be forwarded to the Board for approval.

PURCHASE OF GOODS/SERVICES OVER \$250,000

Senior Vice President Erickson presented a resolution relating to the purchase of goods/services over \$250,000. He noted the addition of an item to the resolution to Major Computer for a Hitachi HDS GX 8212 Mainframe CPU in the amount of \$2,054,000. It was the consensus of the committee members present that the following resolution be forwarded to the Board for approval:

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 purchase/contracts over \$250,000 to the following:

- To Hennepin County for solid waste disposal for Facilities Management for the period of July 8, 1994 to June 30, 1995, at an estimated \$700,000.
- To IBM Corporation for maintenance on mainframe software for Administrative Information Services for the period of July 8, 1994 to June 30, 1995, at \$570,000.
- To McKay's Fleet, Town and Country Dodge, Midway Ford, Thane Hawkins Chevrolet, and Thomas Pontiac for vehicles as called for by Fleet Services for the period of July 8, 1994 to June 30, 1995, at an estimated annual volume of \$890,000.

- To Major Computer for a Hitachi HDS GX 8212 Mainframe CUP in the amount of \$2,054,000.

The meeting adjourned at 9:45 a.m.

Barbara Muesing

**BARBARA MUESING
Executive Director and
Corporate Secretary**

UNIVERSITY OF MINNESOTA

BOARD OF REGENTS

Faculty, Staff and Student Affairs Committee

July 7, 1994

A meeting of the Faculty, Staff and Student Affairs Committee of the Board of Regents was held on Thursday, July 7, 1994, at 1:50 p.m. in Room 300, Morrill Hall.

Regents present: Regent Neel, presiding; Regents Keffeler, Page, and Sahlstrom.

Staff present: Chancellor Johnson; Senior Vice President Infante; Associate Vice Presidents Brenner, Carrier, and Tschida.

Student Representatives present: Colleen Foster and Valerie Nowacki.

SENIOR VICE PRESIDENT'S MONTHLY REPORT

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

Senior Vice President Infante reviewed the report, which was included in the docket, and noted the following items:

- Resignation of Vice President Anne Petersen, effective July 15, 1994;
- Appointment of Associate Vice President Mark Brenner as Acting Vice President for Research and Acting Dean of the Graduate School;
- Update on the search for the Dean of the School of Public Health;
- Resignation of Conductor Murry Sidlin, who created the University's graduate conducting program;
- Appointment of Professor Harold Hellenbrand as Dean of the College of Liberal Arts at the University of Minnesota, Duluth (UMD), effective August 1, 1994;
- Appointment of Professor R. J. (Rod) Lievano as Dean of the School of Business and Economics at UMD, effective July 1, 1994;
- Appointment of Benjamin L. Clarke, Ph.D. as Assistant Professor in the Department of Biochemistry and Molecular Biology in the UMD School of Medicine;
- Appointment of Peter Rapp as General Director of the University of Minnesota Hospital and Clinic, Twin Cities, pending approval by the Health System Board of Governors;

- Appointment of Fred Bentley as Director of Research Administration for the University of Minnesota Office of Research and Technology Transfer Administration, Twin Cities;
- Appointment of Bonnie Braun as Associate Dean of Outreach for the College of Human Ecology, Twin Cities;
- Appointment of Nick Barbatsis as University Grievance Officer, effective July 1, 1994;
- Resignation of Sue Karen Donaldson, Professor of nursing and physiology, to take the position of Dean of the School of Nursing at Johns Hopkins University;
- Promotions, honors, and awards received by University faculty, staff, and students;
- Programs and events, including the establishment of the Common Ground Consortium Institute; the University will host the CIC Summer Research Opportunity Conference from July 22-24; and the award of a \$1.2 million grant from the U.S. Office of Education to the libraries of the CIC, which includes the University of Minnesota.

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

In response to Regents Page and Neel, Dr. Infante discussed problems related to the acquisition budget of University Libraries and the need to maintain its current competitive position. He noted that this need was reflected in the University's supplemental legislative request.

In response to an issue raised by Regent Keffeler, Dr. Infante stated he does not feel comfortable at this time bringing a recommendation to the Board regarding the appointment of an Acting Vice President for Student Affairs.

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

REPORT ON CAMPUS SAFETY AND SECURITY

Associate Vice President Tschida led the discussion regarding campus safety and security. He reviewed the framework within which the University Police Department operates, noting that its 37 licensed police officers work well with the Minneapolis, St. Paul, and St. Anthony Police Departments. He also discussed the Security Monitor Program, and noted the efforts of Bob Janoski in developing that program.

Mr. Tschida reported that he and Mary Vogel, a Research Fellow in the Department of Landscape Architecture, submitted a grant proposal to the National Institute of Justice to develop an environmental design that enhances a feeling of security for academic institutions. If the grant is received, he indicated that the project will be integrated into the master planning process.

Joy Rikala, Director of the University Police Department, discussed philosophical changes in the Department, whereby efforts are being made to understand the needs of the University community and how to address those needs. She noted an increased sense of safety through visibility and crime prevention. She reviewed a brochure about safety and security on campus, which is also the mechanism the University uses to

report its crime statistics in compliance with the Crime Awareness and Campus Security Act.

Ms. Rikala reviewed statistics related to all crimes reported, noting that 2,356 crimes were reported in 1991, 2,098 in 1992, and 2,019 in 1993. In response to Regent Sahlstrom, she stated that those statistics include all violations of state law. She reviewed 1991-93 statistics related to violent and non-violent crimes on campus, and presented a comparison of crime statistics for the University of Minnesota and the University of Michigan.

Ms. Rikala reviewed sexual violence statistics, and noted that the University is currently required to report only those sexual offenses that are reported to the police. However, the Campus Security Act has been modified effective August 1, 1994, to include reports made to the Sexual Violence Program (SVP) and residence halls staff. She emphasized that not all victims file charges, stating that the most important thing is for victims to get counseling.

In response to Regent Keffeler, Ms. Rikala noted the University is at the forefront of sexual violence prevention and peer counseling and training. Mr. Tschida noted that he and Jamie Tiedemann, Director of the SVP, presented the University's program as a model at a national conference because of the close working relationship between the SVP and the University Police Department.

In response to Regents Keffeler and Neel, Ms. Rikala cautioned everyone not to be alarmed if statistics increase because it will indicate an increase in the education process and actual reporting. She discussed a campus safety audit, which was conducted by the University Police Department, the Sexual Violence Program, and the University Women's Center, to identify perceptions of safety on campus. The clear message was that fear is a barrier to the ways people learn and work, and she stated that a list of needs will be developed related to issues identified.

Mr. Janoski reported that as of July 1, 1994, Facilities Management has formally included the Department in its construction standards so security review will take place during construction planning. He is also leading the effort for card access to campus buildings. In response to Regent Sahlstrom, Mr. Tschida stated that he is involved in the University's master planning activities.

In summary, Regent Neel stated it is apparent that the Police Department is a very professional organization and thanked everyone for their efforts.

The meeting adjourned at 2:45 p.m.

Barbara Muesing

BARBARA MUESING
Executive Director and
Corporate Secretary

UNIVERSITY OF MINNESOTA

BOARD OF REGENTS

Educational Planning and Policy Committee

July 7, 1994

A meeting of the Educational Planning and Policy Committee of the Board of Regents was held on Thursday, July 7, 1994, at 8:40 a.m. in Room 300, Morrill Hall.

Regents present: Regent Sahlstrom, presiding; Regents Kim and Rosha.

Staff present: Chancellors Johnson and Sargeant; Senior Vice President Infante; Vice President Hopkins; Associate Vice Presidents Brenner, Johnson, Kvavik, Riley, Skaggs, and Zetterberg.

Student Representatives present: Scott Burnes and Shawn Poulter.

SENIOR VICE PRESIDENT'S MONTHLY REPORT

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

- Approval by the Minnesota Higher Education Coordinating Board (MHECB) of the Graduate School's proposal to offer the Master of Liberal Studies (M.L.S.) degree in cooperation with Continuing Education and Extension;
- Approval by the Graduate School to offer the Master of Social Work (M.S.W.) curriculum via distance education to students at Moorhead State University;
- Update on the University Center-Rochester, including appointment of the Rochester Master Academic Plan Steering Committee to provide advice on the development of a master academic plan for submission to the Legislature by December 1, 1994;
- Approval of the 1996-97 Twin Cities Campus Calendar by the Twin Cities Campus Assembly;
- Funding for nine Building Bridges Grant projects in the College of Liberal Arts by the University Community Building Project;
- Name change of the B.A.A. degree in Physical Education, Department of Health, Physical Education, and Recreation at the University of Minnesota, Duluth (UMD) to Exercise Science, effective Fall 1995;
- Proposal for a Bachelor of Sciences degree in Early Childhood Program Management with Pre-Kindergarten Licensure at the University of Minnesota, Crookston (UMC), in collaboration with Bemidji State University;

- Actions taken by the MHECB at its meeting on June 16, 1994; and
- Amended Regents' Policy on Libraries and Archives, Regents' Policy Statement on Awards and Recognitions, and Regents' Policy on Professorial Awards.

A motion was made and seconded. Due to the lack of a quorum, it was the consensus of the committee to forward the Senior Vice President's Monthly Report, including the amended Regents' Policy on Libraries and Archives and the amended Regents' Policy Statement on Awards and Recognitions, to the Board of Regents for approval.

ANNUAL REPORT ON THE UNDERGRADUATE INITIATIVE

Vice President Hopkins led the discussion regarding the annual report on the Undergraduate Initiative. She stated that for fundamental, permanent changes related to undergraduate education to occur, the climate should reinforce the idea that undergraduate education must be a more important and integral part of the Twin Cities campus along with research, scholarship, creative activity, graduate and professional education, and outreach.

Dr. Hopkins reviewed statistics related to five-year graduation rates, credit loads, preparation requirements, and characteristics of Twin Cities undergraduates. She reported on changes related to recruiting, admissions, and financial aid. In response to Regent Sahlstrom, Dr. Hopkins discussed coordination of recruitment activities and communication. Regent Rosha stated that the way students are rejected is as important as recruiting activities, and Dr. Hopkins discussed efforts to improve that process. Regent Rosha emphasized the importance of communicating to potential students that they are expected to succeed at the University.

In response to issues raised by Regent Kim, Dr. Hopkins stated that the Office of Admissions' plans for recruiting minority students has resulted in increased admissions and discussed scholarships available to minority students. Dr. Infante noted that the measure of effectiveness of those plans is that 9 percent of graduating high school seniors are minority students and 18.6 percent of new freshmen in Fall 1993 were minority students.

Dr. Hopkins discussed changes in the curriculum, including implementation of the new Twin Cities campus liberal education requirements and the Minnesota Transfer Curriculum in Fall 1994. In response to Student Representative Poulter, Dr. Hopkins discussed efforts to reduce course sizes. She reviewed advising initiatives, and responded to Regent Rosha's concern that advisors do not always encourage students to take sufficient courses to graduate in four years. Regent Kim suggested that advisors be sensitive to the needs of non-traditional and minority students.

Dr. Hopkins discussed teaching and learning initiatives, including faculty and TA development programs and student and peer evaluations which are used in merit pay and other personnel decisions. She noted improvements in the learning environment, and discussed community building projects.

In summary, Dr. Hopkins discussed investments in the undergraduate initiative over the past three years. Regents Rosha and Sahlstrom commended everyone involved in the undergraduate initiative for their outstanding efforts.

**UPDATE ON STRATEGIC PLANNING:
THE DIVERSITY INITIATIVE AND CRITICAL MEASURES**

Associate Vice President Kvaivik discussed the addition of a diversity initiative and presented the following resolution to the committee for review:

WHEREAS, as stated in the University 2000 resolution passed on January 14, 1994, the University of Minnesota is committed to an open exchange of ideas in an atmosphere of mutual respect, free from racism, sexism, and other forms of prejudice and intolerance; to an effective response to changing demographics and to an increasingly diverse society; to providing affordable higher education, with access unlimited by economic and social background; and to addressing the needs to the many communities the University serves.

NOW, THEREFORE, BE IT RESOLVED, that in reaffirming its commitment to achieving excellence through diversity, the University will add to the five strategic areas approved on January 14, 1994 a sixth strategic area on diversity, in order to focus and strengthen its efforts in this critically important area; and that each campus and academic and support unit will be directed to develop appropriate actions to implement this additional strategic area, consistent with its own unique role.

Senior Vice President Infante indicated that the proposed resolution will be presented for approval at the September meeting. He noted that although the University's diversity activities are imbedded in the other strategic areas, the administration is recommending the addition of diversity as a separate strategic area because of its significance.

The meeting adjourned at 10:00 a.m.

Barbara Muesing

**BARBARA MUESING
Executive Director and
Corporate Secretary**

UNIVERSITY OF MINNESOTA

BOARD OF REGENTS

Committee of the Whole

July 7, 1994

A meeting of the Committee of the Whole of the Board of Regents was held on Thursday, July 7, 1994, at 10:10 a.m. in the Regents' Room, 238 Morrill Hall.

Regents present: Regent Keffeler, presiding; Regents Kim, Neel, Page, Rosha, and Sahlstrom.

Staff present: President Hasselmo; Chancellor Johnson; Senior Vice Presidents Erickson and Infante; Vice Presidents Allen, Hopkins, and Hughes; Associate Executive Director Janzen; Associate Vice Presidents Brenner, Johnson, and Tschida.

Student Representative present: Jessica Phillips.

LEGISLATIVE AUDITOR'S REPORT ON THE SUPERCOMPUTER CENTER

James Nobles, Legislative Auditor, led the discussion regarding the Legislative Auditor's Report on the Minnesota Supercomputer Center (MSC). He stated that the University is a leader in supercomputing activities, and it can take pride in its program. He reviewed the findings of the audit, including the fact that the Center's internal operations are prudently managed, the financial relationship is a good deal for the University, the University does not subsidize rates offered to commercial clients, and the University receives favorable rates.

Claudia Gudvangen, Legislative Auditor's Office, discussed the findings and recommendations which resulted from the financial audit of the Minnesota Supercomputer Center. She noted that the audit focused on 1992-93 operating revenue, employee compensation and payroll, payment of sales tax, Directors' fees, and travel reimbursement practices.

Tom Walstrom, Legislative Auditor's Office, discussed the findings and recommendations which resulted from the review of whether the University subsidizes commercial clients and receives appropriate value for the funds appropriated by the Legislature for supercomputing. He noted that the vagueness of the July 1992 contract resulted in conflict, and noted that during course of this study each of the areas of concern and friction have been addressed and the contract has been modified.

In summary, Mr. Nobles stated that this report may be the endpoint for the Legislative Audit Office related to this issue. He noted that this may be a period of opportunity with the proposal that the MSC be sold to Cray Research, but he stated that issue was not reviewed as part of the audit.

Regent Keffeler stated that the University is pleased with the results of the audit. In response to Regent Keffeler, Mr. Nobles commented on what the University should consider in establishing future public-private partnerships. He stated that there are lessons to be learned from the MSC experience, noting that a public organization must

craft a policy and procedures for ensuring an appropriate level of public disclosure when an entity is created outside the normal requirements for accountability.

In response to an issue raised by Regent Keffeler, Mr. Nobles stated he thinks most legislators are willing to let the University govern itself when there is a sense that its oversight and governance mechanisms are working.

President Hasselmo thanked Mr. Nobles and his staff for their report.

SCHEMATIC PLANS, FY 95 CAPITAL BUDGET

Senior Vice President Erickson and Linda McCracken-Hunt, Assistant Director of Facilities Management, led the discussion regarding the schematic plans for the Carlson School of Management.

Dr. David Kidwell, Dean of the Carlson School of Management, discussed the relationship of the proposed building to the School's strategic plan and vision.

Richard Varda from Ellerbee Beckett reviewed the proposed plans for the Carlson School of Management.

Ms. McCracken-Hunt reviewed the funding sources for the \$48,010,000 project, noting that annual operating costs for the building are estimated at approximately \$1,465,000. She indicated that construction is expected to be completed by June 1997.

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

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

- A. Carlson School of Management Building, Twin Cities Campus
(\$48,010,000)

In response to issues raised by Regents, Mr. Erickson, Dean Kidwell, and Ms. McCracken-Hunt discussed the integration of this project into the master plans for the West Bank, the status of funding for the project, parking facilities, the Washington Avenue bridge, and the impact of the new facility on the University's future operations and maintenance expenses.

Following the discussion, Regent Keffeler noted that due to a lack of a quorum, it was the consensus of the committee to forward the proposed resolution to the Board of Regents for approval.

STATUS AND PROGRESS REPORT ON PRESIDENT'S MINORITY ADVISORY COMMITTEES

President Hasselmo, Senior Vice President Infante, and Associate Vice President Johnson participated in the discussion regarding the recommendations of the President's Minority Advisory Committees. Dr. Johnson introduced the committee members present at the meeting. President Hasselmo expressed appreciation to the committees for their contributions, stating that cooperation with the committees is critical to progress towards the University's diversity agenda.

President Hasselmo reviewed recommendations made by the committees related to minority undergraduate students; minority graduate and professional students; minority faculty and staff; curriculum and ethnic studies departments; environment and campus climate; accountability; and establishment of goals. He discussed specific issues related to each recommendation, and presented a status report on actions taken to date in response to those recommendations.

In summary, President Hasselmo indicated that benchmarks and goals for the diversity efforts are being established as part of University 2000. He stated that continued cooperative efforts between the University and the committees will result in substantial progress on this central University initiative.

Regent Kim indicated that the issues raised are important to everyone, and stated she would like to see proper evaluation of the actions taken in response to the recommendations.

In response to issues raised, Dr. Johnson discussed minority student graduation rates, retention and graduation rate goals, the establishment of cultural diversity programs, and the recommendation to expand the tuition waiver for American Indian students as a recruitment tool on the Twin Cities campus, which is being considered as part of the review of access and financial aid under University 2000.

In response to Regent Sahlstrom, President Hasselmo and Dr. Johnson emphasized the contributions of the advisory committees and reviewed the new operating process for the committees.

Dean Birds'Bill, Co-chair of the Twin Cities American Indian Advisory Committee, expressed the hope that a 1988 state statute requiring the University to address the special needs of American Indian students will result in changes for those students. He raised a concern that all of the minority groups are put together in a melting pot, which causes a competitive environment.

The meeting adjourned at 12:10 p.m.

Barbara Muesing

BARBARA MUESING
Executive Director and
Corporate Secretary

UNIVERSITY OF MINNESOTA

BOARD OF REGENTS

July 7, 1994

A meeting of the Board of Regents of the University of Minnesota was held on Thursday, July 7, 1994, at 3:00 p.m. in the Regents' Room, 238 Morrill Hall.

Regents present: Keffeler, Kim, Neel, Page, Reagan, Rosha, and Sahlstrom. President Hasselmo presided.

Staff present: Senior Vice Presidents Erickson and Infante; Provost Brody; General Counsel Rotenberg; Vice President Petersen; Deputy Vice President Chou; Associate Vice President Brenner; University Attorneys Bohnhorst, Donohue, Gildea, and Sweitzer; Associate Executive Director Janzen; Director of State Relations Peterson; Director of University Relations Fluor; and Associate to the President Bognanno.

Others present: Perry Wilson, Dorsey & Whitney.

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

RESOLVED, that on the recommendation of the President and as provided by Minnesota State Statute 471.705, Subd. 1d, a non-public meeting of the Board of Regents be held on Thursday, July 7, 1994, at 3:00 p.m. 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 3:02 p.m.

Barbara Muesing

**BARBARA MUESING
Executive Director &
Corporate Secretary**

UNIVERSITY OF MINNESOTA

BOARD OF REGENTS

Committee of the Whole

July 8, 1994

A meeting of the Committee of the Whole of the Board of Regents was held on Friday, July 8, 1994, at 8:35 a.m. in the Regents' Room, 238 Morrill Hall.

Regents present: Regent Keffeler, presiding; Regents Hogan, Kim, Neel, Page, Perlman, Peterson, Reagan, Rosh, and Sahlstrom.

Staff present: President Hasselmo; Chancellors Johnson and Sargeant; Senior Vice Presidents Erickson and Infante; Vice Presidents Allen, George, Hopkins, and Hughes; General Counsel Rotenberg; Deputy Vice President Chou; Associate Executive Director Janzen; Associate Vice Presidents Brenner, Fischer, Johnson, Kvavik, Paschke, Pfitzenreuter, and Tschida.

Student Representative present: Jessica Phillips.

HONORS COMMITTEE REPORT

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

RECOGNITIONS

Regents' Professor Daniel D. Joseph

Recognition was given to Regents' Professor Daniel D. Joseph, Department of Aerospace Engineering and Mechanics.

Vice President Marvalene Hughes

Recognition was given to Vice President Marvalene Hughes, who is leaving the University of Minnesota to assume the position of President of California State University at Stanislaus.

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, 1993 to May 31, 1994 for the Board of Regents' Office, the Office of the President, and Eastcliff Maintenance are hereby approved.

RESTRUCTURING CENTRAL ADMINISTRATION

President Hasselmo led the discussion regarding his proposal to restructure central administration. He presented a proposed resolution to the committee for review, stating that it will be presented for approval at the September meeting.

President Hasselmo stated that the actions requested include the establishment of two provostial units in the Twin Cities in addition to that of the Academic Health Center; the establishment of a new position of Vice President for Outreach; and redefinition of other aspects of central administration. He reviewed the principles underlying the proposed reorganization and the models that were considered, stating that the three-provost model was selected because it:

- Provides a manageable span of activity for the President in his/her capacity as Chancellor of the Twin Cities campus as a whole;
- Provides a manageable span of activity for each Provost;
- Makes possible a desirable degree of homogeneity within the provostial areas; and
- Does not proliferate administrative structures beyond a desirable minimum, while making possible hands-on participation by the Provost in joint academic and budgetary planning with the Deans, and an appropriate degree of oversight and evaluation.

President Hasselmo reviewed the distribution of colleges by provostial cluster, and discussed the major factors that led to such distribution. He explained why the Institute of Agriculture, Natural Resources, and Human Ecology is suitable as part of Professional Studies and not suitable as a separate provostial area. He reviewed proposed organizational charts for central administration and for system administration.

In summary, President Hasselmo stated that the proposed reorganization is an extremely important matter and he commended it to the Board for consideration.

In response to issues raised by Regent Hogan, President Hasselmo discussed the decision not to include engineering in the Professional Studies cluster and the different approach regarding student affairs functions. He noted that the proposed clustering among the three provostial areas is based on the strategic planning process, budgeting, personal decisions, and certain kinds of external relationships, rather than strictly on intellectual relationships.

Regent Perlman stated that the structure of an organization should be examined in the context of its purpose, noting he believes the danger with a provostial structure is that the focus will be on the structure and not on activities in classrooms and laboratories. He suggested that it is important to maintain certain flexibility in this structure. President Hasselmo discussed the proposal, stating that the primary reason for the reorganization is to clarify the organization and responsibilities.

In response to Regent Sahlstrom, Vice President Allen discussed issues related to the Institute of Agriculture, Natural Resources, and Human Ecology. He stated the key issues are how to maintain those connections that reach beyond the Institute through the Minnesota Extension Service and the Agricultural Experiment Station, and how to preserve the sense of community on the St. Paul campus. On the basis of ideas that have emerged, President Hasselmo expects it will be possible to address the issues raised by Vice President Allen by September.

In response to Regent Neel, President Hasselmo indicated that the proposal results in the net addition of one new position, the Vice President for Outreach. He noted that systemwide functions and support for provostial areas are being reviewed, and expressed commitment not to increase the cost of administration. Regent Neel suggested that the cost of administration should be clarified at the forefront.

A discussion ensued regarding communication with Administrators and Deans regarding the proposed reorganization. Regent Keffeler stated that President Hasselmo is the Board's first source of information, and suggested that Regents should share their concerns with him and indicate other sources they would like to hear from directly. President Hasselmo concurred with Regent Keffeler's request that he facilitate that interaction, stating that he wants the Board to understand the proposal so that a structure is established that will function in the future.

Regent Rosha expressed support for the President's desire to set up a structure within which he can work. In response to Regent Rosha, President Hasselmo stated that efforts will be made to assure people, particularly in the agricultural community, about the proposed reorganization.

Regent Keffeler spoke in support of the proposed principles, the assignment of Veterinary Medicine to Health Sciences and Biological Sciences to Arts, Sciences, and Engineering, and the appointment of a Vice President for Outreach. She concurred with Regent Rosha that President Hasselmo must have an organizational structure that is right for his presidency, but expressed concerns regarding the proposed provostial clusters and asked for an opportunity to discuss that issue further. President Hasselmo explained the reason for including the Institute of Agriculture, Natural Resources, and Human Ecology in the Professional Studies cluster. Regent Keffeler indicated that she would not be troubled by a provostial area that included only the Institute.

Following the discussion, President Hasselmo thanked the Regents for their input and stated he looks forward to further discussions regarding the proposed reorganization and a constructive decision in September.

CONCEPTUAL FRAMEWORK FOR BIENNIAL BUDGET REQUEST

Regent Keffeler introduced the discussion regarding the conceptual framework for the 1996-97 Biennial Budget Request. She emphasized the significance of the upcoming legislative session, stating that it is critical for the University community to work together and advocate on behalf of the institution to get necessary support from the state. She noted that the Board will continue the discussion at its retreat in August when more specifics are available on the University's strategy and proposal.

President Hasselmo stated that the Biennial Request must be the core of a broad range of activities, using all University networks, to communicate clear messages about the importance of the University to the State of Minnesota and its future. He noted that University 2000 creates a framework for that effort.

Associate Vice President Pfutzenreuter reviewed the state's economic outlook for 1994-96 and planning estimates for 1996-97. He reviewed the 1996-97 Biennial Budget Instructions from the State Department of Finance, noting that the state's 1996-97 budget target for the University is \$908.2 million, which is \$16.2 million less than the 1995 budget.

Mr. Pfutzenreuter discussed the strategy for preparation of the 1996-97 Biennial Budget Request, and reviewed the framework for the request. He stated that actions must be determined if the \$908.2 million budget target is enforced by the state, and reviewed strategic initiatives for which funding may be requested beyond the \$908.2 million target.

Mr. Pfutzenreuter reviewed 1996-97 sample revenue projections and estimated needs and priorities totaling \$165.4 million. Senior Vice President Infante discussed the issues to be addressed, including the University's immediate needs and priorities, the response to the budget target of \$908.2 million, and the determination of a realistic funding level. He suggested that for higher education, and particularly the University, to receive a decreasing proportion of the state's resources at a time when information, education, and technology are increasingly important is not appropriate public policy. He asked the Board for input, and stated that this issue will be discussed further at the Regents' retreat.

Regent Keffeler and President Hasselmo summarized the process for further review of the Biennial Request. President Hasselmo and Vice President George reported on plans for a strong campaign to gain public support.

Committee members emphasized the importance of communicating the University's message as clearly, dramatically, and accurately as possible to the Legislature and the people of Minnesota. Regent Keffeler summarized the comments, stating that this is a time for the University to set its sights clearly and forcefully and to work to make as compelling and specific a statement as possible. She welcomed the offer of student support with that effort from Student Representative Phillips.

Regent Reagan suggested the University's strategy should take on a different dimension because funds have been shifted to other areas, and a strong argument must be made to put more money into education.

UPDATE ON UNIVERSITY FINANCIAL PLAN

Senior Vice President Erickson introduced the discussion of the updated 1994-95 Resource and Expenditure Budget Plan. He noted that this is a new report, which gives the administration new ability to exercise appropriate oversight.

Associate Vice President Pfutzenreuter reviewed the updated resource and expenditure information which became available after unit budgets were entered as of June 30, 1994. He noted that a report on structural imbalances will be presented in October.

In summary, Mr. Pfutzenreuter stated the report shows units did a good job of estimating revenues, net transfers, and expenditures, enabling the administration to present a Budget Plan in the April/May timeframe that fairly accurately reflects the revenues and expenditures of the University. However, he noted that improvement is needed in estimating carry forward and ending balances.

In response to Regent Hogan, Mr. Pfutzenreuter indicated that this is the first year the Board has received this information. He believes that the process of estimating revenues and expenditures will improve in the future.

Regent Keffeler indicated that the Board looks forward to the report on structural imbalances in October.

NEW BUSINESS

Receive and File Report - Annual Report of the Office of General Counsel

Regent Keffeler acknowledged receipt of the Annual Report of the Office of General Counsel. She noted that the report presents a picture of a very active office that is providing a broad range of service to the University community, and recognized the office for its outstanding professional work.

Receive and File Report - Medical School Private Practice Plan Faculty Income

Regent Keffeler acknowledged receipt of the report on Medical School Private Practice Plan Faculty Income. She stated the report is symbolic of the progress that has been made and its contents are reassuring, noting that the majority of salary figures for physician faculty are reasonable and within the bounds of national norms and within the new norms that the Board set last year when it reformed the practice plans.

Regent Keffeler expressed appreciation to President Hasselmo for his leadership and guidance in this area, and also recognized the efforts of Deputy Vice Presidents Chou and Elzay. President Hasselmo acknowledged Dean Chou for his work and his outstanding leadership.

President's Annual Performance Assessment Report

Regent Keffeler reviewed President Hasselmo's Annual Performance Assessment Report. She stated that the Board appreciates the President's leadership in achieving significant progress against each of the 1993-94 objectives. She offered the President the full support of the Board as he addresses the challenges at this important point in the history of the University, and she urged the University community to continue to support him and these efforts.

President Hasselmo stated that due to the efforts of many people within the University, including the Board of Regents, there are many successes to report. He noted that those successes will be communicated to the public and political leaders even more effectively in the coming year, along with the urgent request that the University be given the opportunity to continue to succeed. He accepted the objectives and priorities included in the report, stating he will do his best to move forward on those fronts.

The meeting adjourned at 11:35 a.m.



BARBARA MUESING
Executive Director and
Corporate Secretary

UNIVERSITY OF MINNESOTA

BOARD OF REGENTS

July 8, 1994

A meeting of the Board of Regents of the University of Minnesota was held on Friday, July 8, 1994, at 11:36 a.m. in the Regents' Room, 238 Morrill Hall.

Regents present: Hogan, Keffeler, Kim, Neel, Page, Perlman, Peterson, Reagan, Roshia, and Sahlstrom. President Hasselmo presided.

Staff present: Chancellors Johnson and Sargeant; Senior Vice Presidents Erickson and Infante; Vice Presidents Allen, George, Hopkins, and Hughes; General Counsel Rotenberg; Associate Executive Director Janzen; Associate Vice Presidents Brenner, Fischer, Johnson, Kvavik, Paschke, Pfitzenreuter, and Tschida.

APPROVAL OF MINUTES

The Board of Regents voted unanimously to approve the minutes of the following meetings:

Audit Committee - June 9, 1994
Facilities Committee - June 9, 1994
Financial Operations & Legislative Committee - June 9, 1994
Faculty, Staff & Student Affairs Committee - June 9, 1994
Educational Planning & Policy Committee - June 9, 1994
Committee of the Whole - June 9, 1994
Committee of the Whole - June 10, 1994
Board of Regents - June 10, 1994

REPORT OF THE PRESIDENT

President Hasselmo presented his monthly report, which pertained to Health Care Reform; Family Re-Union III; Summer Research Opportunities Conference; Annual Report on the Undergraduate Initiative; Diversity as Strategic Direction of *University 2000*; President's Minority Advisory Committees; Restructuring of Central Administration; President's Assessment and Goals and Objectives for 1994-95; Legislative Auditor's Report, Minnesota Supercomputer Center, Inc; Private Practice Income; and Awards.

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

REPORT OF THE CHAIR

Chair Keffeler reported that there will be a Board of Regents assessment conducted in Fall 1994, and asked members to submit names of individuals they would recommend serve on the Assessment Committee.

RECEIVE AND FILE REPORTS

President Hasselmo noted the receipt and filing of the Quarterly Report on Regents' Policy Activity; the Annual Report of the Office of General Counsel; and the Report on Medical School Private Practice Plan Faculty Income.

GIFTS

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

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

REPORT OF THE COMMITTEE OF THE WHOLE July 7, 1994

Chair Keffeler reported that the committee did not have a quorum present at its meeting. It was the consensus of the committee members present at the meeting to recommend:

- a) Approval of resolution re Carlson School of Management Building, as follows:

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

- A Carlson School of Management Building, Twin Cities Campus (\$48,010,000)

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

Chair Keffeler reported that the committee also reviewed the Legislative Auditor's Report on the Supercomputer Center and received a status and progress report on the President's Minority Advisory Committees.

REPORT OF THE COMMITTEE OF THE WHOLE July 8, 1994

Chair Keffeler reported that the committee voted unanimously to recommend:

- a) Approval of the recommendations of the All-University Honors Committee. Documentation is filed supplement to the minutes, No. 22,339.
- b) Approval of resolution re Summary of Expenditures, as follows:

RESOLVED, that the Summary of Expenditures for the period July 1, 1993 to May 31, 1994 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.

Chair Keffeler reported that the committee reviewed a proposal to restructure central administration; discussed the conceptual framework for the 1996-97 Biennial Budget Request; received an update on the 1994-95 Resource

and Expenditure Budget Plan; and recognized Regents' Professor Daniel D. Joseph and outgoing Vice President Marvalene Hughes.

In addition, the committee reviewed three items of new business including receive and file reports pertaining to the Annual Report of the Office of General Counsel and the Report on the Medical School Private Practice Plan Faculty Income. The third item reviewed was President Hasselmo's Annual Performance Assessment Report.

REPORT OF THE FACULTY, STAFF & STUDENT AFFAIRS COMMITTEE

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

- a) Approval of the Senior Vice Presidents' Monthly Faculty, Staff & Student Affairs Report as contained in the docket material.

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

Regent Neel reported that the committee also reviewed a report on campus safety and security.

REPORT OF THE FACILITIES COMMITTEE

Regent Rosha, Chair of the committee, reported that the committee did not have a quorum present. He reported that it was the consensus of the committee to recommend:

- a) Approval of the Senior Vice President's Monthly Facilities Report as presented to the committee and contained in the docket material.
- b) Approval of resolution re Amendment to the FY 94 Capital Budget, as follows:

RESOLVED, that on the recommendation of the President and the Senior Vice President for Finance and Operations, the FY 1994 Capital Budget is hereby amended to incorporate the following project:

- A. Millard Hall 4th Floor Biochemistry Renovation Project, Twin Cities Campus
Estimated cost of the project: \$500,000
Funding: Medical School Indirect Cost Recovery Funds and Medical School Unrestricted Research Funds
Estimated completion date: September 1994

and to increase the scope and budget for the following project:

- B. ULITES Lighting Retrofit Project, Twin Cities Campus
Estimated original cost of the project: \$1,850,000
Increase in project cost: \$1,000,000
Total estimated cost of the project: \$2,850,000
Estimated completion date: February 1996
- c) Approval of resolution re Quarterly Report on the FY 94 Capital Budget, as follows:

RESOLVED, that on the recommendation of the President and Senior Vice President for Finance and Operations, the Board of Regents approves the final summary Quarterly Report on the FY 94 Capital Budget identified as Attachment A in the docket materials, which report summarizes all projects approved as a part of the Capital Budget (including amendments) and incorporates the amendments in Attachment B of the docket materials into the FY 94 Capital Budget.

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

Chair Rosha reported that the committee also reviewed a report on FY 94 Capital Budget Projects and discussed one item of new business pertaining to the cost of connecting the new Carlson School of Management building to the West Bank parking ramp.

**REPORT OF THE
FINANCIAL OPERATIONS & LEGISLATIVE COMMITTEE**

Regent Page, Chair of the committee, reported that the committee did not have a quorum present at the meeting. She reported that it was the consensus of the committee members present to recommend:

- a) Approval of the Senior Vice President's Monthly Financial Operations and Legislative Report as presented in the docket material and filed in the Regents' Office, including the amended Regents' Policies on Investment Guidelines for Endowment Funds and Guidelines for Short-Term Reserves, Long-Term Reserves, and Cash Related to Arbitrage Program adopted by a resolution approved at the June 10, 1994 meeting of the Board of Regents.

**REGENTS' POLICY ON INVESTMENT GUIDELINES
FOR ENDOWMENT FUNDS**

1. The long-term asset allocation strategy will target 80 percent of the endowment for investment in equities and alternative investments with a maximum allocation of 90 percent, and a 20 percent target allocation for fixed income investments with a minimum of 10 percent. Alternative investments are defined as equity mutual funds, venture capital, real estate, and other limited partnerships.
2. Up to 30 percent of the endowment portfolio may be invested in international equities. Participation in various hedged international investment strategies through the arbitrage program is allowed, with no restrictions on amounts.
3. Up to 15 percent of the endowment may be invested in alternative investments. Each new investment is to be reported to the Regents.
4. Within the current 30 percent allocation to international equities and 15 percent allocation to alternative investments, approximately 5 percent of the endowment will be targeted for direct investment in China or China-related markets.

5. A maximum of 20 percent of the endowment may be invested by any one fund manager.
6. At the direction of the Senior Vice President for Finance and Operations or the Treasurer, fund managers are authorized to participate in emerging markets debt.
7. No investments shall be made in securities with no public market, other than venture capital, real estate or other limited partnerships, unless specifically authorized by the Board of Regents.
8. No investments are allowed for the purpose of exercising management control.
9. Short selling of securities is allowed for up to 10 percent of the endowment funds and up to 10 percent of the outstanding value of the arbitrage program at any point in time. The purchases (or borrowing) and subsequent sale of securities which are hedged by futures, options or other commonly used mechanisms shall not be construed as short selling.
10. Trading in futures and options is authorized. Transactions in commodities and pledging of securities are allowed only within the context of hedged transactions in the arbitrage program.
11. Calculations of all percentage limitations shall be done on a market value basis.

**REGENTS' POLICY ON GUIDELINES FOR SHORT-TERM
RESERVES, LONG-TERM RESERVES, AND CASH
RELATED TO ARBITRAGE PROGRAM**

The following are the approved investment guidelines for funds in short-term reserves (Temporary Investment Pool) and long-term reserves (Group Income Pool), and any funds available for short-term investment through the University's arbitrage program.

1. U.S. Treasury Obligations, Federal Agency Securities including collateralized mortgage obligations, and obligations guaranteed or insured by an agency of the federal government with no limitations on amount. Up to 50 percent of the Temporary Investment Pool may be invested in such securities with maturities from one through seven years, provided that the average maturity of these securities does not exceed three years. There shall be no maturity limitation for the Group Income Pool. Additionally, the Group Income Pool may be invested in mortgages and mortgage related securities.
2. Commercial paper of U.S. based companies or foreign issuers whose long-term debt is rated A or better by Moody's or Standard & Poor's investment services, or whose commercial paper is rated A-1 or A-2 by Standard & Poor's or P-1 or P-2 by Moody's commercial paper rating services, respectively, or if unrated, has long-term debt and commercial paper consistent with these quality

standards. Maximum limitation per name shall be 7 percent of each pool of funds.

3. Master Notes consistent in quality with other investment guidelines of up to 10 percent of each investment pool.
4. Money Market Mutual Funds, fixed income mutual funds that attempt to maintain a stable unit value, or fixed income limited partnerships with at least annual liquidity, which are approved by the Senior Vice President for Finance and Operations or Treasurer.
5. Bank paper, including certificates of deposit, time deposits, bankers acceptances, letters of credit, and documented discount notes of U.S. or foreign issuers, consistent in quality with other investment guidelines, with maximum limitation of 7 percent per name for each pool of funds.
6. Obligations of U.S. corporate issuers and foreign issuers equipment trust certificates, flexible rate securities and convertible bonds consistent in quality with other investment guidelines with maturities not to exceed three years for the Temporary Investment Pool and Arbitrage Program, with no maturity limit for the Group Income Pool. Maximum limitation per name shall be 7 percent of the Temporary Investment Pool.
7. Repurchase agreements, fully collateralized by items fitting the quality standards otherwise operative in the pools or repurchase agreements fully collateralized by common stock rated A by Standard & Poor's service for maturities not to exceed 30 days. The market value of the collateral, including accrued interest, must at least equal the amount invested in the repurchase agreement, and the collateral a) must be delivered to the University's custodian bank or other University identified depository, and b) must be marked to market daily to ensure that the repurchase agreement is fully collateralized at all times. No limitations on amounts.
8. High yield securities consistent in maturity with the guidelines of the investment pools, with a maximum limitation of 20 percent for each pool.
9. Financial futures, fixed income options, and interest rate swaps consistent in quality and maturity with the guidelines of the investment pools.
10. Equity and equity-related alternatives for the Group Income Pool of up to 33 percent of the market value of the pool.
11. Participation in various hedged international investment strategies through the arbitrage program with no restrictions on amount.
12. Participation in emerging markets debt by individual fund managers at the direction of the Senior Vice President for Finance and Operations or the Treasurer.

- b) Approval of resolution re Possible Computer Replacement at the University of Minnesota, Crookston, as follows:

RESOLVED, that the President or his designees are authorized to execute the appropriate agreements to replace computers at the University of Minnesota, Crookston if necessary before the next Board of Regents' meeting is held in September 1994.

- c) Approval of resolution re Regents' Policy on Delegation of Authority - Investment Transactions, as follows:

BE IT RESOLVED, that it is the policy of the Board of Regents of the University of Minnesota to encourage the use of emerging investment management firms that manage institutional assets under \$250 million and investment management firms that are minority-owned and woman-owned, and to take affirmative steps in this regard consistent with the financial and fiduciary responsibility of the University.

BE IT FURTHER RESOLVED, that at least annually and as appropriate opportunities arise for external investment management, the University administration will report all steps taken, consistent with the University's fiduciary responsibility, for providing opportunities to emerging investment management firms, minority-owned and woman-owned investment management firms, and firms committed to the University's policies and standards for equal opportunity and diversity.

**REGENTS' POLICY ON DELEGATION OF AUTHORITY
INVESTMENT TRANSACTIONS**

This policy governs the administration's authority on behalf of the University and the Board of Regents to invest and deal in securities and to engage investment advisers and broker/dealers.

- A. Definitions. For purposes of this policy, the terms below shall have the following ascribed meanings:

"Security" shall mean a security as defined in the Securities Act of 1933, as amended, and shall include any note, stock, treasury stock, bond, debenture, evidence of indebtedness, certificate of interest or participation in any profit-sharing agreement, collateral-trust certificate, preorganization certificate or subscription, transferable share, investment contract, voting-trust certificate, certificate of deposit for a security, fractional undivided interest in oil, gas, or other mineral rights, or, in general, any interest or instrument commonly known as a 'security', or any certificate of interest or participation in temporary or interim certificate for, receipt for, guarantee of, or warrant or right to subscribe to or purchase, any of the foregoing. The term "security"

shall further include options, futures, swaps and other derivative instruments.

"Investment Adviser" shall mean an investment adviser or manager, a broker/dealer, or any other person or firm engaged to advise the University on Investment Transactions, to execute Investment Transactions on behalf of the University, or to otherwise manage the University's investments.

"Investment Transactions" shall mean (i) the purchase, investment in, possession, or other acquisition of an interest in a Security, (ii) the sale, conversion, exchange, transfer, or other disposal of an interest in a Security or, (iii) the pledge of a Security.

- B. **Authority to Trade in Securities.** The Senior Vice President for Finance and Operations and the Treasurer shall each have the authority and power on behalf of the University to negotiate and enter into Investment Transactions.
- C. **Authority to Vote Securities.** The Senior Vice President for Finance and Operations and the Treasurer shall each have the authority and power on behalf of the University to vote any voting Securities owned by the University. In voting such Securities, the Senior Vice President for Finance and Operations and the Treasurer shall comply with the Board of Regents' Social Concerns Policy.
- D. **Authority to Engage Investment Advisers and Brokers/Dealers.** The Senior Vice President for Finance and Operations and the Treasurer shall each have the authority and power to negotiate agreements on behalf of the University to engage an Investment Adviser. The Board of Regents shall have the exclusive authority and power on behalf of the University to engage an Investment Adviser; provided, however, in exigent situations, as determined by the Senior Vice President for Finance and Operations or Treasurer, such officers shall have the authority to engage immediately an Investment Adviser and in such instance the Senior Vice President for Finance and Operations shall seek the Board of Regents' approval of the engagement at the earliest possible date. The Senior Vice President for Finance and Operations and the Treasurer shall have the authority and power to terminate the engagement of an Investment Adviser.

The Board of Regents of the University of Minnesota encourages the use of emerging investment management firms that manage institutional assets under \$250 million and investment management firms that are minority-owned and woman-owned, and encourages affirmative steps in this regard consistent with the

financial and fiduciary responsibility of the University.

At least annually and as appropriate opportunities arise for external investment management, the University administration will report all steps taken, consistent with the University's fiduciary responsibility, for providing opportunities to emerging investment management firms, minority-owned and woman-owned investment management firms, and firms committed to the University's policies and standards for equal opportunity and diversity.

The Senior Vice President for Finance and Operations and the Treasurer shall each have the authority and power:

to give written or oral instructions to Investment Advisers with respect to Investment Transactions;

to bind and obligate the University to and for the carrying out of any contract, arrangement, or transaction, which shall be entered into by any such officer for and on behalf of the University with or through the Investment Advisers;

to pay in cash or by checks and/or drafts or by wire transfers drawn upon the funds of the University such sums as may be necessary in connection with any of the said transactions; to deliver securities to and deposit funds with Investment Advisers;

to order the transfer or delivery of a Security to any other person whatsoever and/or to order the transfer or record of a Security to the name of the University;

to direct the sale or exercise of any rights with respect to a Security; to execute, acknowledge, and deliver proper transfers, assignments, and letters of transmittal;

to execute consents to reorganizations, modification, or extension agreements and compromises;

to execute, acknowledge, and deliver all powers of attorney, or any other legal instruments for the purpose of splitting and issue of new certificates in exchange, transferring, and disposing of, or releasing any stocks, bonds, or other evidences of indebtedness held by this University or for any other purpose with relationship thereto in the ordinary course of business; and

to sign for the University all releases, powers of attorney, and/or other documents in

connection with any such transaction, and to agree to any terms or conditions to control any such account; to direct Investment Advisers to surrender a Security to the proper agent or party for the purpose of effecting any exchange or conversion, or for the purpose of deposit with any protective or similar committee, or otherwise.

- E. Authority to Delegate Responsibility. The Senior Vice President for Finance and Operations and the Treasurer shall each have the authority and power to delegate some or all of the authority and powers granted such officers in this policy to the Associate Director of Asset Management, the Program Director of Asset Management, or to an employee of the University under control of such officer. Notwithstanding any such delegation, the Senior Vice President for Finance and Operations shall be responsible to the Board of Regents for the faithful execution of all Investment Transactions consistent with the policies of the Board of Regents and applicable law.
- F. Binding Effect. An act taken by the Senior Vice President for Finance and Operations or the Treasurer pursuant to this policy shall be an act of and shall bind the Regents of the University of Minnesota.
- G. Certificate of Authority. Upon the request of the Senior Vice President for Finance and Operations or the Treasurer, the Secretary of the Board of Regents shall certify the authority and power of the Senior Vice President for Finance and Operations and the Treasurer to enter into Investment Transactions or to invest and deal in Securities as provided in this policy.

- d) Approval of resolution re 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 purchase/contracts over \$250,000 to the following:

- To Hennepin County for solid waste disposal for Facilities Management for the period of July 8, 1994 to June 30, 1995, at an estimated \$700,000.
- To IBM Corporation for maintenance on mainframe software for Administrative Information Services for the period of July 8, 1994 to June 30, 1995, at \$570,000.
- To McKay's Fleet, Town and Country Dodge, Midway Ford, Thane Hawkins Chevrolet, and Thomas Pontiac for vehicles as called for by Fleet Services for the period of July 8, 1994 to June 30, 1995, at an estimated annual volume of \$890,000.

- To Major Computer for a Hitachi HDS GX 8212 Mainframe CUP in the amount of \$2,054,000.

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

Chair Page reported that the committee also reviewed the Quarterly Management Report.

REPORT OF THE EDUCATIONAL PLANNING & POLICY COMMITTEE

Regent Sahlstrom, Chair of the committee, reported that the committee did not have a quorum of members present. It was the consensus of the committee members present to recommend:

- a) Approval of the Senior Vice President's Monthly Educational Planning and Policy Report as presented in the docket material.
- b) Approval of amended Regents' Policy on Libraries and Archives, as follows:

LIBRARIES AND ARCHIVES

A. The Collections of the Libraries of the University

The resources comprising the collections of the Libraries of the University consist of all books, serials, maps, manuscripts, newspapers, documents, audio-visual materials, archives, statistical and data compilations, and such other information in whatever format, including microformats and electronic formats, that are acquired for instructional and research purposes in the University. Departments may obtain with departmental funds such publications which are kept in individual offices or in laboratories for internal administrative or exclusively departmental use.

The University Librarian is vested with full authority for the maintenance, development, administration, and use of University archives and of library materials on the Twin Cities campus, excluding the Law Library. Authority for the coordinate campus libraries is vested with the respective coordinate campus library directors.

B. Gifts to the Libraries of the University

The Libraries of the University will apply the same principles of selection in considering gifts as they do to materials they purchase. All gifts accepted by the libraries should contribute either directly or indirectly to the mission of instruction, research, and outreach of the University. (An enhanced statement about "Gifts to the University of Minnesota Library" was approved by the University Senate and the Board of Regents in June 1955.)

C. Administrative or Operational Units in the University Libraries System

Excluding the Law Library, the operations comprising the University Libraries system on the Twin Cities campus include all library service units that are staffed with a regularly scheduled librarian or assistant to maintain and supervise the collection and its use, and that are open for use by all students and faculty members of the University. The operations comprising the library system on each coordinate campus include those library service units similarly defined.

D. Departmental Libraries

Pursuant to the Regents' policy adopted on June 17, 1924, no departmental libraries may be established or maintained without the approval of the President and the Board of Regents. Any request for such approval must be accompanied by a recommendation from the University Librarian (or coordinate campus library director as appropriate) and the Senate Library Committee before it will be considered by the Board.

c) Approval of amended Regents' Policy Statement on Awards and Recognitions, as follows:

**REGENTS' POLICY STATEMENT
AWARDS AND RECOGNITIONS/
UNIVERSITY OF MINNESOTA**

I. STATEMENT OF PHILOSOPHY

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

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

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

The University of Minnesota confers a number of awards and honors on prominent local, state, national, and

international persons who have achieved distinction and recognition in public service, enterprise, education and science, literature, and the arts. These awards are made on the basis of policy established by the Board of Regents and procedures determined by the All-University Honors Committee.

II. UNIVERSITY AWARDS

Alumni Service Awards The Alumni Service Award (ASA) may be conferred upon University graduates or former students in recognition of service to the University, its schools, colleges, departments, or faculty, or to the Minnesota Alumni Association or any of its constituent groups. Nominations are submitted initially to the executive director of the Minnesota Alumni Association. After review by the Alumni Honors Committee of the Alumni Association, recommendations are forwarded to the Committee on All-University Honors. A nominee for this award must be either a graduate or former student of the University. A former student for this purpose is defined as a person having at least earned credits from this University.

When the Honors Committee approves a nomination, it is then submitted to the President and, finally, to the Board of Regents for final approval. No disclosure is to be made to the nominee while his or her name is under consideration.

Building Names University buildings, parts thereof, and grounds may be named to honor an individual or individuals. The tradition of this University is to limit the naming of buildings as Hall or Library to the names of those persons who were associated with the University. A building may be named for a person still living who has left the service of the University, e.g., The O. Meredith Wilson Library. The name selected for this purpose should be that of a person who has achieved prominence in their field of endeavor.

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

A building, part thereof, or grounds may also be named for a donor whose gift has significantly financed the construction of that structure or area. In order to insure consistency in the size of gifts in relation to the size of the structure or area to be named, the University of Minnesota

Foundation shall annually prepare guidelines to implement this policy.

Separate names may be given to rooms, laboratories, lecture halls, or auditoriums within a building that already bears the name of another individual.

When the Honors Committee approves a nomination, it is then submitted to the president and, finally, to the Board of Regents for final approval. No disclosure is to be made to the nominee while his or her name is under consideration.

Certificate of Appreciation This award may be made to any person for contributions or services at the collegiate or all-University level. The proposal of a nominee is to be forwarded to the honors committee of the relevant unit for approval. The award does not require action of the Committee on All-University Honors nor approval by the Board of Regents.

Honorary Degrees The honorary degree is the highest award conferred by the University of Minnesota. An honorary degree may be awarded to an individual who has achieved acknowledged eminence in cultural affairs.

The award of honorary degrees by a university is an extension of its role as the unique institution in our society devoted to the discovery, transmission, and preservation of knowledge. The award of an honorary degree constitutes recognition by this institution of distinctive achievement which has added materially to knowledge and to the betterment of society. It is the policy of the University of Minnesota to honor such persons within the academic community, as well as those in other arenas, such as public service or enterprise.

The University of Minnesota awards the following honorary degrees:

- Doctor of Humane Letters - for cultural contributions
- Doctor of Laws - for public service
- Doctor of Science - for contributions to knowledge

The awarding of honorary degrees should be an event at which the celebration of achievement is given public recognition. It is expected that several honorary degrees shall be awarded annually. Persons receiving honorary degrees need not have received their education at this University nor have been otherwise associated with this University.

Honorary degrees are not awarded to encourage or reward contributions to the University.

When the honors committee approves a nomination, it is then submitted to the president and, finally, to the Board

of Regents for final approval. No disclosure is to be made to the nominee while his or her name is under consideration.

Horace T. Morse-Minnesota Alumni Association Awards

These awards are given on the recommendation of the University Senate Committee on Educational Policy to faculty members in recognition of their outstanding contributions to undergraduate education. This award does not require action by the Committee on All-University Honors nor approval by the Board of Regents.

Naming of Chairs Departmental chairs may be named to honor an individual. This is an administrative decision to be made with the concurrence of the faculty. The naming of chairs does not require action by the Committee on All-University Honors nor approval by the Board of Regents.

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

When the honors committee approves a nomination, it is then submitted to the president and, finally, to the Board of Regents for final approval. No disclosure is to be made to the nominee while his or her name is under consideration.

Teaching Awards These awards are given by some individual collegiate units. They require neither All-University Honors Committee action nor Regents' approval. Nominating procedures are governed by the rules of each collegiate unit.

III. REGENTS' AWARDS

Awards completely under the purview of the Board of Regents are described briefly here. These awards and their presentation are handled by the office of the Executive Director to the Board of Regents.

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

The committee that considers nominations for Regents' Awards consists of the President, the Senior Vice President for Academic Affairs, the chairperson of the Senate Consultative Committee, and three members of the Board of Regents who are appointed by the Board Chair. The Director of the University Foundation serves as ex officio member. Recipients are determined by this committee.

Regents' Professorship. Regents' Professorships were established by the Board of Regents in 1965 as the highest recognition given by the University to members of its faculty. Regents' Professors are to be of outstanding academic distinction, judged by the scope and quality of their scholarly or artistic contributions, the quality of their teaching, and their contributions to the public good. Once designated Regents' Professors, faculty members hold the title and receive an annual stipend from the University Foundation for as long as they retain full time appointments at the University (to be considered "full time," the person must hold at least a 66 percent time appointment or be on a sabbatical or other approved leave.) They also receive sterling silver medallions suspended from gold and maroon ribbons, to be worn over academic costume. Upon retirement or reduction of an appointment to less than full time, the faculty member becomes a Regents' Professor Emeritus and the stipend is withdrawn.

The Regents' Professorship Nominating Committee, appointed by the President, recommends individuals for this award to the President who in turn recommends recipients to the Board of Regents for approval.

Regent Emeritus Award. This title is bestowed upon each regent at retirement.

Regents' Certificate of Outstanding Merit. This award is given to an individual or group of individuals in the University community to express appreciation for particularly outstanding service. Recipients are determined by the Chair, Vice Chair and President of the Board of Regents.

Regents' Certificate of Recognition. This award is given to recognize significant achievement by members of the University community. Recipients are determined by the Chair, Vice Chair and President of the Board of Regents.

Regents' Distinguished International Service Award. This award was developed to be of assistance in recognizing distinguished foreign dignitaries on the occasion of their visits to the campus. Recipients are determined by the Chair, Vice Chair and President of the Board of Regents.

IV. CONFLICT OF INTEREST STATEMENT

In the event that a regent or former regent is under consideration for an award (excluding regents emeritus) a special committee shall be chaired and appointed by the chair of the All-University Honors Committee to consider that award. That committee shall include the chair of the Board of Regents, (or the vice chair if the recommended award recipient is the chair), the Vice President for External Relations, the Senior Vice President for Academic Affairs, and the Associate Vice President for Development. That committee shall have final approval authority for such awards.

- d) Approval of amended Regents' Policy on Professorial Awards, as follows:

Professorial Awards

I. REGENTS' PROFESSOR

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

A. Selection

1. Nomination for such recognition can be made to the president of the University by any person or group.
2. Nominees will be reviewed by a committee appointed by the President. This committee will serve at the President's pleasure and its members will be drawn from whatever sources the President deems appropriate after consultation with members of the University community. It is further assumed that provision will be made for some continuity of membership on the committee and that the committee will consult with persons from other universities when appropriate to its deliberations.
3. Recommendations from the committee will be made to the president and will be taken by the president to the Board of Regents. The Regents will designate those persons to receive the honorary title.

B. Criteria for Selection

1. Nominees should be judged according to the same criteria now used by the University in judging fitness for the rank of full professor; scope and quality of scholarly and/or artistic contributions; quality of teaching; and contributions to the public

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

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

C. Miscellaneous Provisions

1. The title of Regents' Professor, once awarded, will be held by the person thus honored as long as the person retains a full time, tenured appointment as a faculty member of the University of Minnesota. To be considered "full time", the person must hold at least a 66 percent time appointment or be on a sabbatical or other approved leave. Upon retirement, phased retirement, or reduction of the appointment to less than 66 percent time, the faculty member will become Regents' Professor Emeritus. The person's academic field of accomplishment will continue to be part of his or her title, as for example, "Regents' Professor of _____ (academic department or field)."
2. Designation as a Regents' Professor does not necessarily imply any changes in duties and responsibilities.
3. Persons named as Regents' Professor will be suitably recognized in public ceremony and will receive from the University an appropriate medallion suitable for desk use and for use with academic costume. Persons named as Regents' Professor also will receive an annual stipend from the University of Minnesota Foundation during their tenure as Regents' Professor. The stipend will cease upon retirement, phased retirement, or reduction of the appointment to less than 66 percent time. The University welcomes funds from private donors to support Regents' Professor stipends. However, no endowment will be accepted to underwrite the establishment of a position of Regents' Professor in a given department or college.

4. Appointment as Regents' Professor will not imply any particular salary level for the person receiving such an honor. However, Regents' Professor salaries are to be determined independently, and without reference to, their receipt of an annual stipend from the Minnesota Foundation.
5. The budget item for a person named as Regents' Professor will be moved to the college in which he or she holds appointment, with the President maintaining oversight of Regents' Professors' budget items.
6. At the present time there is a limited number of Distinguished Service Professors at the University. The persons currently holding such titles will continue to hold them, but it is understood that further designation of honorary titles to faculty will be limited to persons selected in the matter described in Sections I and II of this document.

II. LECTURESHIPS AND FELLOWSHIPS PROFESSORSHIPS AND CHAIRS

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

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

Lectureships, professorships and chairs may not include such terms as "University", "Distinguished", or the title "Regents' Professor." These titles should be conferred only by the Regents of the University of Minnesota. The title "Regents' Professor" will continue to represent the most outstanding members of the faculty, and granted by the regents only on the recommendation of the faculty committee charged with review of nominees' dossiers and with the concurrence of the President.

The following policies and procedures govern the establishment of lectureships and fellowships, professorships and chairs:

- A. Proposals to establish a lectureship, fellowship, professorship or chair require approval of the Senior Vice President for Academic Affairs after consultation with the department and college concerned and upon recommendation from the appropriate dean and (approval of) the Vice President for Health Sciences in the case of units reporting to that office. Such proposals will normally specify the conditions of the award, the activities to be supported by the award, and the amount of the endowment or the annual level of funding. As with other gifts to the University, the award and its terms and conditions must be acceptable to the Board of Regents and consistent with its policies.
- B. The Vice President for Academic Affairs must approve the level of the endowment. Generally, the following minimums will be required:

1. Chairs

Normally, chairs provide salary and fringe benefits for the recipient, staff support, travel and other expenses as the endowment may permit. A permanent chair may be established when \$1,000,000 or more has been placed in an endowment that provides in perpetuity the annual funds needed for support. Alternatively, a chair may also be established if a minimum of \$100,000 per year of expendable funds is made available for at least ten years. In this latter case, the chair designation will be continued during the term of the support. The appointment of the faculty member holding the chair beyond that period will be governed by the University's tenure code. In the case of chairs established on a term basis, the number in a particular unit will be limited in accordance with other applicable University policies to avoid excessive dependence on non-recurring sources of support.

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

2. Professorships

Professorships require a minimum of \$500,000 in permanent endowment or a minimum of \$50,000 per year of expendable funds for ten years. In the former case the professorship will be continued in perpetuity; in the latter case, it will be continued during the period for which support is provided. Generally, these funds supplement other support

available for faculty salaries in the designated area and may be used for any purpose which enhances the quality of teaching, scholarship, or service in that field. In accepting the gift, the department or other unit must accept responsibility for providing such additional funds as may be necessary for the faculty member(s) holding the professorship to carry out the intent of the gift.

3. Other Named Endowments and Awards

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

- C. The University of Minnesota will be the sole judge of the qualifications of candidates for these awards. However, this does not preclude accepting support for a named chair of professorship from a donor for a particular University of Minnesota professor when this appointment has been approved by the department, college, Vice President for Health Sciences (where appropriate), and Senior Vice President for Academic Affairs.
- D. All contracts, proposals and negotiations should be channeled through or coordinated with the University of Minnesota Foundation/Office of Development (Executive Director) to insure that there is no conflict with other donor/proposal contracts and that the approach is satisfactory.

It is important that all fund raising units and academic units involved in the preparation of proposals and in cultivation of prospective donors work closely together to be sure that all parties involved are in agreement as to how the award shall operate.

Insofar as possible, awards used not as salary supplements but as recognition of a particular merit or achievement, should be established as tax exempt prizes.

The minimum levels specified in this policy should be reviewed at least every five years to determine whether these levels can sustain salary support and costs associated with professorships or chairs.

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

Regent Sahlstrom reported that the committee also reviewed the Annual Report on the Undergraduate Initiative and received an update on Strategic Planning: The Diversity Initiative and Critical Measures.

REPORT OF THE AUDIT COMMITTEE

Regent Hogan, Chair of the committee, reported that the committee did not have a quorum of members present. It was the consensus of the committee members present to recommend:

- a) Approval of Senior Vice President's Quarterly Report, including CUFSS Report as presented to the committee and included in the docket materials.
- b) Approval of resolution re External Auditor's Contract, as follows:

RESOLVED, that on the recommendation of the President, the Senior Vice President for Finance and Operations, and the Director of Internal Audits, the Board of Regents approves an extension of the 1990 external auditing contract with Coopers & Lybrand for one year, with a possible review at a subsequent date to extend the contract for a second year.

- c) Approval of the Director of Audits' Quarterly Report as presented to the committee and included in the docket materials.

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

Chair Hogan reported that the committee also reviewed for action an amended Regents' Policy on the Use of Human Subjects in Research. The committee members posed several questions regarding specific language contained in the policy. The appropriate language changes were made and he moved the following amended policy:

RESEARCH USE OF HUMAN SUBJECTS IN RESEARCH

The Board of Regents at the University of Minnesota adopts and continues its policy that all research involving human subjects conducted at the University of Minnesota shall be conducted in accordance with federal regulations including but not limited to the "Guidelines for Protection of Human Research Subjects" 45 Code of Federal Regulations (CFR) 46 established by the National Institutes of Health, and regulations to protect human subjects, 21 CFR 50, 312, 812 as established by the Food and Drug Administration.

In furtherance of that policy the Board of Regents directs as follows:

1. The University shall establish an Institutional Review Board (IRB) whose members shall be appointed by the Vice President for Research. At the discretion of the Vice President for Research, in consultation with administrative staff of the IRB, IRB panels shall be appointed to manage the research workload. Each IRB panel shall consist of at least five members with diverse backgrounds and expertise, one of whom comes from the community external to the University.
2. The IRB and its staff shall be responsible, in conjunction with administrative officers of the University of Minnesota, for assuring that all University personnel, and student researchers comply with applicable federal

regulations and guidelines. The IRB shall review and approve, require modifications of or disapprove all University research involving human subjects in accordance with the administrative policies and procedures to be established hereunder. In addition, the IRB shall monitor and conduct continuing review of research at intervals of at least once per year. It shall continue to be the responsibility of the administrative officers of the University of Minnesota and each principal investigator to carry out the decisions of the IRB.

3. The IRB has the authority to inspect research facilities, obtain records and other relevant information relating to the use of human subjects in research, and take such actions that are in its judgment necessary to ensure compliance with the federal guidelines and regulations, other applicable federal and state law, and the policies and procedures to be established hereunder, including action to suspend or terminate approval of research that is not being conducted in accordance with the IRB's requirements or that has been associated with unexpected serious harm to subjects.
4. The IRB shall notify appropriate University and federal government officials: 1) any unanticipated problems involving risks to subjects or serious or continuing non-compliance with IRB requirements; and 2) any suspension or termination of IRB approval of research.
5. The IRB, with responsible oversight by the Vice President for Research, shall establish appropriate administrative policies and procedures to implement this policy.

The Board of Regents voted unanimously to adopt the amended Regents' Policy on Use of Human Subjects in Research.

Chair Hogan reported that the committee also received updates on Research Contracts and Grants Administration and the IRB Process. In addition, the committee received a brief update on the University of Minnesota Audit timeline for 1994.

The meeting adjourned at 11:55 a.m.

Barbara Muesing

BARBARA MUESING
Executive Director &
Corporate Secretary

UNIVERSITY OF MINNESOTA

BOARD OF REGENTS

July 28, 1994

A special meeting of the Board of Regents was held on Thursday, July 28, 1994, at 2:05 p.m. in Room 404 of the Campus Club, Coffman Memorial Union.

Regents present: Regent Keffeler, presiding. Regents participating via telephone: Regents Bleyhl, Kim, Neel, Page, Rosh, and Sahlstrom.

Staff present: Senior Vice President Infante; General Counsel Rotenberg; Associate Executive Director Janzen; Associate Vice President Pfitzenreuter; Associate University Attorney Donohue; Director of Employee Relations Erickson.

**AGREEMENT WITH THE MINNESOTA BUILDING AND
CONSTRUCTION TRADES COUNCIL**

John Erickson, Director of Employee Relations, presented for approval a tentative agreement with the Minnesota Building and Construction Trades Council on wages and fringe benefits for 1994.

A motion was made to approve the wage and fringe benefit agreement as outlined in the letter of July 19, 1994 from John Erickson, Director of Employee Relations, to the Board of Regents. The letter is filed supplement to the minutes, No. 22,340.

The meeting adjourned at 2:15 p.m.

Barbara Muesing

**BARBARA MUESING
Executive Director and
Corporate Secretary**

**UNIVERSITY OF MINNESOTA
BOARD OF REGENTS**

MINUTES

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

September 8-9, 1994

Office of the Board of Regents

220 Morrill Hall

UNIVERSITY OF MINNESOTA

BOARD OF REGENTS

Minutes of the Board of Regents' Meetings
and Regents' Committee Meetings

September 8-9, 1994

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UNIVERSITY OF MINNESOTA

BOARD OF REGENTS

Audit Committee

September 8, 1994

A meeting of the Audit Committee of the Board of Regents was held on Thursday, September 8, 1994, at 8:30 a.m., in Room 300, Morrill Hall.

Regents present: Hogan, presiding; Bleyhl, Keffeler, and Page.

Staff present: Senior Vice Presidents Erickson and Infante; Vice President Brenner; General Counsel Rotenberg; Associate Vice President Potami; Associate Executive Director Janzen; Director of Audits Klatt; and Controller Lauritzen.

Student Representatives present: Jessica Phillips, and Cecil Smith.

Others present: Mark Chronister from the firm of Coopers & Lybrand.

UPDATE BY DEPARTMENT OF AUDITS

Director of Audits Gail Klatt presented an update on her review of the department and the direction she recommends for the future. She gave the staff high marks as qualified professionals who worked well together, and were receptive to change. The new direction for the department will be a shift from a fact-based to a risk-based model of audit activity. This means a proactive emphasis on future outcomes, a focus on business processes, an identification of outdated practices, and attention to causes; rather than a reactive citation of errors, a focus on transactions, a compliance orientation, and attention to effects.

In response to a question from Chair Hogan, Klatt gave assurance that the new emphasis would move beyond just financial risks and said this was included in the idea of focusing on business processes. Hogan continued by noting his concern that there may be a drain on the resources of the department. A general discussion of resources devoted to the audit function followed, with Regent Keffeler suggesting that attention to resources should be considered when the Regents agreed to the department's annual plan. Hogan requested that at the next regular meeting in November, Director Klatt share with the committee information about the allocation of time in the Department of Audits.

UPDATE ON THE IRB PROCESS

Acting Vice President for Research Mark Brenner commended the research office staff and Institutional Review Board (IRB) members for their prompt and effective response to a request for information from the Office of Protection for Research Risks. He said they were able to comply with all concerns in a short time with minimal disruption to research activity.

Brenner noted that in July he presented three steps to provide assurance that the University is in compliance with regulations in the management of grants and contracts, the first of which concerned diagnostics. An independent clinical monitor has been identified to do the diagnostic testing. The work should be done in about 60 days with a report provided to the IRB Executive Committee. Brenner will come back to the Audit Committee with findings and recommendations.

The second step is bench-marking. Three institutions on the West Coast have been identified as peer research universities with which to compare assurance procedures. Meetings will probably be held in early winter.

The third step was to engage an independent professional firm to assess the policies, procedures, and internal controls relating to the conduct of sponsored research. Brenner provided copies of the Request for Proposal (RFP) that was used to solicit bids. Negotiations are under way to contract with a major audit and accounting firm, and he expects the contract to be signed and the work to begin soon.

In response to Regent Keffeler, Brenner said the range of cost for the assessment of internal controls and procedures, including some internal costs, was \$200,000 to \$250,000.

REVIEW OF PROCUREMENT PROCESS

University Controller Karen Lauritzen began the discussion of the University's procurement process. Lauritzen responded to Regent Hogan that this review was requested to look specifically at the vendor selection process, how they are selected and within what competitive environment. The procurement process has a small business program and women and minority-owned businesses are a subset of this program identified as targeted group business (TGB). There are 824 TGBs certified by the state, and the University's selection of TGBs was a special focus of the review.

Lauritzen noted the following characteristics of the procurement program: out of a University budget of \$1.7 billion, \$294 million is processed through the Purchasing Department; of these dollars, 73 percent (\$215 million) are contracted through only 6 percent of the transactions; and a relatively small dollar amount (\$79 million) is available to 94 percent of the vendor transactions.

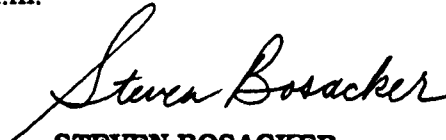
Lauritzen continued by noting that there is limited central control or review. She reviewed the thresholds at which bids are required by the Regents' Policy on Purchasing, and described how notification was distributed to prospective bidders, indicating that it was a passive process as far as the central purchasing office was concerned. In the construction area, there is a goal of 15 percent for TGBs.

Lauritzen said she needed more time to evaluate the process because currently there is no analysis of the numbers or criteria by which to make informed judgments. There are TGB opportunities for indirect participation in major contracts. Direct purchases may be possible by developing special targets of opportunity. In addition, there is a need for measurable criteria for vendor inclusion on bid lists.

Regents Keffeler and Hogan indicated that there is an opportunity here to work with the broader community where there is interest in the criteria and practices of major purchases at the University.

Regent Hogan expressed thanks for this initial review and asked that another report be brought to the committee that will provide a road map for where the University should go in this matter and a timetable for getting there.

The meeting adjourned at 9:55 a.m.



STEVEN BOSACKER
Executive Director and
Corporate Secretary

UNIVERSITY OF MINNESOTA

BOARD OF REGENTS

Facilities Committee

September 8, 1994

A meeting of the Facilities Committee of the Board of Regents was held on Thursday, September 8, 1994, at 10:15 a.m. in Room 300, Morrill Hall.

Regents present: Rosha, presiding; Bleyhl, Kim, and Reagan.

Staff present: Senior Vice President Erickson; Associate Vice Presidents Hewitt, Markham, and Pfitzenreuter; and Associate Executive Director Janzen.

Student Representative present: Shawn Poulter.

SENIOR VICE PRESIDENT'S MONTHLY REPORT

Senior Vice President Robert Erickson presented the Senior Vice President's Monthly Report for September 1994.

Assistant Vice President Paul Tschida presented information relating to the Washington Avenue pedestrian footbridges. As part of the FY94 Capital Budget, a study was completed to assess the structural integrity of the footbridges that cross Washington Avenue between Northrop Mall and Coffman Union. The results of the study indicate the bridges do not meet current load or clearance requirements. Therefore, it is the recommendation of administration to close the east bridge prior to the start of fall quarter 94, and reduce the width of the west bridge from ten feet wide to six feet wide. The cost to do this is \$25,000. He further reported that the footbridge site is currently the planned location for a Light Rail Transit (LRT) station. However, because of the uncertainty of LRT, a decision regarding long-term replacement of the footbridges is not appropriate at this time. The administration is recommending that the west bridge be repaired next summer when pedestrian traffic is at its lowest. The estimated cost to repair the bridge is \$200,000 and funding will be provided by reprioritization of life safety funds as an amendment to the capital budget.

Erickson called attention to correspondence received from Ramsey County Commissioner Warren Schaber concerning a possible purchase of University property located at 579 Wells Street in St. Paul. The property would be used to house the American Indian Health Clinic and the proposed agreement would allow the clinic to pay \$800 a month rent on a ten-year lease. At the end of the ten years, the American Indian Health Clinic would own the building.

Mr. Michael Arfsten, Executive Director/Administrator of the clinic, spoke briefly about the clinic's need for consolidating space. Erickson indicated that a recommendation will be made in October.

Regent Rosha stated he would like a tour of the facility.

Erickson called attention to a Report to the President on the Future of Northrop Auditorium that was distributed to the Board.

David Lilly, Chair of the Northrop Committee, summarized the recommendations contained in the report which included:

1. The programs and uses of Northrop be refocused so it once again becomes the symbolic center of educational and cultural outreach of the University.
2. The expanded space needs of the Board of Regents be accommodated in Northrop.
3. The marching band be relocated from Northrop into more suitable facilities.
4. The programs of Northrop be developed through an entity equivalent to the Office of the Vice President for Outreach.

Regarding funding, Lilly indicated that four possible sources are cited in the report: 1) concert and lecture reserves; 2) facilities renewal funds; 3) central reserves; and 4) a "Restore Northrop Fund Drive."

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

AMENDMENTS, FY 95 CAPITAL BUDGET

A motion was made and seconded to recommend approval of the following resolution relating to amendments to the FY 95 Capital Budget:

RESOLVED, that on the recommendation of the President and the Senior Vice President for Finance and Operations, the FY 1995 Capital Budget is hereby amended to incorporate budget and scope increases for the following projects:

- A. Carlson School of Management Building
Twin Cities Campus
Original estimated cost of the project: \$48,010,000
Increase in project cost: \$2,300,000
Funding for increased scope: Parking Services
Estimated completion date: June 1997
- B. Washington Avenue Replacement Ramp, Twin Cities Campus
Original estimated cost of the project: \$12,496,500
Increase in project cost: \$810,900
Total estimated cost of the project: \$13,307,400
Funding for increased scope: Internal Loan and available Parking Services Revenue Funds; Center for Transportation Studies Operating and Federal Funds; and Operating Funds - Campus Health & Safety, Police, Transit Services
Estimated completion date: June 1995

Linda McCracken-Hunt, Director of Project Development, reported on the changes in scope for the two projects.

With regard to the Carlson School of Management (CSOM) building, McCracken-Hunt reported that recent planning studies relating to internal pedestrian linkages and achievement of master planning objectives indicate that it is in the best interest of the University to proceed at this time with several elements in coordination with the CSOM planning. Those elements include provisions for future pedestrian linkages; a ramped drive to below-grade space which could serve as an entry for a future parking garage and provide a service dock to the CSOM building; and shell space below the service area which can later be used as part of a parking garage.

Regarding the Washington Avenue Replacement Ramp, McCracken-Hunt reported that the majority of the scope increase will be used for laboratory requirements which were not available at the time the project was approved. A portion of the scope increase will also be used to accommodate needs of the University of Minnesota Police Department (UMPD) and the remaining portion will be used for added furniture and equipment.

McCracken-Hunt also noted that the ramp is currently open and the tunnel linkage will be open in the next few weeks. She stated that a tour could be arranged for Board members.

The committee voted unanimously to recommend approval of the resolution.

REAL ESTATE TRANSACTION FOR REVIEW

The committee reviewed the following two proposed real estate transactions:

Land Exchange with Riley Brothers West Central Experiment Station Morris, Minnesota

Associate Vice President Clinton Hewitt reported on a proposed land exchange between the University of Minnesota, Morris and Riley Brothers Construction. Riley Brothers owns approximately 30 acres of agricultural land adjacent to the West Central Experiment Station (WCES) in Morris and the University owns approximately 70 acres of land south and east of the Riley Brothers parcel. The WCES currently farms the 70-acre parcel, but the soil conditions on the southern portion are inferior for agricultural purposes to those of the Riley Brothers parcel. In the exchange, the University will retain the northerly portion of the parcel it owns because of its uniform soil conditions and future development potential. Mineral and mineral rights (except gravel) will also be retained by the University on the portion to be conveyed to Riley Brothers. In addition, Riley Brothers requested a right of first refusal to repurchase the 30-acre parcel, if the University decides to sell the property or use it for non-agricultural purposes in the future.

Hewitt reported that both properties will be appraised to determine the number of University acres to be exchanged for the Riley Brothers parcel. He reported that the proposal has the support of the superintendent of the experiment station.

Gary Lemme, Superintendent of the WCES was present and responded to questions from committee members.

Sale of 430 Acres of Salt Spring Lands in St. Louis County to the U.S. Forest Service

Associate Vice President Clinton Hewitt reported that the United States Forest Service expressed an interest in purchasing approximately 430 acres of Salt Spring Lands located within the boundaries of the Superior National Forest outside the Boundary Waters Canoe Area Wilderness.

Hewitt reported that the Salt Spring Lands had been identified as part of the University's surplus property. Originally, there were 46,000 acres that were part of these lands. There are currently approximately 2,000 acres remaining of which 1,120 is currently part of the Bear Head State Park. If this proposed sale is approved, the University would have approximately 600 acres remaining. The Forest Service has indicated the purchase is likely to be funded in fiscal year 1996 (beginning October 1, 1995.) Purchase-related activities will commence upon receipt of funding.

In response to a question from Regent Reagan, Hewitt stated he will report back to the committee regarding the Forest Service's plans for the property.

UPDATE REPORT ON DEFERRED MAINTENANCE

Associate Vice President Susan Markham presented information clarifying the University's forecasted deferred maintenance liability. She provided the committee with a glossary of terms explaining the difference between funded and unfunded maintenance items.

Markham stated that she wanted to specifically address what is not being done due to the shortfall in funding in the annual budget. Facilities Management is now fully automated, enabling departments to determine what work is being done at any given time, who is doing the work, and at what cost. Maintenance items are determined by industry standards on preventive and scheduled maintenance and by regulatory requirements.

Assistant Vice President Paul Tschida briefly described some of the regulatory requirements.

Markham described how funds in Facilities Management are currently spent in terms of work hours. The 1994-95 maintenance standards require 800,000 work hours and 300,000 work hours are not funded, totaling an approximate \$15 million shortfall. Additional funding will be requested in the 1996-97 Biennial Budget Request and, if funded, the shortfall will be reduced to approximately \$10 million at the end of that biennium.

Markham summarized by indicating that Facilities Management continues to explore ways to reduce the effect of the shortfall by monitoring productivity, reviewing jurisdictional issues, and reviewing utilization of equipment and classrooms.

Regent Kim stated she would like to tour some of the University's facilities and review some of the facilities management issues. Markham indicated that a tour could be arranged.

Regent Rosha expressed concerns regarding the University building new buildings when there is such a large maintenance deficit for existing buildings.

He encouraged the Administration to continue to explore ways to better utilize space requirements at the University.

The meeting adjourned at 11:55 a.m.

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

STEVEN BOSACKER
Executive Director and
Corporate Secretary

UNIVERSITY OF MINNESOTA

BOARD OF REGENTS

Financial Operations & Legislative Committee

September 8, 1994

A meeting of the Financial Operations & Legislative Committee of the Board of Regents was held on Thursday, September 8, 1994, at 1:30 p.m. in the Regents' Room, 238 Morrill Hall.

Regents present: Page, presiding; Anderson, Keffeler, Perlman, and Reagan.

Staff present: Chancellor Sargeant; Senior Vice President Erickson; Vice Presidents Brenner and Imholte; General Counsel Rotenberg; Associate Executive Director Janzen; Associate Vice Presidents Fischer, Markham, Paschke, and Pfitzenreuter.

Student Representatives present: Sara Nienow and Cecil Smith.

SENIOR VICE PRESIDENT'S MONTHLY REPORT

Senior Vice President Robert Erickson presented the Senior Vice President's Monthly Report for September 1994.

Erickson called on Associate Vice President Roger Paschke to provide an update on the impact that the recent decline in stock market activity has had on the University, particularly pertaining to investments made by Piper Capital Management and the write-down of the Granite Corporation mortgage securities fund.

Regent Keffeler noted that she would not participate in any discussions pertaining to Piper Capital Management due to a conflict of interest.

Paschke reported that the University has fully recognized the write-down of the mortgage fund, Granite Corporation, of approximately \$13 million in the University's Temporary Investment Pool (TIP). He reported that earnings or losses in TIP and the University's arbitrage program accrue to central reserves. This loss in TIP will have the effect of reducing the expected year-end balance in central reserves from \$26.6 million to approximately \$15.1 million. In attempting to mitigate the impact, the TIP portfolio was analyzed and a \$3.2 million unanticipated gain was realized which will restore the central reserves balances to approximately \$18.3 million early in the new fiscal year.

With regard to Piper Capital Management, Paschke reported the endowment portfolio was impacted by the rapid rise in rates and corresponding loss of liquidity in mortgage derivative securities. The Piper portfolio, which had virtually all of the derivatives in the endowment, will have a fiscal year loss of approximately -25 percent vs. -1.5 percent for the index of U.S. fixed income securities.

Paschke reported that as a result of these losses, the University has restructured its investment portfolio away from the use of derivatives and will limit the amount of assets with any one money manager. Additionally, the administration is in the process of calculating all fiscal year investment returns for the University's various pools of funds. He anticipates that the results for the year will be in the range of the standard benchmarks for these pools of funds. He added that for longer periods, he expects that the returns will continue to be in excess of the benchmarks typically used.

Paschke stated he is fully responsible for the management of all funds and is disappointed with the loss. However, the loss needs to be put in perspective. Even with the loss, fiscal year 1994 results were up 2.5 percent for the endowment fund. Over the last 10 years, the return was 14.5 percent annually compared to 12.9 percent for the average endowment fund. Paschke said that this has resulted in the endowment being valued at approximately \$30 million more today than if performance had just been average.

Paschke also reported on a request for proposal (RFP) issued for the purpose of expanding the investment alternatives under the University's Basic Faculty Retirement Plan. He reported that the expansion is responsive to the interests of the participants and will improve the opportunities for more effective retirement planning. Paschke stated he will keep the committee informed of progress and the outcome of the process.

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

PURCHASE OF GOODS/SERVICES OVER \$250,000

Senior Vice President Robert Erickson presented a resolution relating to the purchase of goods/services over \$250,000. A motion was made and seconded to recommend approval of the following resolution:

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

- Candle Corporation for mainframe software maintenance at \$346,627 for Administrative Information Services for the period of 7/1/94- 6/30/97;
- Harlan Sprague Dawley for lab animals as ordered by Research Animal Resources department for the period of 9/9/94 - 6/30/95 at an estimated \$500,000;
- Higham Whitridge for \$4,000,000 for student health insurance for Boynton Health Service for the period of 9/17/94 - 9/16/95; and
- Johnson & Higgins for \$499,478 for new University of Minnesota property insurance program for the period of 9/1/94 - 9/1/95.

The committee voted unanimously to recommend approval of the resolution.

QUARTERLY PURCHASING REPORT

Karen Triplett, Director of Purchasing Services, presented the Quarterly Purchasing Report for April, May, and June 1994, highlighting the following:

A total of 110,267 transactions were processed for a value of \$64,876,354. Of the total, 21 were justified sole source awards totaling \$489,261.

- There was one Regents' policy violation.
- Seven change orders exceeded \$100,000.
- Twenty-three purchase awards were made that were over \$100,000 and under \$250,000.

UPDATE ON SUPERCOMPUTER NEGOTIATIONS

Senior Vice President Robert Erickson introduced Mr. Stephen Pflaum, Chair of the Board of Directors of Minnesota Supercomputer Center Inc. (MSCI), who presented details of a proposed agreement for the sale of MSCI to Cray Research, Inc.

MSCI is a private, for-profit corporation that provides supercomputer services to University of Minnesota researchers and sells supercomputing services to private industries. Annual revenue exceeds \$20 million and operations have been profitable since it began. The facility is located at 1200 Washington Avenue South in Minneapolis and houses five supercomputers. There are 70 individuals on the staff at MSCI. This year in response to financial concerns, the state auditor concluded that the University was receiving adequate value for charges by MSCI and that the University was not subsidizing the center's commercial clients.

Pflaum reported that in spring 1994, Cray Research Inc. approached MSCI's board of directors about its interest in purchasing the center and indicated a desire to maintain and enhance the center's relationship with the University. He reported that the Executive Committee of the University of Minnesota Foundation Board of Trustees has approved a letter of intent for Cray to buy MSCI. He reviewed the proposed conditions of sale indicating that the transaction, if approved, is expected to close in mid-October.

Pflaum reported that negotiations are still in process, however, he is authorized to report that agreement has been reached on all substantive issues in the transaction, with final changes pending in the definitive agreement.

Vice President Mark Brenner reported on the reaction of faculty regarding the proposed sale. He stated that a meeting was held to review information about the potential sale, indicating it was the sense of the faculty involved in the meeting that the sale will represent a unique opportunity for the University and Cray Research and that both will mutually benefit from such a sale.

Erickson distributed the following resolution for the committee's review indicating that he would like the consensus of the committee to forward the resolution to the Board for formal action:

WHEREAS, the University of Minnesota (the "University") and the University of Minnesota Foundation (the "Foundation") own all the issued and outstanding shares of common and preferred stock (collectively, the "Shares") of Research Equipment Inc., which does business under the name "Minnesota Supercomputer Center" (the "Center"); the University owns the land and a building located at 1200 Washington Avenue in Minneapolis, Minnesota (the "Building"), which it leases to the Center under an Agreement of Lease, effective July 1, 1992 (the "Lease"); and the University purchases certain supercomputing services from the Center under a certain Computing Services Agreement; and

WHEREAS, the University and the Foundation were approached to sell their interests in the Center and agreed to consider offers to purchase all the Shares or all the assets of the Center, and therefore retained Piper Jaffray and Hopwood ("Piper") to advise them on such a transaction; and

WHEREAS, the University and the Foundation have discussed with Cray Research Inc. its purchase of the Shares subject to all of the obligations of the Center, including the Lease and the Computing Services Agreement; and

WHEREAS, on September 6, 1994, the University, the Foundation and Cray executed and delivered a Letter of Intent, setting forth, among other items, the terms under which the University and the Foundation would agree to sell the Shares to Cray; and

WHEREAS, Piper has reviewed the Letter of Intent and various other documents and records and delivered to the University and the Foundation its opinion that the proposed sale of the Shares, on the terms and conditions set forth in the Letter of Intent, would be fair to the two shareholders; and

WHEREAS, the University has requested and received two appraisals of the Building each of which determined that the rent the University proposes to charge Cray under the Lease for its use of the Building during the initial lease term is equivalent to a market rate rent for comparable facilities; and

WHEREAS, the administration believes the sale of the Shares and the transfer of the lease of the Building to and the purchase of supercomputing services from Cray will ensure that faculty, staff, and students continue to have access to supercomputing services and is in the best programmatic and financial interest of the University;

NOW, THEREFORE, BE IT RESOLVED, that the Board of Regents' directs the administration to comply with Minnesota law that requires the University, prior to selling its Shares, to present its plan for the sale and for meeting its supercomputing needs to the higher education finance divisions of the Minnesota State Legislature; the Board further directs the administration to satisfy such mandate by informing members of the Minnesota Legislature of the terms of the proposed sale and providing copies of the pertinent documents; and

BE IT FURTHER RESOLVED, that the terms and conditions of the University's sale of all the Shares, lease of the Building, and purchase of supercomputing and other related services as set forth in the Letter of Intent are hereby approved and the University's execution and delivery of the Letter of Intent is hereby ratified, provided the lease be amended (i) to grant the University the option, but not the duty, to lease certain additional space in the Building, and (ii) to terminate the current renewal options and to grant Cray, if it requests, renewal options at then market rate rents; and


BE IT FURTHER RESOLVED, that the President is hereby authorized, empowered and directed to negotiate, execute and deliver on behalf and in the name of the University definitive agreements to sell the Shares to Cray, to lease the Building, and to purchase supercomputing and other related services all consistent with the terms of the Letter of Intent and such other agreements with Cray or documents and instruments as are in his opinion necessary and desirable for the University to enter into to effectuate the intent of these resolutions; and

BE IT FURTHER RESOLVED, that the Senior Vice President for Finance and Operations shall report to this Board of Regents' on the status of this transaction at its October, 1994 meeting.

In response to a question from Regent Reagan, Pflaum reported that the University obtains funding for its supercomputing activities through a state special in the biennial budget request. On that basis, there are financial commitments made between the University and the MSCI. Currently, they are in the third year of a four-year commitment and the funding will continue through the existing biennial budget. In the future, it will be incumbent on the University and Cray to show that this is a good partnership for continued legislative support.

After further discussion, it was the consensus of the committee to forward the business transaction by which Cray Research will purchase MSCI to the Board, with the notation that the basic elements of the transaction as discussed in the committee are an appropriate basis for a definitive agreement.

The meeting adjourned at 3:15 p.m.


STEVEN BOSACKER
Executive Director and
Corporate Secretary

UNIVERSITY OF MINNESOTA

BOARD OF REGENTS

Faculty, Staff and Student Affairs Committee

September 8, 1994

A meeting of the Faculty, Staff and Student Affairs Committee of the Board of Regents was held on Thursday, September 8, 1994, at 10:20 a.m. in the Regents' Room, 238 Morrill Hall.

Regents present: Anderson, presiding; Hogan, Keffeler, Page, and Sahlstrom.

Staff present: Chancellors Johnson and Sargeant; Senior Vice President Infante; Vice Presidents Hopkins and Imholte; Executive Director Bosacker; Associate Vice Presidents Brenner, Johnson, Robb, and Zetterberg.

Student Representatives present: Colleen Foster and Valerie Nowacki.

SENIOR VICE PRESIDENT'S MONTHLY REPORT

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

- Resignation of Robert Stein, Dean of the Law School, effective December 1, 1994, establishment of a search committee to fill the position, and identification of an individual to serve as Acting Dean;
- Appointment of John Q. Imholte as Acting Vice President for Student Affairs, effective September 1, 1994;
- Appointment of Basil "Bill" Sozansky as Head of the University of Minnesota, Duluth (UMD) Library, effective July 1, 1994;
- Appointment of Peter Rapp as General Director of the University of Minnesota Hospital and Clinic, pending approval of the Health System Board of Governors, effective August 15, 1994;
- Appointment of Richard J. Butler and John Remington to the Industrial Relations faculty in the Carlson School of Management;
- Promotions, honors, and awards received by University faculty, staff, and students, including the award of the first Mercury Seven Foundation Deke Slayton Memorial Scholarship to undergraduate Sarah Braasch and the award of a \$1,124,000 grant from the Ford Foundation to the Humphrey Institute;
- Programs and events, including activities which are part of the University Community Building Project;

- After attending the University under the Post-Secondary Enrollment Option program, Ed Chi, a senior majoring in computer science with a mathematics minor, graduated summa cum laude with a bachelor of science degree and has been accepted to the University's computer science graduate program just two years after graduating from Minneapolis South High School; and
- Proposed amendments to the Regents' Policy on Phased Retirement and Terminal Leave/Early Retirement to reflect changes in the Internal Revenue Service Code.

A motion was made and seconded to recommend approval of the Senior Vice President's Monthly Report, including the amended Regents' Policy on Phased Retirement and Terminal Leave/Early Retirement.

Infante stated that additional amendments to the Regents' Policy on Phased Retirement and Terminal Leave/Early Retirement are being considered and will be presented to the Board at a future meeting. Regent Keffeler stated that she is pleased the Board will have an opportunity to discuss the substantive human resources issues related to this policy.

The committee voted unanimously to recommend approval of the Senior Vice President's Monthly Report, including the amended Regents' Policy on Phased Retirement and Terminal Leave/Early Retirement.

**COLLECTIVE BARGAINING AGREEMENT WITH FACULTY OF THE
UNIVERSITY OF MINNESOTA, DULUTH (UMD)**

Senior Vice President Ettore Infante and Associate Vice President Carol Carrier reviewed a proposed collective bargaining agreement between the University of Minnesota and the University Education Association (UEA) on behalf of the faculty at the University of Minnesota, Duluth. Carrier introduced Associate Professor Stephen Chilton, the new President of the UEA.

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

WHEREAS, the parties have met and negotiated over the course of the past year and have reached agreement regarding terms and conditions of employment regarding the employees of this bargaining unit; and

WHEREAS, the University Education Association has ratified acceptance of the agreement; and

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

NOW, THEREFORE, BE IT RESOLVED, that on the recommendation of the President, the Senior Vice President for Academic Affairs, and the Senior Vice President for Finance and Operations, the Board of Regents approves this labor agreement as outlined in the docket for September 8, 1994.

In response to Regent Hogan, Carrier discussed the financial implications of the inclusion in the bargaining unit of temporary teaching staff who have responsibilities beyond teaching.

The committee voted unanimously to recommend approval of the resolution.

REPORT ON DISABILITY SERVICES/ADA

Senior Vice President Ettore Infante introduced the report on Disability Services, noting the significant impact of the Americans With Disabilities Act (ADA) on the operation of the University.

Sue Kroeger, Director of Disability Services, presented a report on the activities of her office and the University's response to the ADA. She reported that President Hasselmo named Patricia Mullen as system-wide coordinator and grievance officer for all ADA matters and appointed an ADA Task Force to review the University's progress toward compliance. She noted that the University's response to the ADA has been simplified by its past response to disability issues.

Kroeger discussed the results of a self-evaluation process conducted by the University ADA Administrative Steering Committee, and noted the following system-wide accomplishments made during the past year in response to that process:

- Provided centralized services to faculty, staff, and students through Disability Services;
- Increased training and technical assistance to units to make environments more welcoming and encouraging;
- Established document conversion service;
- Developed ADA grievance procedures;
- Developed accessibility statements for all University publications;
- Increased access to computers and information;
- Installed TTY telecommunication devices for the deaf; and
- Completed ADA facility survey, which will result in future renovation and capital projects.

Kroeger stated that Disability Services on the Twin Cities campus has grown rapidly over the past few years. Service is provided by clusters within the office, which make modifications that limit the impact of the disability on the person, although reasonable accommodation does not require compromise of essential aspects of a course or job.

In response to Regent Sahlstrom, Infante noted that Disability Services is a component of the Office of the Vice President for Student Affairs, but it serves the entire University community.

In summary, Kroeger discussed future considerations for Disability Services. The office annually serves over 1,000 students and 100 employees with a wide range of disabilities, and individual and institutional rights and responsibilities must be clarified. Key issues include employment, establishment of a system-wide policy for

funding reasonable accommodations, sign language interpretation, accountability, and cooperation with other higher education institutions and the K-12 system.

In response to issues raised, Kroeger discussed communication with prospective students, identification of disabled students, and services provided by Disability Services to students with learning disabilities. Disability Services initiated Project LEEDS (Leadership Education to Empower Disabled Students), and Regent Page asked Dr. Kroeger to check into a similar program being implemented by the Minnesota Extension Service.

REPORT OF THE UNIVERSITY TASK FORCE ON FINANCIAL AID

Senior Vice President Ettore Infante and Associate Vice President Peter Zetterberg presented the Report of the University Task Force on Financial Aid. Zetterberg stated it is essentially a "good news" report, which shows that considerable resources are distributed and used effectively.

For 1992-93, Zetterberg reviewed the average per-student educational cost, the number of University students with demonstrated financial need, available forms of financial assistance and the distribution of that assistance, and how University undergraduate, graduate, and professional students pay for their educations. He discussed the targeted distribution of the University's financial aid resources, noting that distribution is not need-based.


In response to Regent Anderson, David Berg, Director of Management Planning and Information Services, offered to provide information on the Minnesota-Wisconsin reciprocity situation.

With regard to the Task Force recommendation to convert the tuition waiver program for high ability non-resident/non-reciprocity students of color to a scholarship program for resident and non-resident students of color, Regent Anderson suggested that the University's emphasis should be on recruiting students of color from Minnesota who do not have other educational options. Regent Keffeler concurred with the concern, noting that the issue is addressed in the critical measures related to the University 2000 diversity initiative. Zetterberg discussed the recommendations to convert tuition waiver programs to scholarship programs.

Zetterberg reviewed the Task Force recommendations related to need-based and merit-based financial aid, student employment, and reporting and stewardship.

Infante thanked Zetterberg and the members of the Task Force for their efforts. He noted that this is the first time this type of financial aid data has been available, and stated the administration will report to the Board as to the optimum use of the University's resources. In response to Regent Keffeler, Infante stated that the Task Force recommendations that are an integral part of the budget process will be presented to the Board for approval prior to implementation.

The meeting adjourned at 11:55 a.m.


STEVEN BOSACKER
Executive Director and
Corporate Secretary

UNIVERSITY OF MINNESOTA

BOARD OF REGENTS

Educational Planning and Policy Committee

September 8, 1994

A meeting of the Educational Planning and Policy Committee of the Board of Regents was held on Thursday, September 8, 1994, at 1:40 p.m. in the Regents' Room, 238 Morrill Hall.

Regents present: Sahlstrom, presiding; Bleyhl, Hogan, Kim, and Rosha.

Staff present: Chancellors Johnson and Sargeant; Senior Vice President Infante; Vice Presidents Allen and Hopkins; Executive Director Bosacker; Associate Vice Presidents Hayes, Johnson, and Kvavik.

Student Representatives present: Jessica Phillips and Shawn Poulter.

SENIOR VICE PRESIDENT'S MONTHLY REPORT

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

- Application by the College of Natural Resources to the Society of American Foresters for continuing accreditation of two undergraduate programs in forestry;
- Eight-year accreditation of the University of Minnesota Basic Graduate Nurse-Midwifery Education Program by the American College of Nurse-Midwives;
- Announcement by the Office of the Vice President for Research and Dean of the Graduate School of five recipients of funds to support interdisciplinary research and postbaccalaureate education;
- Report on electronic combination by the Committee on Institutional Cooperation (CIC) of the collections of its 13 member libraries;
- Minnesota Higher Education Coordinating Board (MHECB) items, including review by the MHECB Academic Program Review Committee of the Crookston Progress Report, presentation of proposed rules for implementation of the State Postsecondary Review Entity (SPRE), and readiness for full participation by all University of Minnesota campuses in the Minnesota Transfer Curriculum beginning Fall 1994;
- Update on Midwestern Higher Education Commission program activities;

- National reports, including *High School Graduates: Projections by State, 1992-2009*; *The Road to College: Educational Progress by Race and Ethnicity*; *After High School, Then What? A Look at the Postsecondary Sorting-Out Process for American Youth*; and *Today's College Students: Varied Characteristics by Sector*;
- Reappointment of Dr. Harald H. Schmid to the Hormel Foundation Board of Trustees for a one-year term, expiring September 14, 1995; and
- Appointment of Steven D. Ladwig to the Rochester Center Advisory Committee for a term expiring June 30, 1995.

In response to Regent Rosha, Infante discussed the impact of the electronic combination by the CIC of the collections of its 13 member libraries.

Regents Sahlstrom and Kim acknowledged the efforts of Vice President Anne Hopkins related to development of the Minnesota Transfer Curriculum, and Hopkins noted that the curriculum will be implemented in Fall 1994.

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

**UPDATE ON STRATEGIC PLANNING:
THE DIVERSITY INITIATIVE AND CRITICAL MEASURES**

Senior Vice President Ettore Infante introduced the discussion, noting that the proposed diversity initiative was reviewed at the July meeting. Associate Vice President Robert Kvavik presented the following resolution related to a sixth strategic area on diversity:

WHEREAS, as stated in the University 2000 resolution passed on January 14, 1994, the University of Minnesota is committed to an open exchange of ideas in an atmosphere of mutual respect, free from racism, sexism, and other forms of prejudice and intolerance; to an effective response to changing demographics and to an increasingly diverse society; to providing affordable higher education, with access unlimited by economic and social background; and to addressing the needs of the many communities the University serves.

NOW, THEREFORE, BE IT RESOLVED, that in reaffirming its commitment to achieving excellence through diversity, the University will add to the five strategic areas approved on January 14, 1994, a sixth strategic area on diversity, in order to focus and strengthen its efforts in this critically important area; and that each campus and academic and support unit will be directed to develop appropriate actions to implement this additional strategic direction, consistent with its own unique role.

Associate Vice President Josie Johnson and Kvavik responded to an issue raised by Regent Kim regarding the limited distribution of students of color throughout University units, noting the development of an enrollment management program that will focus on the placement and interests of students.

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

ANNUAL PLAN TO ADD OR DISCONTINUE ACADEMIC PROGRAMS

Senior Vice President Ettore Infante led the discussion regarding the annual plan to add or discontinue academic programs. He summarized program changes by campus from September 1993 through July 1994.

Infante reviewed the following additional program changes which have been forwarded to Academic Affairs:

Duluth Campus

- Major and minor in Environmental Studies (Bachelor of Arts), College of Liberal Arts
- Major in American Indian Studies (Bachelor of Arts), College of Liberal Arts
- Major in Electrical and Computer Engineering, College of Science and Engineering

Twin Cities Campus

- Solid Waste Management Certificate Program (Continuing Education and Extension, in cooperation with the College of Agriculture, the School of Public Health, the Carlson School of Management, and the Institute of Technology)
- Master of Computer and Information Sciences (M.C.I.S.), Graduate School
- Master of Fine Arts (M.F.A.) degree in Creative Writing, Graduate School
- Master of Science (M.S.) and Ph.D. Degree Program in Water Resources Science
- Major in Environmental Sciences (Bachelor of Science), College of Agriculture

Morris Campus

- No proposed additions or deletions

Crookston Campus

- Resubmission to the Minnesota Higher Education Coordinating Board (MHECB) of Agricultural Aviation as a Major Program (major approved by the Board of Regents in December 1992; program was approved subsequently by the MHECB as a minor only)

In response to issues raised, Chancellor Donald Sargeant, University of Minnesota, Crookston (UMC), Vice Chancellor Sandra Featherman, University of Minnesota, Duluth (UMD), and Associate Dean Laurie Hayes, College of Agriculture, discussed the Agricultural Aviation program at UMC, UMD's additional program proposals, and the proposed major in Environmental Science in the College of Agriculture.

This item will be presented for approval at the October meeting.


**ACADEMIC REPORT SERIES:
FREDERICK R. WEISMAN ART MUSEUM**

Lyndel King, Director of the Frederick R. Weisman Art Museum, reported on some of the over 150 events and activities held at the museum since it opened in November 1993 and acknowledged the efforts of her staff. She noted upcoming events, including a campus kick-off event for repainting the Washington Avenue bridge and a Welcome Week event, "Funk at the Fred".

King stated that an unanticipated use of the museum has been as a community gathering spot for classes, meetings, conferences, receptions, and dinners. She encouraged everyone to visit the museum and offered to schedule a tour for Regents.

In response to issues raised, King discussed outreach efforts to high school art teachers and rural artists, and indicated that the traveling exhibit program was put on hold during the opening year of the new facility and the future of that program will be reviewed. She also noted that the museum has become a major attraction for visitors to the Twin Cities.

The meeting adjourned at 3:00 p.m.


STEVEN BOSACKER
Executive Director and
Corporate Secretary

UNIVERSITY OF MINNESOTA

BOARD OF REGENTS

September 8, 1994

A meeting of the Board of Regents of the University of Minnesota was held on Thursday, September 8, 1994, at 3:15 p.m. in the Regents' Room, 238 Morrill Hall.

Regents present: Anderson, Bleyhl, Keffeler, Kim, Page, Perlman, Reagan, and Sahlstrom. President Hasselmo presiding.

Staff present: Senior Vice Presidents Erickson and Infante; Provost Brody; General Counsel Rotenberg; Acting Vice President Brenner; Executive Director Bosacker; Deputy Vice President Chou; University Attorneys Bohnhorst and Donohue; and Associate to the President Bognanno.

Others present: Jan Symchych, from the firm of Dorsey and Whitney.

A motion was moved and seconded that the following resolutions be approved:

RESOLVED, that on the recommendation of the President and as provided by Minnesota State Statute 471.705, Subd. 1d, a non-public meeting of the Board of Regents be held on Thursday, September 8, 1994, at 3:15 p.m. in the Regents' Room, 238 Morrill Hall, for the purpose of discussing attorney-client privileged matters.

RESOLVED, that on the recommendation of the President and the General Counsel as provided by Minn. Stat. 144.581, Subd. 5, a second non-public meeting of the Board of Regents be held following the non-public meeting to discuss attorney-client privileged matters on Thursday, September 8, 1994, in the Regents' Room, 238 Morrill Hall, for the purpose of discussing University of Minnesota Hospital and Clinic marketing activity.

The Board of Regents voted unanimously to approve the resolutions.

The meeting adjourned at 3:16 p.m.



STEVEN BOSACKER
Executive Director &
Corporate Secretary

UNIVERSITY OF MINNESOTA

BOARD OF REGENTS

Committee of the Whole

September 9, 1994

A meeting of the Committee of the Whole of the Board of Regents was held on Friday, September 9, 1994, at 8:30 a.m. in the Regents' Room, 238 Morrill Hall.

Regents present: Keffeler, presiding; Bleyhl, Kim, Page, Perlman, Peterson, Reagan, Rosha, and Sahlstrom.

Staff present: President Hasselmo; Chancellor Johnson; Senior Vice Presidents Erickson and Infante; Provost Brody; Vice Presidents Allen, Brenner, George, Hopkins, and Imholte; General Counsel Rotenberg; Executive Director Bosacker; Associate Executive Director Janzen; Associate Vice Presidents Copa, Fischer, Johnson, Kvavik, Markham, Pfitzenreuter, Robb, Tschida, and Vikmanis.

Student Representative present: Jessica Phillips.

Regent Keffeler welcomed Regent Peterson back, and Regent Peterson thanked everyone for their kindness during his illness.

RECOGNITIONS

Vice President Anne Petersen

Recognition was given to Vice President Anne Petersen, who left the University of Minnesota to assume a leadership role at the National Science Foundation.

Dean Richard Elzay

Recognition was given to Dean Richard Elzay for his service as Deputy Vice President of Health Sciences.

RESTRUCTURING CENTRAL ADMINISTRATION

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

WHEREAS, there are long-standing issues concerning the role of central administration as both the administration for the University of Minnesota as a system of campuses, and the administration for the Twin Cities campus; and

WHEREAS, there are long-standing issues concerning the role of certain vice presidents as having responsibility both for system-wide

policy, planning, and decision making, and for representing the Twin Cities campus or segments thereof; and

WHEREAS, the University of Minnesota has embarked on an agenda of reforming its administrative structures, processes, and procedures in order to ensure efficiency and effectiveness; and

WHEREAS, the strategic planning and decision-making of *University 2000* place new demands on the administration of the University;

THEREFORE, BE IT RESOLVED, that the organization described below be adopted based on the following principles: explicit decision-making authority and accountability for Provosts and Chancellors as executives of three major parts of the Twin Cities campus, and the Crookston, Duluth, and Morris campuses, respectively; explicit staff responsibilities to the President for system officers; separation of system and campus responsibilities; separation of staff and line responsibilities; clear reporting lines; clear lines of consultation; well-defined responsibilities; manageable spans of responsibility; and minimal layers between faculty and key decision makers (flat organization).

BE IT FURTHER RESOLVED, that Provosts and Chancellors shall be the executive officers fully responsible for operations within their respective areas, and shall be directly accountable to the President for the achievement of results; Provosts and Chancellors shall exercise primary responsibility and accountability for developing and recommending to the President academic and financial priorities within their respective provostial areas and campuses; system officers shall support the President in developing academic and financial priorities among provostial areas and campuses and, on the basis of the recommendations of Provosts and Chancellors, among colleges and major non-academic units; academic and financial decision-making processes for the system shall be developed and managed by system officers, and shall be implemented in an integrated and coordinated manner.

The new administrative structure will consist of the following elements:

1. The University's system officers shall consist of the Associate to the President, the Senior Vice President for Academic Affairs, the Senior Vice President for Finance and Operations, the Vice President for Institutional Relations, and the General Counsel.

2. The Office of the Senior Vice President for Academic Affairs shall have responsibility for the following functions: Research and Graduate Education, Undergraduate Education and Student Development, Outreach, Planning, Minority Affairs, Computing and Information Services, University Libraries, and selected other support functions.

3. The Office of the Senior Vice President for Finance and Operations shall have responsibility for the following functions: Treasurer, Finance and Budget, Facilities Management, Housing and Food Services, University Services, Health and Safety, Operations Development and Administrative Information Services (AIS), and selected other support functions.

4. Human Resources shall report jointly to the two Senior Vice Presidents as is now the case.

5. The Office of the Vice President for Institutional Relations shall have responsibility for the following functions: Development, Alumni Relations, University Relations, State Relations, and Federal Relations.

6. The Office of the General Counsel shall have responsibility for the University's legal affairs.

7. The three Chancellors of the coordinate campuses shall continue to report directly to the President with unchanged responsibilities.

8. The Twin Cities campus shall be divided into three major units, each headed by a Provost with executive/operational authority and accountability for the unit, and shall report directly to the President.

- Provost, Academic Health Center

Dentistry
Duluth Medical School
Medical School (Minneapolis)
Nursing
Pharmacy
Public Health
UM Health System
Veterinary Medicine

- Provost, Arts, Sciences, and Engineering

Biological Sciences
General College
Institute of Technology
Liberal Arts

- Provost, Professional Studies

Agriculture
Agricultural Experiment Stations
Architecture and Landscape Architecture
Carlson School of Management
Education
Human Ecology
Humphrey Institute
Law School
Minnesota Extension Service
Natural Resources

Interdisciplinary and intercollegiate activities shall be strongly encouraged both within provostial areas and across provostial areas and coordinate campuses.

In some instances, deans and directors may serve on the councils of provosts other than the one to whom their unit reports. For example, the Dean of Biological Sciences might serve on the councils of both the Provost for the Academic Health Center and the Provost of Professional

Studies; the Dean of Veterinary Medicine and the Dean of the Institute of Technology also on the council of the Provost for Professional Studies.

The reorganization shall be effective on September 16, 1994, or as soon thereafter as Provosts can be appointed. (The Provostship for the Academic Health Center, previously authorized by the Board, became effective September 1, 1994, when Dr. William Brody took office.)

President Nils Hasselmo discussed administrative goals for the University, the key steps to achieve those goals, and the steps to be taken to complete the reorganization by Fall 1995. He reviewed plans to create a simple organization structure and proposed organizational charts for the administration and each provostial cluster, and discussed the reasons matrix management is necessary. He noted the advantages of the proposed professional studies organization, and emphasized the importance of developing key administrative capabilities to meet the demands of implementation of University 2000.

In summary, Hasselmo asked the Board to approve the proposed recommendations so he can proceed with the administrative reorganization.

Regent Roshia expressed concerns about the proposed reorganization, particularly regarding the placement of the Institute of Agriculture, Natural Resources, and Human Ecology within the plan. He wondered how relationships with communities that look to the Institute, the Minnesota Extension Service, and the Experiment Stations as their link to the University will be maintained. He stated that he hopes to continue communication with the President on these issues.

The committee voted by a majority to recommend approval of the proposed resolution, with Regent Roshia voting against the motion.

BIENNIAL BUDGET REQUEST

President Nils Hasselmo introduced the discussion regarding the 1996-97 Biennial Budget Partnership Proposal. He stated that University 2000 sets the course for change, and it can be implemented by making investments through partnerships with the state, students, the University community, and the private sector.

Associate Vice President Richard Pfutzenreuter reviewed \$137.7 million in University 2000 investment and financial needs. Senior Vice President Ettore Infante discussed examples of investment of the \$137.7 million within the six University 2000 strategic areas. He noted the intent to make significant investments in facilities, technology and infrastructure that support libraries and computing, and the area of children, youth, and families.

Infante discussed the 1996-97 state partnership proposal to meet the \$137.7 million budget challenge, including \$77.7 million from the state, tuition revenue of \$30.3 million, revenue increases of \$1.5 million, and internal reallocation of \$28.2 million. He reviewed the four major objectives of the internal reallocation, and gave three examples of how the reallocation can be achieved. He stated that while the reallocation will be difficult, "it is doable and the right thing to do as part of the partnership proposal." Infante also discussed the significant impact of a second scenario, in which the state would contribute nothing to the \$137.7 million budget challenge.

Hasselmo summarized the Biennial Budget Partnership Proposal, including internal restructuring and reinvesting existing resources, and stated that the financial strategies will drive the strategic directions under University 2000. He indicated this is

the agenda around which the administration plans to engage the Regents, faculty, staff, students, and all constituencies affected by the University to send a clear message as the institution is reshaped for the year 2000.

Hasselmo stated that a refined proposal will be presented to the Board for approval at the October meeting. The administration is in the process of refining and increasing specificity about investments and necessary reductions, and those refinements will be presented to the Board over the next year.

Regent Keffeler opened the discussion of the 1996-97 Biennial Budget Partnership Proposal with the following statement:

Thank you, Mr. President. Before opening for general discussion, I think I'd like to begin by recalling the conversations that we had in northern Minnesota as part of our retreat when we discussed in very preliminary fashion the proposal that the President is putting before us in a formal way today. And, at the risk of being a little redundant, let me nonetheless summarize some of the things that I think were really core to our discussion.

We spent a lot of time reflecting on the fact that this is not an ordinary -- was not an ordinary -- retreat and this is not an ordinary time. We used terms like "watershed." We talked about what's at stake for this institution. We even struggled to come to a new way of talking about a biennial request, and decided that we were going to talk in terms of a partnership -- not talk in terms of a biennial request -- but somehow try to capture, even in our language, that there is something very different at stake for the University of Minnesota and for the State of Minnesota this time. The partnership concept we wanted to convey -- we can't do this alone, and we can't do it taking as much of the burden in the future as we have been taking. We cannot continue to be the only institution that takes a look at whether we have too many campuses. We cannot continue to be the only state institution that confronts the issue of laying off employees. We cannot continue to reallocate major sums of money when we know that reallocation is another word for cutting because to reallocate to, we must cut from. So we talked in terms of creating a partnership.

We don't get to write the headlines, and this is not in any way a criticism of the way our decisions are represented. It genuinely is not. But when we talked about tuition at our retreat, we talked about it in the context that if we are so fortunate under a partnership proposal as to get a 5-1/2 percent increase in the state appropriation despite the fact that we have got crime and health care and K-12 all having very urgent needs, we will be able to hold tuition down to a 5-1/2 percent increase, provided that we cut another \$28 million out and reallocate it to higher priority areas within our program. And when we talked about where we are going to cut, we wrestled with the issue of where does University 2000 fit into this whole thing? Is University 2000 at the top of the list? Are we, in spite of looking down the road at these considerable reallocations, i.e. cuts, nonetheless going to hold firm to the program of renewal and reform that we have put forth in University 2000? Or is this a time to say wait a minute, let's back up? If we don't have the resources, can we afford University 2000? We said "no," we are going to put it at the top of the list, and we are not going to play chicken with the state in terms of whether or not we say what is important to us.

One of the things we struggled with at the retreat was how specific do we need to be in sharing with the people of this state what's at stake if we are not able to -- through our own creativity, through our own productivity, and through the generosity of the state -- finance this institution the way it needs to be financed. What happens if we lay out the kinds of reductions that we may have to make? We really struggled with that, and the administration struggled with that.

President Hasselmo, you just mentioned that we will be getting more specific as time goes on. I think we need to get far more specific. I would really like the Board to engage on this issue in our discussion this morning. I believe as a Board we need a much better sense of the administration's priorities. What is the shape of the academic institution you want our help in creating? That you want the support of the state in creating? We need to understand that. The kinds of things that you have outlined this morning, you have talked in terms of investment, but those are the kinds of things that could be said about any institution. There is this question of the abstract versus the specific, and at a certain level of abstraction we could be talking about any institution, and we need to talk very plainly about our institution, our University of Minnesota.

We start to get at it, Vice President Infante, when you make the parenthetical comments. And do not misinterpret, I'm not asking to know, and I don't think that the Board wants to know, I don't think the Legislature needs to know, how many positions from what programs, but we need to know your views about what are the programs that are most important for Minnesota. What are the programs where the University of Minnesota has strength that we should build on? What are the programs that we can unhappily be in the position of decreasing in relative priority? If we don't hear that from you, we risk the Board being in the position of having to make decisions on an uninformed basis or we risk putting ourselves in the position where the Legislature will set our priorities through state specials or other actions as we get into this very, very nasty but inevitable game of scrambling for scarce resources. I really urge that now is the time, now is finally the time, to begin to speak in much more plain terms about the priorities of our University.

Regent Perlman commended Regent Keffeler on her excellent statement. He stated that this is a crisis point for the University, and the institution cannot solve it alone. He indicated that it is the University's obligation to make the people of Minnesota understand specifically what is at risk, and the question is "Are we going to be a great University or a mediocre University?"

Regent Page observed that the current situation will have an impact on the long-term survival of a research University. Regent Keffeler stated that it is when what is at stake is understood in specific terms that Regent Page's statement about survival becomes credible, and the Board needs President Hasselmo to provide that specific information. Hasselmo stated that the administration is working in that spirit.

Regent Kim stated that this is an important time for the University, and emphasized that the Regents, administration, faculty, staff, and students must present a unified message.

Student Representative Jessica Phillips stated that the potential tuition increase is a major concern for students, and noted it is not manageable for most students who must pay for their own educations.

Hasselmo stated that plans are being developed and will be presented to the Board. He noted that administrators are not unwilling to develop specific plans, but are determining how to proceed to present hypothetical scenarios and do the least amount of damage.

Regent Rosha stated that the administration has done a good job in the past of communicating with students, and asked that communication continue regardless of the scenario.

In summary, Regent Keffeler asked the administration to provide the Board with early and complete information prior to this item being presented for approval at the October meeting.

UNIVERSITY 2000 CRITICAL MEASURES

Senior Vice President Ettore Infante introduced the discussion of University 2000 critical measures. Five of the eighteen measurement areas that have been proposed are being presented for review at this time, and work will begin on the measures indicated for the second phase of critical measures implementation.

Associate Vice President Robert Kvavik stated that the development of the critical measures has been a partnership effort, and the proposed measures respond to messages received from the focus groups across the state. The measures tie the academic planning process to the budget, which forces the establishment of priorities.

Associate Vice President George Copa indicated the five critical measures that are ready for Regents' approval relate to Characteristics of Entering Students by Campus, Graduation Rates by Campus, Underrepresented Groups/Diversity, Sponsored Funding by Campus, and Instructional Direct Expenditure per Student by Campus. These measures were selected for implementation in the first phase because they are important to internal and external stakeholders, baseline data is available to set performance goals, and they link in visible and strategic ways to University 2000.

Copa acknowledged the efforts of staff members involved in this project, and presented the following resolution to the committee for review:

WHEREAS, the establishment and application of critical measures and performance goals and benchmarks serve to evaluate the progress of the University of Minnesota in reaching its stated goals and objectives; to guide institutional, collegiate, and support unit self improvement; to serve as an important link between planning, performance evaluation, and resource allocation through the budget process; to provide a means for comparison with other institutions in the search of best practices for the accomplishment of institutional goals; and

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

NOW, THEREFORE, BE IT RESOLVED, that the Board of Regents approves the five critical measures "Characteristics of Entering Students," "Graduation Rate," "Underrepresented Groups/Diversity," "Instructional Direct Expenditure per Student," and "Sponsored Funding" for measuring institutional performance in realizing the goals of University 2000; and

BE IT ALSO RESOLVED, that the Board of Regents directs the administration of the University of Minnesota to continue to develop performance goals and benchmarks for each of these five critical measures, incorporate them into the long-term and annual academic planning and budgetary process, the biennial request, and the capital planning process; and that the President provide to the Board of Regents an annual progress and performance report based on these measures and associated benchmarks; and

BE IT FURTHER RESOLVED, that the Board of Regents directs the administration of the University of Minnesota to continue to develop additional institutional-level critical measures for review and approval by the Board as required to assess institutional performance.

Copa agreed with Regent Keffeler's observation that the critical measures are the major categories and the benchmarks are the goals that are set to measure progress over a period of time, and that the Board will be asked to approve the five measures in October, but not the benchmarks. Regent Keffeler asked if the Board's endorsement of benchmarks and goals will be proposed in the future. President Nils Hasselmo responded that a limited set of benchmarks are being established to set the course of the institution, and those would be appropriate for Board approval.

In response to Regent Sahlstrom, Copa reviewed baseline information and performance goals/benchmarks for the Characteristics of Entering Students by Campus critical measure to clarify the terms "critical measures" and "performance goals and benchmarks." Regent Sahlstrom suggested a consistent use of the terms.

Regent Keffeler noted that during University 2000 discussions it has been very difficult to describe the impact that the University's admissions standards and recruiting activities will have on historically underserved populations, particularly in the metropolitan community. She emphasized the importance of working with those communities to ensure a good match between the aspirations of the community and those of the University on this issue. Hasselmo stated that is an important question and one that is subject to confusion. He indicated that the University must define how it can be rigorous in its standards, and at the same time help break down the barriers that society has placed in the way of talented students so they can enter the University to prosper and get an appropriate education.

Infante reported that the University was required to provide the proposed measures to the state. The five measures were extremely well received, and the state plans to disseminate them to other institutions as an example of measures that are important.

Regent Keffeler stated that the Board looks forward to further discussion and action in October.

ADVANCING THE UNIVERSITY 2000 (U2000) PARTNERSHIPS

Regent Keffeler and President Nils Hasselmo welcomed Vice President Mel George to the University.

Vice President George discussed the U2000 Partnership Initiative. The two goals of the initiative are to promote internal and external understanding of the critical importance of University 2000 and to make clear that its success requires broad support through a partnership with the State of Minnesota and its citizens as a long-term investment in the future.

George reviewed the principles of the initiative, and discussed the following major messages:

- The University of Minnesota is a vital institution -- the long-term solution
- External changes and new expectations for services and accountability pose new and difficult challenges
- The University of Minnesota has responded with clear focus of U2000 to strengthen the University so it remains one of the nation's premier research land-grant universities while improving undergraduate education and becoming more user friendly
- Achieving University 2000 requires hard choices on the part of the University and partnership support, in particular from state government but also from all Minnesotans, because "This place is important for each of us to own"

George discussed the immediate steps that will be taken to implement the U2000 Initiative, including the involvement of the Regents, all members of the University community, students and their parents and friends, current and retired University employees, alumni and friends of the University. Additional steps will include the President's State of the University address, continued involvement of the U2000 conversation groups, President's community visits, and a special focus in University publications.

George stated that the initiative is a long-term effort to seek increased public understanding, support, and advocacy, as well as increased private financial support to supplement the University's other resources. He also expressed hope that the Gateway Center for alumni and visitors will be accomplished as part of this overall effort.

George asked everyone to support this effort so that in 2001 the University can celebrate its 150th anniversary and the success of the University 2000 plan. He indicated that the University has served this state well for almost 150 years, and now it is time for the state to act to protect and nurture that investment for the next 150 years.

In response to Regent Reagan, George discussed the U2000 Initiative budget and stated the intent is to mobilize a network of individuals rather than to focus only on expensive media efforts. Regent Reagan suggested that the University should utilize external consultants, and George noted that he has solicited input from external consultants and was gratified by their assistance.

Regent Perlman suggested the need to make the message simple and clarify that the University has played a role in most of the good things in this state. The people of the state have to understand that the University is at risk. He is delighted that Dr. George is here to help convey that message.

In response to Regent Sahlstrom, George stated that this effort will be organized within the existing structure and managerial responsibility will be assigned to a single person. If people offer to help, they should call Karla Maxwell at the Minnesota Alumni Association to join the Legislative Network.

Regent Kim stated this is an important time to go forward, and she is proud to be part of this effort as the University moves toward the year 2000.

Regent Keffeler stated the Board of Regents looks forward to working with Dr. George on the U2000 Initiative.

UPDATE ON THE STEAM PLANT

Associate Vice President Susan Markham presented an update on the steam plant renovation. She reviewed the scope of the Environmental Impact Statement (EIS), and reported that it is scheduled to be made public on September 26, 1994. The EIS will be evaluated by University staff and provided to the Board, and it will be presented for review at the October Regents' meeting. If everything goes well, the Environmental Quality Board will meet on December 15, 1994 to declare final adequacy of the EIS.


Markham reviewed the purpose of the air emissions permit and said the application was submitted on August 1, 1994. The draft permit publication is anticipated by late 1994 and issuance of the permit is expected in early 1995. New laws require quarterly emissions reporting by the University and central accountability for reporting must be ensured.

Markham reviewed upcoming University activities and decisions related to the steam plant renovation. The Board will be asked to decide on the Case 'A' or 'B' contract at the November and December 1994 meetings. Construction is anticipated to be completed in Fall 1997. Markham noted that the Southeast Plant has been nominated to the National Register of Historic Places, the University supports the nomination, and staff members are working closely with the Minnesota Historical Society on that issue.

Regent Keffeler encouraged Regents who were not members of the Board during the original steam plant discussions to study this issue prior to the November meeting.

Regent Roshia encouraged the administration to begin to identify individuals or departments within the University to explore research opportunities related to renewable resources.

The meeting adjourned at 11:20 a.m.


STEVEN BOSACKER
Executive Director and
Corporate Secretary

UNIVERSITY OF MINNESOTA

BOARD OF REGENTS

September 9, 1994

A meeting of the Board of Regents of the University of Minnesota was held on Friday, September 9, 1994, at 11:21 a.m. in the Regents' Room, 238 Morrill Hall.

Regents present: Bleyhl, Keffeler, Kim, Page, Perlman, Reagan, Rosha, and Sahlstrom. President Hasselmo presiding.

Staff present: Chancellor Johnson; Senior Vice Presidents Erickson and Infante; Provost Brody; Vice Presidents Allen, Brenner, George, Hopkins, and Imholte; General Counsel Rotenberg; Deputy Vice President Chou; Executive Director Bosacker; Associate Executive Director Janzen; Associate Vice Presidents Fischer, Johnson, Kvavik, Paschke, Pfitzenreuter, and Tschida.

APPROVAL OF MINUTES

The Board of Regents voted unanimously to approve the minutes of the following meetings:

Audit Committee - July 6, 1994
Facilities Committee - July 7, 1994
Financial Operations & Legislative Committee - July 7, 1994
Faculty, Staff & Student Affairs Committee - July 7, 1994
Educational Planning & Policy Committee - July 7, 1994
Committee of the Whole - July 7, 1994
Board of Regents - July 7, 1994
Committee of the Whole - July 8, 1994
Board of Regents - July 8, 1994
Board of Regents - July 28, 1994

ELECTION OF OFFICER

Chair Keffeler moved the following resolution:

RESOLVED, that Steven T. Bosacker is hereby elected as Corporate Secretary of the Regents of the University of Minnesota.

The Board of Regents voted unanimously to approve the resolution.

REPORT OF THE PRESIDENT

President Nils Hasselmo presented his monthly report, which pertained to the FY 1996-97 Biennial Budget Request; the University 2000 Partnership Initiative; University 2000 Critical Measures; organizational structure for Central Administration; the sale of the Minnesota Supercomputer Center, Inc.; investment performance; personnel items; and the 1994-95 *Gopher Guide*.

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

REPORT OF THE CHAIR

Chair Keffeler provided an update on the progress of the board assessment. She is in the process of appointing a citizens' committee and will announce the appointments at a later date. The current plan is for the assessment to be complete by the end of November.

Keffeler announced the appointment of the Regents' Nominating Committee for the University of Minnesota Health System Board of Governors. Regent Reagan will chair the committee with Regents Bleyhl and Hogan also serving. She added that the nominating process has also been under review and it is anticipated the process will be improved.

Keffeler addressed a new state law pertaining to ethics concerns and gifts to public officials. The impact of the legislation relating to members of the Board is currently being reviewed. In the interim, if there are questions regarding the law, Board members should contact either the Regents' Office or the Office of the General Counsel for clarification.

Keffeler reported that the Board discussed the matter of ethical conduct during its August retreat. Based on those discussions, the following resolution is moved for approval:

The Board of Regents has adopted a Code of Ethics policy which provides a guide to its members regarding their conduct as regents. The Board also concurs with the Regent Candidate Advisory Council's Candidate Conflict of Interest Statement.

The following procedure will be used in resolving concerns regarding the ethical conduct of regents.

- Any person who has a concern about the ethical conduct of a regent is encouraged to bring the concern directly to the attention of the member involved and to the attention of the Board Chair. If the concern involves the Board Chair, the matter should also be brought to the attention of the Vice Chair.
- Any regent may bring ethical conduct concerns to the attention of the Board.
- Any regent may request the appointment of an ad hoc committee, subject to the approval of the Board, to review an ethical conduct concern and to report findings and recommendations to the Board.

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

Keffeler also noted that she represented the Board at the annual event for the Continuing Education & Extension program.

RECEIVE AND FILE REPORTS

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

GIFTS

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

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

REPORT OF THE COMMITTEE OF THE WHOLE September 9, 1994

Chair Keffeler reported that the committee voted by a majority to recommend:

- a) Approval of resolution regarding Restructuring Central Administration, as follows:

WHEREAS, there are long-standing issues concerning the role of central administration as both the administration for the University of Minnesota as a system of campuses, and the administration for the Twin Cities campus, and

WHEREAS, there are long-standing issues concerning the role of certain vice presidents as having responsibility both for system-wide policy, planning, and decision making, and for representing the Twin Cities campus or segments thereof, and

WHEREAS, the University of Minnesota has embarked on an agenda of reforming its administrative structures, processes, and procedures in order to ensure efficiency and effectiveness, and

WHEREAS, the strategic planning and decision-making of *University 2000* place new demands on the administration of the University.

THEREFORE, BE IT RESOLVED, that the organization described below be adopted based on the following principles: explicit decision-making authority and accountability for Provosts and Chancellors as executives of three major parts of the Twin Cities campus, and the Crookston, Duluth, and Morris campuses, respectively; explicit staff responsibilities to the President for system officers; separation of system and campus responsibilities; separation of staff and line responsibilities; clear reporting lines; clear lines of consultation; well-defined responsibilities; manageable spans of responsibility; and minimal layers between faculty and key decision makers (flat organization).

BE IT FURTHER RESOLVED, that Provosts and Chancellors shall be the executive officers fully responsible for operations within their respective areas, and shall be directly accountable to the President for the achievement of results; Provosts and Chancellors shall exercise primary responsibility and accountability for developing and recommending to the President academic and financial priorities within their respective provostial areas and campuses; system officers shall support the President in developing academic and financial priorities among provostial areas and campuses and, on the basis

of the recommendations of Provosts and Chancellors, among colleges and major non-academic units; academic and financial decision-making processes for the system shall be developed and managed by system officers, and shall be implemented in an integrated and coordinated manner.

The new administrative structure will consist of the following elements:

1. The University's system officers shall consist of the Associate to the President, the Senior Vice President for Academic Affairs, the Senior Vice President for Finance and Operations, the Vice President for Institutional Relations, and the General Counsel.
2. The Office of the Senior Vice President for Academic Affairs shall have responsibility for the following functions: Research and Graduate Education, Undergraduate Education and Student Development, Outreach, Planning, Minority Affairs, Computing and Information Services, University Libraries, and selected other support functions.
3. The Office of the Senior Vice President for Finance and Operations shall have responsibility for the following functions: Treasurer, Finance and Budget, Facilities Management, Housing and Food Services, University Services, Health and Safety, Operations Development and Administrative Information Services (AIS), and selected other support functions.
4. Human Resources shall report jointly to the two Senior Vice Presidents as is now the case.
5. The Office of the Vice President for Institutional Relations shall have responsibility for the following functions: Development, Alumni Relations, University Relations, State Relations, and Federal Relations.
6. The Office of the General Counsel shall have responsibility for the University's legal affairs.
7. The three Chancellors of the coordinate campuses shall continue to report directly to the President with unchanged responsibilities.
8. The Twin Cities campus shall be divided into three major units, each headed by a Provost with executive/operational authority and accountability for the unit, and shall report directly to the President.

- Provost, Academic Health Center

Dentistry
Duluth Medical School
Medical School (Minneapolis)
Nursing
Pharmacy
Public Health
UM Health System
Veterinary Medicine

- Provost, Arts, Sciences, and Engineering

Biological Sciences
General College
Institute of Technology
Liberal Arts

- Provost, Professional Studies

Agriculture
Agricultural Experiment Stations
Architecture and Landscape Architecture
Carlson School of Management
Education
Human Ecology
Humphrey Institute
Law School
Minnesota Extension Service
Natural Resources

Interdisciplinary and intercollegiate activities shall be strongly encouraged both within provostial areas and across provostial areas and coordinate campuses.

In some instances, deans and directors may serve on the councils of provosts other than the one to whom their unit reports. For example, the Dean of Biological Sciences might serve on the councils of both the Provost for the Academic Health Center and the Provost of Professional Studies; the Dean of Veterinary Medicine and the Dean of the Institute of Technology also on the council of the Provost for Professional Studies.

The reorganization shall be effective on September 16, 1994, or as soon thereafter as Provosts can be appointed. (The Provostship for the Academic Health Center, previously authorized by the Board, became effective September 1, 1994, when Dr. William Brody took office.)

A motion was made and seconded, and the Board of Regents voted by a majority to approve the resolution with Regent Rosha voting against the motion.

Keffeler reported that the committee also reviewed the 1996-97 Biennial Budget Partnership Proposal; reviewed University 2000 Critical Measures; engaged in a discussion relating to Advancing University 2000 Partnerships; and received an update on the Steam Plant. In addition, recognition was given to Vice President Anne Petersen and Dean Richard Elzay.

**REPORT OF THE FACULTY, STAFF &
STUDENT AFFAIRS COMMITTEE**

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

- a) Approval of the Senior Vice President's Monthly Faculty, Staff & Student Affairs Report as contained in the docket material.
- b) Adoption of amended Regents' Policy on Phased Retirement and Terminal Leave/Early Retirement, as follows:

**PHASED RETIREMENT AND TERMINAL
LEAVE/EARLY RETIREMENT**

INTRODUCTION

The phased retirement is a voluntary option available only to tenured faculty members and academic professionals with continuous appointment for the purpose of facilitating change within units. Permission to offer this option must be obtained from the Senior Vice President for Academic Affairs by the responsible Vice President, Chancellor, Vice Provost, and/or Dean.

It must be demonstrated in a cover letter that the use of the phased retirement option, which is not available to the faculty and academic professional staff in general, is in the best interest of the University, that is, in keeping with specific programmatic goals or other special circumstances.

Any arrangement must be in writing and signed by the faculty member or academic professional, the appropriate academic administrator(s), and the Senior Vice President for Academic Affairs (or designee) before the terms become binding. An agreement may be changed only by mutual consent of the parties. Any amendment to the original agreement must comply with the policy, must be in writing, must be signed by the parties, and is not effective until signed by the Senior Vice President for Academic Affairs (or designee).

A. For this option the following stipulations apply:

1. Available only to tenured faculty members and academic professionals with continuous appointment who are at least 55 years of age.
2. Any agreement must include the proviso that the faculty member or academic professional agrees to take full retirement no later than five years after the commencement of the phased retirement. The retirement date must be specified.
3. Based on an annual 100 percent appointment term, the leave without salary must be for at least 25% and not more than 75 percent time. The employer's continuation of contributions to the State Plan medical, dental, and life insurance policies is dependent upon maintaining a 50 percent time salaried appointment. For appointments of 25 percent to 49 percent time, these policies may be continued at the employee's expense.
4. This option may not be combined with a Terminal Leave.
5. You may make one withdrawal each calendar year during the period of phased retirement. The maximum amount available each year is 10 percent of your Faculty Retirement account balance determined on the first day of the month in which the

withdrawal occurs. This withdrawal can only be made from funds in the pre-1989 403 (b) portion of the account. In addition to regular federal and state taxes, a 10 percent penalty may be assessed by the Internal Revenue Service if the withdrawal is made prior to age 59-1/2.

If an individual has an Optional Retirement Plan, and is over the age of 59-1/2, there are no restrictions on withdrawing monies from this plan. (NOTE: Investment companies may have their own restrictions on withdrawals. Please direct questions to the Employee Benefits office.)

6. The phased retirement agreement must be described in writing and signed by the faculty member or academic professional, the appropriate academic administrator(s), and the Senior Vice President for Academic Affairs (or designee).
7. This program does not replace the employee's benefit continuation rights under the Consolidated Omnibus Budget Reconciliation Act (COBRA).

B. The benefits for phased retirement are the following:

1. Contributions to the faculty member or academic professional's Faculty Retirement plan will be based on the unreduced salary subject to the application of section 415 of the Internal Revenue Code. Any contributions exceeding the limits under Section 415 of the Internal Revenue Code cannot be paid into the plan, but instead will be paid directly to the employee as cash and will be subject to federal and state income tax.
2. Optional Retirement Plan contributions are also subject to limitations under Sections 403(b) and 415 of the Internal Revenue Code, which take into account actual taxable salary and all retirement contributions. In some cases, these employee contributions may need to be discontinued or reduced.
3. FICA (Social Security plus Medicare) withholding is based on actual earnings.
4. The employee's State Plan medical, dental, and/or life insurance coverage under this program will end on the earliest of the following: 1) the date on which the phased retirement ends, 2) the last date through which any required employee contributions have been paid, 3) the last day of the pay period in which the employee dies, or 4) the 31st day following the date on which the employee becomes eligible for other group medical and/or dental coverage.

University contributions to State Plan medical, dental, and life insurance will end on the earlier of 1) the date on which the coverage under this

program ends, or 2) the date on which the leave of absence without salary exceeds 50% of a 100% time appointment.

5. Faculty Group Disability Insurance will be continued but, in the event of certification of disability, payments may not exceed the level of the phased retirement actual salary.
6. The Faculty Group Term Life Insurance will be continued.

II. TERMINAL LEAVE

INTRODUCTION

The terminal leave is a voluntary option available only to tenured faculty members and academic professionals with continuous appointment for the purpose of facilitating change within units. Permission to offer this option must be obtained from the Senior Vice President for Academic Affairs by the responsible Vice President, Chancellor, Vice Provost, and/or Dean.

It must be demonstrated in a cover letter that the use of the terminal leave option, which is not available to the faculty and academic professional staff in general, is in the best interest of the University, that is, in keeping with specific programmatic goals or other special circumstances.

Any arrangement must be in writing and signed by the faculty member or academic professional, the appropriate academic administrator(s), and the Senior Vice President for Academic Affairs (or designee) before the terms become binding. An agreement may be changed only by mutual consent of the parties. Any amendment to the original agreement must comply with the policy, must be in writing, must be signed by the parties, and is not effective until signed by the Senior Vice President for Academic Affairs (or designee).

- A. This terminal leave option contains the following stipulations:
 1. Available only to tenured faculty members and academic professionals with continuous appointment who are at least 52 years of age and who have held academic appointments at the University of Minnesota for at least ten years.
 2. The salary payment will be made only as specified in II.B.1 below. A terminal leave may be approved for a minimum of one annual contract year and a maximum of 36 months.
 3. This plan may not be combined with a phased retirement.
 4. The faculty member or academic professional may continue Continuing Education and Extension (CEE) activities but may not engage in other University duties for additional pay during the terminal leave.

5. You may make one withdrawal each calendar year during the period of terminal leave. The maximum amount available each year is 10 percent of your Faculty Retirement account balance determined on the first day of the month in which the withdrawal occurs. This withdrawal can only be made from funds in the pre-1989 403(b) portion of the account. In addition, to regular federal and state taxes, a 10 percent penalty may also be assessed by the Internal Revenue Service if the withdrawal is made prior to age 59-1/2.

If an individual has an Optional Retirement Plan and is over the age of 59-1/2, there are no restrictions on withdrawing monies from this plan. (NOTE: Investment companies may have their own restrictions on withdrawals. Please direct questions to the Employee Benefits office.)

6. In the event that the employee takes other full-time employment prior to the end of the terminal leave, the employee must notify the Senior Vice President for Academic Affairs. The University will cease salary payment as of the effective date of the new employment. Contributions to retirement plans are based on actual earnings. University contributions to medical and dental coverage will end under the conditions in II.B. 5.
7. For Social Security purposes, the payments received while on terminal leave may be considered wages and subject to the annual Social Security earning test. This would disqualify a faculty member or academic professional from receiving Social Security retirement benefits while on terminal leave.
8. The terminal leave agreement must be described in writing and signed by the faculty member or academic professional, the appropriate academic administrator(s), and the Senior Vice President for Academic Affairs (or designee).
9. This program does not replace the employee's benefit continuation rights under the Consolidated Omnibus Budget Reconciliation Act (COBRA).

B. The benefits for terminal leave are the following:

1. The terminal leave provides payment equal to one year's current annual contract salary. The duration of the terminal leave with payment on regular payroll may be for a minimum of one contract year up to a maximum of 36 months. In the event the employee dies or commences full-time employment during the period of the terminal leave, salary payments under this program will cease. The employee must be available for telephone consultation for the duration of the terminal leave. Termination from University employment be-

comes effective on the end date of the terminal leave.

2. Contributions to the faculty member or academic professional's retirement plan will be based on the actual salary paid on regular payroll.
 3. Optional retirement plan contributions are subject to limitations under Section 403(b) and 415 of the Internal Revenue Code, which take into account actual taxable salary and all retirement contributions. In some cases, these contributions may need to be discontinued.
 4. FICA (Social Security plus Medicare) withholding is based on actual earnings.
 5. The employee's state plan coverage under this program will end on the earliest of the following: 1) the date on which the terminal leave ends, 2) the last date through which any required employee contributions have been paid, 3) the last day of the pay period in which the employee dies, or 4) the 31st day following the date on which the employee becomes eligible for other group medical and/or dental coverage.
 6. Group term life insurance policies under the State Plan Insurance and Faculty Insurance will cease at the start of the terminal leave.
 7. Faculty Group Disability Insurance can only be continued at the \$200 monthly coverage level at the employee's expense.
- c) Approval of resolution regarding Collective Bargaining Agreement with Faculty of the University of Minnesota, Duluth (UMD), as follows:

WHEREAS, the parties have met and negotiated over the course of the past year and have reached agreement regarding terms and conditions of employment regarding the employees of this bargaining unit; and

WHEREAS, the University Education Association has ratified acceptance of the agreement; and

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

NOW, THEREFORE, BE IT RESOLVED, that on the recommendation of the President, the Senior Vice President for Academic Affairs, and the Senior Vice President for Finance and Operations, the Board of Regents approves this labor agreement as outlined in the docket for September 8, 1994.

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

Anderson reported that the committee also reviewed a Report on the Office of Disabilities and the Report of the University Task Force on Financial Aid.

REPORT OF THE FACILITIES COMMITTEE

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

- a) Approval of the Senior Vice President's Monthly Facilities Report as presented to the committee and contained in the docket material.
- b) Approval of resolution regarding amendments to the FY 95 Capital Budget, as follows:

RESOLVED, that on the recommendation of the President and the Senior Vice President for Finance and Operations, the FY 1995 Capital Budget is hereby amended to incorporate budget and scope increases for the following projects:

- A. Carlson School of Management Building
Twin Cities Campus
Original estimated cost of the project: \$48,010,000
Increase in project cost: \$2,300,000
Funding for increased scope: Parking Services
Estimated completion date: June 1997
- B. Washington Avenue Replacement Ramp,
Twin Cities Campus
Original estimated cost of the project: \$12,496,500
Increase in project cost: \$810,900
Total estimated cost of the project: \$13,307,400
Funding for increased scope: Internal Loan and available Parking Services Revenue Funds; Center for Transportation Studies Operating and Federal Funds; and Operating Funds - Campus Health & Safety, Police, Transit Services
Estimated completion date: June 1995

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

Rosha reported that the committee also reviewed two proposed real estate transactions relating to: 1) a land exchange between the West Central Experiment Station in Morris and Riley Brothers Construction; and 2) a proposed sale of Salt Spring Lands in St. Louis County. In addition, he reported that the committee received an updated report on deferred maintenance.

REPORT OF THE FINANCIAL OPERATIONS & LEGISLATIVE COMMITTEE

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

- a) Approval of the Senior Vice President's Monthly Financial Operations and Legislative Report as presented in the docket material and filed in the Regents' Office.
- b) Approval of resolution regarding 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 purchase/contracts over \$250,000 to the following:

- Candle Corporation for mainframe software maintenance at \$346,627 for Administrative Information Services for the period of 7/1/94-6/30/97;
- Harlan Sprague Dawley for lab animals as ordered by Research Animal Resources department for the period of 9/9/94 - 6/30/95 at an estimated \$500,000;
- Higham Whitridge for \$4,000,000 for student health insurance for Boynton Health Service for the period of 9/17/94 - 9/16/95; and
- Johnson & Higgins for \$499,478 for new University of Minnesota property insurance program for the period of 9/1/94 - 9/1/95.

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

Page reported that the committee reviewed details of a proposed agreement for the sale of the Minnesota Supercomputer Center, Inc. to Cray Research. She reported that it was the consensus of the committee to forward the following resolution to the Board for approval with the notation that the basic elements of the transaction as discussed in the committee are an appropriate basis for a definitive agreement:

WHEREAS, the University of Minnesota (the "University") and the University of Minnesota Foundation (the "Foundation") own all the issued and outstanding shares of common and preferred stock (collectively, the "Shares") of Research Equipment Inc., which does business under the name "Minnesota Supercomputer Center" (the "Center"); the University owns the land and a building located at 1200 Washington Avenue in Minneapolis, Minnesota (the "Building"), which it leases to the Center under an Agreement of Lease, effective as July 1, 1992 (the "Lease"); and the University purchases certain supercomputing services from the Center under a certain Computing Services Agreement; and

WHEREAS, the University and the Foundation were approached to sell their interests in the Center and agreed to consider offers to purchase all the Shares or all the assets of the Center, and therefore retained Piper Jaffray and Hopwood ("Piper") to advise them on such a transaction; and

WHEREAS, the University and the Foundation have discussed with Cray Research Inc. its purchase of the Shares subject to all of the obligations of the Center, including the Lease and the Computing Services Agreement; and

WHEREAS, on September 6, 1994, the University, the Foundation and Cray executed and delivered a Letter of Intent, setting forth, among other items, the terms under which the University and the Foundation would agree to sell the Shares to Cray; and

WHEREAS, Piper has reviewed the Letter of Intent and various other documents and records and delivered to the University and the Foundation its opinion that the proposed sale of the Shares, on the terms and conditions set forth in the Letter of Intent, would be fair to the two shareholders; and

WHEREAS, the University has requested and received two appraisals of the Building each of which determined that the rent the University proposes to charge Cray under the Lease for its use of the Building during the initial lease term is equivalent to a market rate rent for comparable facilities; and

WHEREAS, the administration believes the sale of the Shares and the transfer of the lease of the Building to and the purchase of supercomputing services from Cray will ensure that faculty, staff, and students continue to have access to supercomputing services and is in the best programmatic and financial interest of the University;

NOW, THEREFORE, BE IT RESOLVED, that the Board of Regents' directs the administration to comply with Minnesota law that requires the University, prior to selling its Shares, to present its plan for the sale and for meeting its supercomputing needs to the higher education finance divisions of the Minnesota State Legislature; the Board further directs the administration to satisfy such mandate by informing members of the Minnesota Legislature of the terms of the proposed sale and providing copies of the pertinent documents; and

BE IT FURTHER RESOLVED, that the terms and conditions of the University's sale of all the Shares, lease of the Building, and purchase of supercomputing and other related services as set forth in the Letter of Intent are hereby approved and the University's execution and delivery of the Letter of Intent is hereby ratified, provided the lease be amended (i) to grant the University the option, but not the duty, to lease certain additional space in the Building, and (ii) to terminate the current renewal options and to grant Cray, if it requests, renewal options at then market rate rents; and

BE IT FURTHER RESOLVED, that the President is hereby authorized, empowered and directed to negotiate, execute and deliver on behalf and in the name of the University definitive agreements to sell the Shares to Cray, to lease the Building, and to purchase supercomputing and other related services all consistent with the terms of the Letter of Intent and such other agreements with Cray or documents and instruments as are in his opinion necessary and desirable for the University to enter into to effectuate the intent of these resolutions; and

BE IT FURTHER RESOLVED, that the Senior Vice President for Finance and Operations shall report to this Board of Regents on the status of this transaction at its October, 1994 meeting.

A motion was made and seconded to approve the resolution.

It was noted that there were still details to be negotiated, however, those details are all consistent with the terms that were presented at the committee meeting.

The Board of Regents voted unanimously to approve the resolution.

Page reported that the committee also reviewed the Quarterly Purchasing Report.

REPORT OF THE EDUCATIONAL PLANNING & POLICY COMMITTEE

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

- a) Approval of the Senior Vice President's Monthly Educational Planning and Policy Report as presented in the docket material.
- b) Approval of resolution regarding Strategic Planning: The Diversity Initiative and Critical Measures, as follows:

WHEREAS, as stated in the University 2000 resolution passed on January 14, 1994, the University of Minnesota is committed to an open exchange of ideas in an atmosphere of mutual respect, free from racism, sexism, and other forms of prejudice and intolerance; to an effective response to changing demographics and to an increasingly diverse society; to providing affordable higher education, with access unlimited by economic and social background; and to addressing the needs of the many communities the University serves.

NOW, THEREFORE, BE IT RESOLVED, that in reaffirming its commitment to achieving excellence through diversity, the University will add to the five strategic areas approved on January 14, 1994, a sixth strategic area on diversity, in order to focus and strengthen its efforts in this critically important area; and that each campus and academic and support unit will be directed to develop appropriate actions to implement this additional strategic direction, consistent with its own unique role.


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 annual plan to add or discontinue academic programs and reviewed information regarding the Frederick R. Weisman Art Museum as part of the Academic Report Series.

REPORT OF THE AUDIT COMMITTEE

Regent Page, reporting for the Chair of the committee, indicated that the committee received an update by the Department of Audits; received an update on the Institutional Review Board process; and reviewed the University's procurement process.

The meeting adjourned at 11:55 a.m.


STEVEN BOSACKER
Executive Director &
Corporate Secretary

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**UNIVERSITY OF MINNESOTA
BOARD OF REGENTS**

MINUTES

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

October 13, 1994

Office of the Board of Regents

220 Morrill Hall

UNIVERSITY OF MINNESOTA

BOARD OF REGENTS

Minutes of the Board of Regents' Meetings
and Regents' Committee Meetings

October 13, 1994

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UNIVERSITY OF MINNESOTA

BOARD OF REGENTS

Facilities Committee

October 13, 1994

A meeting of the Facilities Committee of the Board of Regents was held on Thursday, October 13, 1994, at 10:25 a.m. in the Regents' Room, 238 Morrill Hall.

Regents present: Roshka, presiding; Bleyhl, Kim, Perlman, Peterson and Reagan.

Staff present: Chancellor Sargeant; Senior Vice President Erickson; Associate Vice Presidents Hewitt and Markham; Associate Executive Director Janzen; Assistant Vice President Tschida.

Student Representatives present: Scott Burnes and Shawn Poulter.

SENIOR VICE PRESIDENT'S MONTHLY REPORT

Senior Vice President Robert Erickson presented the Senior Vice President's Monthly Report for October 1994.

Erickson called attention to a publication titled Pipeline, a newsletter prepared by Facilities Management, noting several articles that might be of interest to the committee.

Erickson also noted that authorization from the federal government has been received to proceed with plans for a federal prison to be located on the Waseca campus.

Chair Roshka indicated that he feels this is a strong move for the community of Waseca and the economy of the State of Minnesota.

Erickson also reported on plans for the ALG facility, indicating that a decision on the future of the facility is still pending.

Regent Kim stated that she would like to be apprised of the recommendations of the Space Advisory Committee relating to the ALG facility. She expressed concern about the future of the facility, indicating that the building cost approximately \$13 million to construct and is a state-of-the-art building. She feels it is important that the future of the building be determined by central administration and that the facility should be utilized for research, teaching and outreach.

Erickson responded that this issue is of critical importance and that a final determination on the future of the facility will not be made until all factors are considered.

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

AMENDMENTS, FY 1995 CAPITAL BUDGET

A motion was made and seconded to recommend approval of the following resolution relating to an amendment to the FY 1995 Capital Budget:

RESOLVED, that on the recommendation of the President and the Senior Vice President for Finance and Operations, the FY 1995 Capital Budget is hereby amended to incorporate the following project:

- A. Washington Avenue Pedestrian Bridges Repair
Twin Cities Campus
Estimated cost of the project: \$470,000
Funding: Reallocation of 1992 Capital Appropriation for Repair and Betterment
Estimated completion date: September 1995

Assistant Vice President Tschida and Linda McCracken-Hunt, Director of Project Development, reported on this item. McCracken-Hunt noted a change in the project since it was reviewed with the committee September 8, 1994. The original plan was to permanently close the east bridge and repair the west bridge. The footbridge site is currently the planned location for a Light Rail Transit (LRT) station. After hearing the comments from the committee last month and receiving additional comments from members of the community, a decision has been made, however, to repair both footbridges on a short-term basis until a decision is made on the future of LRT. The decision on the LRT is expected within the next five years. The recommended repair on the footbridges will provide an additional service life of five to ten years.

The committee voted unanimously to recommend approval of the resolution.

REAL ESTATE TRANSACTIONS FOR ACTION

Sale of 579 Wells Street St. Paul, Minnesota

A motion was made and seconded to recommend approval of the following resolution relating to the sale of 579 Wells Street:

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 579-591 Wells Street located in St. Paul, Minnesota, to the American Indian Health Clinic, for the sum of \$100,000.

The committee voted unanimously to recommend approval of the resolution.

In response to a question from Regent Reagan, Susan Weinberg described requirements by the Environmental Protection Agency (EPA) that are followed by the University when buying or selling property.

**Acquisition by Eminent Domain of Unused Portion
of Burlington Northern Railroad Right-of-Way
15th to 18th Avenues SE, Minneapolis**

A motion was made and seconded to recommend approval of the following resolution relating to the acquisition of right-of-way in Minneapolis:

RESOLVED, that on the recommendation of the President and Senior Vice President for Finance and Operations, the appropriate administrative officers are authorized to commence eminent domain proceedings for the purpose of acquiring fee simple absolute title to, and possession of, prior to the making of any award by the court-appointed commissioners and as soon as may be allowed by law, approximately 1.65 acres of Burlington Northern Railroad right-of-way that is no longer used for railroad purposes.

The committee voted unanimously to recommend approval of the resolution.

REAL ESTATE TRANSACTIONS FOR REVIEW

**Sale of 20 Acres at Research and Field Studies Center, Duluth Campus
to Lake Park Little League, Inc.**

Associate Vice President Clinton Hewitt reported that the Board of Regents reviewed the proposed sale of 190 acres of land at the Research and Field Studies Center at Duluth in May 1994. The land is no longer needed for educational or research-related activities by the Duluth campus. The property has been surveyed into eight properties and appraised. Five of the parcels are being offered for sale to existing tenants.

Hewitt reported that Lake Park Little League, Inc., currently a tenant of a 20-acre tract of the land, is interested in purchasing the land. The subject property was appraised at \$10,500 and would be sold for \$11,075, representing the appraised value, plus the appraisal and survey charges attributable to the property.

Regent Perlman asked why the committee was being asked to approve the individual parcels rather than the entire parcel of 190 acres.

Senior Vice President Robert Erickson responded that the current procedure for sale of University property will bring each parcel before the committee for approval. He indicated that he would be happy to review this process with committee members and establish guidelines for the sale of property if the committee desired.

**Sale of Five Acres at Crookston Campus to
City of Crookston for Valley Ventures Park**

Chancellor Donald Sargeant reported on the proposed sale of approximately five acres of land on the Crookston campus to the City of Crookston.

Sargeant reported that the proposed tract of land is located at the northeast edge of the Crookston campus. Currently, this land is not utilized by the University. The proposal is to sell the land to the City of Crookston for a

nominal fee for the development of a business incubator park (Valley Ventures Park). The University's role would be to contribute the five acres of land. The University would then be one member of the venture park board. The University would retain an option to repurchase the property at the same price in the future if no longer needed for Valley Ventures Park.

Regent Perlman asked if the University has any financial exposure if the venture incubator park does not succeed.

Sargeant responded that all of the financing for the physical structure would be the obligation of the City of Crookston, and the University is not obligated to invest in the operation of the business facility.

Regent Reagan stated that often industrial parks are not fully occupied and industries are sought to fill the empty space. He encouraged the administration to include protective clauses in the contract regarding protection of the surrounding environment.

QUARTERLY REPORT ON THE FY95 CAPITAL BUDGET

Associate Vice President Susan Markham presented the first Quarterly Report on the FY95 Capital Budget.

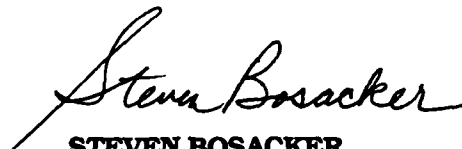
Markham reported that the FY95 Capital Budget included 243 projects including amendments. During the first quarter, 20 projects were completed, three projects were put on hold and two projects were terminated, leaving a total of 218 projects in process.

A list of 12 amendments to the FY95 Capital Budget was presented. One item related to an increase in funding for the Marching Band Outdoor Practice Facility Paving Project. The remaining 11 amendments related to the Twin Cities Campus Repair and Replacement Budget. These items were the result of the need to reconcile an over-commitment of resources and to adjust priorities based upon need.

A motion was made and seconded to recommend approval of the resolution to approve the Quarterly Report on the first quarter of the FY95 Capital Budget.

The committee voted unanimously to recommend approval of the resolution.

The meeting adjourned at 11:30 a.m.



STEVEN BOSACKER
Executive Director and
Corporate Secretary

UNIVERSITY OF MINNESOTA

BOARD OF REGENTS

Financial Operations & Legislative Committee

October 13, 1994

A meeting of the Financial Operations & Legislative Committee of the Board of Regents was held on Thursday, October 13, 1994, at 8:30 a.m. in the Regents' Room, 238 Morrill Hall.

Regents present: Page, presiding; Keffeler, Neel, Perlman and Reagan.

Staff present: Senior Vice President Erickson; Vice President George; Executive Director Bosacker; Associate Vice President Paschke; Assistant Vice President Tschida.

Student Representatives present: Sara Nienow and Cecil Smith.

SENIOR VICE PRESIDENT'S MONTHLY REPORT

Senior Vice President Robert Erickson presented the Senior Vice President's Monthly Report for October 1994.

Erickson reported that the transfer of the Minnesota Supercomputer Center Inc. to Cray Research, Inc. is scheduled to proceed on October 19, 1994.

Erickson noted Section II of the report regarding Central Reserves. He noted that the report reflects a balance as of August 31, 1994 of \$(6,854,876). The projected balance on June 30, 1995 is \$8,196,416, however, the FY95 budget plan has not yet been revised in view of the \$13 million loss in FY94. This revision may cause the projected balance for June 30, 1995 to be different than previously anticipated. A revised budget plan will be presented to the Board in November 1994.

In addition, Erickson reported that the General Contingency Fund Balance as of September 30, 1994 is \$2,388,708, noting that several items contained in the report are subject to Board approval due to their costs being \$250,000 or more.

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

PURCHASE OF GOODS/SERVICES OVER \$250,000

Senior Vice President Robert Erickson presented a resolution relating to the purchase of goods/services over \$250,000. A motion was made and seconded to recommend approval of the following resolution:

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

- General Office Products for Hewlett Packard printer toner cartridges to be furnished for the period 10/14/94 to 5/21/95 at an estimated \$347,000; and
- Medicine Lake Lines for commuter and inter-campus bus services for the period July 1, 1995 to June 30, 1997 at an estimated net cost of \$2.25 million for FY96 and \$2.36 million for FY97.

Erickson called attention to the proposed contract with Medicine Lake Bus Lines. He reported that the University has a contract with Medicine Lake Bus Lines to provide commuter and inter-campus bus service which will expire June 30, 1995. Under ordinary circumstances, the Board would be asked to approve a request for proposal so the process of establishing a new bus contract could begin. However, this year several factors have caused the administration to request an extension of the current contract:

1. The administration would like to consider phasing the University out of commuter bus service.
2. New legislation eliminated the Board of the Metropolitan Transit Commission (MTC) July 1, 1994 and the Regional Transit Board (RTB) October 1, 1994. Both factions were placed directly under the Metropolitan Council, which will form a transportation division and appoint a director of transportation and manager of transit operations. It will be difficult to obtain significant policy decisions in the interim.
3. A new University master plan will be developed during the next 18 months which will address campus transportation issues.

Erickson reported that a two-year agreement extension and commitment of \$1,075,000 was approved by the RTB in September 1994. The total cost of the contract is estimated at \$3.28 million for FY96 and \$3.41 million for FY97. Taking farebox revenues and the RTB subsidy into consideration, it is anticipated that the net cost to the University will be approximately \$2.25 million for FY96 and \$2.36 million for FY97.

In answer to a question from Regent Keffeler, Assistant Vice President Paul Tschida provided a brief history on how the University became involved with providing commuter and inter-campus bus service.

In response to a question from Regent Reagan, Tschida stated that the University will have to be assured that other entities will be providing service to the University before the current service is discontinued.

ANNUAL REPORT ON ASSET AND DEBT MANAGEMENT

Associate Vice President Roger Paschke and Professor Timothy Nantell, Chair of the Asset and Debt Management Advisory Committee, participated in the presentation of the Annual Report on Asset and Debt Management.

Paschke distributed the 1994 Investment Report and reviewed the Annual Report on Asset and Debt Management, indicating that the current value of funds as of June 30, 1994 was \$922.7 million. He addressed the \$314.6 million Consolidated Endowment Fund, noting that the fund had grown from \$129.2 million to the current \$314.6 million over the past 10 years. The fund returned 14.5 percent annualized over the past 10 years which compares to 12.9 percent for the average endowment nationally and to the State of Minnesota combined return of 12.8 percent. The return is in the top quartile of endowments. He noted that the University's endowment has broader diversification of asset classes and higher returns than the average of endowments funds.

Paschke reviewed compounded annual returns for stocks, bonds, money market funds, the consolidated endowment fund, and long-term and short-term reserves. He reviewed a summary of the University arbitrage program, which is managed by First Capital Strategists in York, Pennsylvania. The fiscal year net return was \$5 million and the program has provided a net return of \$68.3 million since its inception, including University Foundation earnings of \$4.3 million.

Paschke reported that the University's bonded debt as of August 31, 1994 totals \$316.7 million. He reviewed the University's debt ratings, and the savings of approximately \$43 million in debt service since 1985.

Nantell spoke briefly to the committee indicating that the advisory committee would like to look at the issue of expenditure rate, noting that it is an issue that can cause problems if not given careful thought. The committee would like to review the process by which money managers are selected and reviewed.

Nantell also stated that Regent Page has been attending meetings of the Asset and Debt Management Advisory Committee, noting that committee members feel her attendance is significant and an added means of communication to the Board of Regents.

Regent Perlman addressed the issue of losses in the Piper Capital Management portfolio. He stated that there is danger in overreacting as well as danger in underreacting. He stated that the Board has a responsibility to review the issue and to report to the governor, the legislature and the State of Minnesota. In that regard, he moved the following motion:

1. Work with the Board (a) to define the Board's responsibility for the invested assets of the University and (b) to develop a process to carry out that responsibility.
2. Obtain a legal analysis of the University's legal position relating to the losses in the Piper Capital Management portfolio.
3. Develop a strategy for communicating the larger context of the management and performance relating to the University's invested assets and debt to the legislature and the community, and identify the appropriate individuals to convey the strategy.


The motion was seconded.

Regent Neel stated that he is supportive of bringing the Regents' fiduciary responsibility into focus, however, he would also like to keep the issue in perspective, indicating that the positive performance of the investment groups should be communicated as well.

Regents spoke in favor of Regent Perlman's motion and agreed with Regent Neel that the entire message on the University's investment performance should be communicated.

The committee voted unanimously to recommend approval of the motion.

The meeting adjourned at 3:15 p.m.


STEVEN BOSACKER
Executive Director and
Corporate Secretary

UNIVERSITY OF MINNESOTA

BOARD OF REGENTS

Faculty, Staff and Student Affairs Committee

October 13, 1994

A meeting of the Faculty, Staff and Student Affairs Committee of the Board of Regents was held on Thursday, October 13, 1994, at 10:25 a.m. in Room 300, Morrill Hall.

Regents present: Neel, presiding; Hogan, Keffeler, Page and Sahlstrom.

Staff present: Chancellor Johnson; Senior Vice President Infante; Vice Presidents Allen, George, Hopkins and Imholte; Executive Director Bosacker; Associate Vice Presidents Carrier and Johnson; Director Mullen; Assistant Provost Spector.

Student Representatives present: Colleen Foster and Valerie Nowacki.

SENIOR VICE PRESIDENT'S MONTHLY REPORT

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

- Establishment of a search committee for a new Dean of the Law School, chaired by Professor Phillip Frickey;
- Appointment of Fred L. Morrison as Acting Dean of the Law School, effective December 1, 1994;
- Promotions, honors, and awards received by University faculty, staff, and students, including the award by the Ford Foundation of \$225,000 to the Humphrey Institute's International Women's Rights Action Watch to support public education and women's rights monitoring activities, receipt by Professor Margaret Hostetter of the national Award for Excellence in Pediatric Research from the American Academy of Pediatrics, and receipt by Regents' Professor Paul Quie of the 1994 Bristol Award from the Infectious Disease Society of America;
- Programs and events, including establishment of the Residential College program and the Building Bridges with Students and Faculty small grants program; and
- Initiative by the Office of the Registrar to teach new students in selected colleges how to register using the University's new "Self-Registration System."

In response to Regent Neel, Vice President Anne Hopkins discussed the Residential College pilot project, which provides integration of the residential, social and educational experiences for 94 freshmen in Territorial Hall.

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

UPDATE ON THE ACTIVITIES OF THE COMMISSION ON WOMEN

Associate Vice President Carol Carrier led the discussion regarding the Commission on Women and introduced Assistant Provost Janet Spector, chair of the commission.

Spector reported that the Commission on Women was established in 1988 to provide leadership to the University community in implementing Minnesota Plan II, a system-wide initiative to improve the work and learning environments at the University. The commission targets four primary areas of the environment: recruitment and retention of women; curriculum and classroom climate; institutional decision-making; and administrative accountability. Unit-based planning groups, including the Women in Sciences and Engineering and Civil Service/Bargaining Unit Initiatives, have been actively involved in these efforts.

Spector discussed the commission's successes, including awarding small grants to faculty, staff or students who suggest projects that emphasize diversity which will improve the climate for women; programming for untenured women faculty; improving the search and recruitment process; and developing a mentoring pilot project.

In summary, Spector stated that continued success will require combining constituency involvement and administrative support, recognizing efforts, linking projects to the work of departments, targeting projects appropriately, and developing creative partnerships across diversity initiatives and with deans and department heads.

In response to Regent Sahlstrom, Spector stated that people get involved in activities such as mentoring when they realize it is in their best interest to do so. Regent Hogan suggested that recognition of mentoring activities will encourage others to participate.

In response to Regent Page, Carrier noted that the University has used the Conflict and Change Center for informal conflict resolution. Spector discussed efforts to prepare units for first women faculty or people of color by trying to anticipate areas of stress or awkwardness.

In response to Regent Neel, Senior Vice President Ettore Infante reported that approximately 50 percent of undergraduate students are women, the percentage of women in graduate programs varies depending on the college and discipline, and 23 percent of faculty are women.

UPDATE ON THE ACTIVITIES OF THE TRAINING PROJECT FOR THE PREVENTION OF VIOLENCE AND HARASSMENT

Senior Vice President Ettore Infante introduced the discussion regarding the Training Project for the Prevention of Violence and Harassment, which was mandated by state law in 1993 for all faculty, staff and students.

Associate Vice President Carol Carrier presented an update on activities since 1993 related to the project. Training seminars were conducted in fall quarter 1993 and 1994 for approximately 3,000 campus leaders, including the Board of Regents. In addition, training was provided to all student orientation leaders for the training of approximately 6,000-8,000 incoming freshmen and transfer students. Carrier

introduced Program Director Claudia Wallace-Gardner, stating she has approached this project with energy and creativity.

Wallace-Gardner stated that goals of the Training Project for the Prevention of Violence and Harassment are to:

- increase awareness of sexual and other forms of harassment and violence at the University;
- provide information so resources can be used to prevent violence and harassment on campus; and
- increase awareness about the possible causes and effects of violence and what it does to our campus.

She discussed 1993-94 activities, noting that external trainers were used and they will continue to provide administrative training in 1994-95. An evaluation instrument was developed to obtain feedback about the quality of training sessions during the first year.

Wallace-Gardner said the goals for 1994-95 and beyond include conducting 200 training sessions, completing a training program brochure, continuing orientation training during winter and spring quarter with New Student Programs, assessing the need for follow-up training, and continuing to collaborate with other Minnesota post-secondary institutions.

Wallace-Gardner stated that the program has received good feedback and the hope is to improve the campus climate for everyone. Patricia Mullen, Director of the Office of Equal Opportunity and Affirmative Action, noted that her office will start providing second-level training for supervisors to address sexual harassment issues in response to feedback received at the seminars.

In response to issues raised by Regent Keffeler, Wallace-Gardner stated she thinks the University's policy is complete and the program receives tremendous administrative support. She suggested that devoting two days each year to training and inviting Regents to participate in various sessions on campus would increase the program's visibility. Mullen noted that the Sexual Harassment Board is currently reviewing the sexual harassment policy and proposed changes will be presented to the Board.

In response to Regent Hogan, Spector stated that no academic institutions are successful in every area in developing a nurturing climate for women.

In response to Regent Neel, Wallace-Gardner and Spector discussed how outcomes of the program will be measured. Mullen noted that baseline data exists for sexual harassment as a result of a University-wide survey five years ago, but the survey did not address violence and its causes. The measurements will be done by a credible outside group.

The meeting adjourned at 11:30 a.m.


STEVEN BOSACKER
Executive Director and
Corporate Secretary

UNIVERSITY OF MINNESOTA

BOARD OF REGENTS

Educational Planning and Policy Committee

October 13, 1994

A meeting of the Educational Planning and Policy Committee of the Board of Regents was held on Thursday, October 13, 1994, at 8:40 a.m. in Room 300, Morrill Hall.

Regents present: Sahlstrom, presiding; Bleyhl, Hogan, Kim, Peterson and Rosha.

Staff present: Chancellors Johnson and Sargeant; Senior Vice President Infante; Vice Presidents Allen, Brenner, George, Hopkins and Imholte; Associate Executive Director Janzen; Associate Vice Presidents Johnson and Riley.

Student Representatives present: Scott Burnes and Shawn Poulter.

SENIOR VICE PRESIDENT'S MONTHLY REPORT

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

- Acknowledgment by the American Dietetic Association (ADA) of the Developmental Accreditation of the Dietetic Internship by the ADA Council on Education, Division of Accreditation Approval;
- A proposed master academic plan for the Rochester Center was presented to the Technical College Board, the plan was not approved by that board, and the academic plan will be presented to the Board of Regents at the November meeting before it is forwarded to the Minnesota Higher Education Coordinating Board by December 1, 1994;
- Development by the School of Social Work of a Master of Social Work Weekend Studies Option and an Advance Clinical Studies Program to bring the University's educational mission closer to its statewide and regional constituents;
- Award of two additional grants for 1995 by the Office of the Vice President for Research and Dean of the Graduate School to the Center for Developmental Biology and Interdisciplinary Outcomes Research on Transplantation for interdisciplinary research and postbaccalaureate education;
- Participation by the University in the Pew Higher Education Roundtable;

- Renewal of the Army High Performance Grant;
- Minnesota Higher Education Coordinating Board (MHECB) items, including preparation of three MHECB staff background papers on topics concerning student financing of their education, highlights of the MHECB report on *Changes Since 1988-89 in Minnesota Postsecondary Programs with Low and Declining Numbers*;
- National reports, including the University's rankings in the *U.S. News & World Report* 1995 Annual Guide to "America's Best Colleges" and its rankings in the *U.S. News & World Report* list of best values according to sticker price; and
- The Winter 1994 Final Report: Future Work Committee issued by the Minnesota Department of Economic Security, which shows that the programs at the University of Minnesota, Crookston are on target.

In response to Regent Rosha, Infante discussed the University's activities related to the Army High Performance Grant. They include providing access to high performance computing equipment, faculty participating in joint research activities with faculty from historically Black colleges, and offering summer programs to 25-30 students from historically Black colleges who have a strong interest in graduate work. Regent Rosha noted that this is an example of how the University's investment in the Minnesota Supercomputer Center has paid off.

In response to Regent Sahlstrom, Research Associate Darwin Hendel discussed the programs offered by Cardinal Stritch College, Milwaukee, Wisconsin, which is fully accredited by the North Central Association.

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

ANNUAL PLAN TO ADD OR DISCONTINUE ACADEMIC PROGRAMS

Senior Vice President Ettore Infante presented the proposed annual plan to add or discontinue academic programs to the committee for approval. He discussed the following additional program changes:

Duluth Campus

- Major and minor in Environmental Studies (Bachelor of Arts), College of Liberal Arts
- Major in American Indian Studies (Bachelor of Arts), College of Liberal Arts
- Name change from Computer Engineering to Electrical and Computer Engineering, College of Science and Engineering

Vice Chancellor Sandra Featherman, University of Minnesota, Duluth (UMD), discussed the proposed major and minor in Environmental Studies and noted that three faculty positions have been allocated to the program and two more will be allocated over the next several years.

Timothy Holst, Associate Dean of the College of Science and Engineering at UMD, reported that no additional costs will result from the proposed name change from

Computer Engineering to Electrical and Computer Engineering, College of Science and Engineering. Regent Hogan stated he recently visited UMD and noted that this program has significant support.

Twin Cities Campus

- Solid Waste Management Certificate Program (Continuing Education and Extension, in cooperation with the College of Agriculture, the School of Public Health, the Carlson School of Management, and the Institute of Technology)
- Master of Computer and Information Sciences (M.C.I.S.), Graduate School
- Master of Fine Arts (M.F.A.) degree in Creative Writing, Graduate School
- Master of Science (M.S.) and Ph.D. Degree Program in Water Resources Science
- Major in Environmental Sciences (Bachelor of Science), College of Agriculture

In response to Regent Hogan, Vice President Mark Brenner reported that a plan is being developed to integrate the University's research and educational programs related to water resources.

Vice President C. Eugene Allen discussed the proposed major in Environmental Sciences, College of Agriculture. Regent Sahlstrom suggested that individuals in all environmental programs throughout the University should work together to make the best use of the University's resources.

A discussion ensued in response to Regent Rosh's concerns regarding the high number of credits required for engineering programs compared with the number required for many other programs. In response to Regent Hogan, Vice President Anne Hopkins said the number of credits required for engineering programs is a national issue and stated that the new liberal arts curriculum on the Twin Cities campus mandates integration of some of the liberal education into courses in the major. Regent Rosh stated that reducing the number of credits would improve service provided to University students. Infante said he has been sympathetic about reducing the credits to 180, but his sense is it is no longer possible to have a terminal professional degree in engineering at the 180-credit level.

Morris Campus

- No proposed additions or deletions

Crookston Campus

- Resubmission to the Minnesota Higher Education Coordinating Board (MHECB) of Agricultural Aviation as a Major Program (major approved by the Board of Regents in December 1992; program was approved subsequently by the MHECB as a minor only)

Chancellor Donald Sargeant discussed the proposal to resubmit to MHECB Agricultural Aviation as a major program. He noted that all baccalaureate programs on the Crookston campus require 180 credits.

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

BE IT RESOLVED, that the Board of Regents of the University of Minnesota approves the Annual Plan to Add or Discontinue Academic Programs and approves the programs described in the Academic Program Proposal Summary contained in the docket material, and directs the administration to forward these programs to the Minnesota Higher Education Coordinating Board for review and approval.

INFORMATION TECHNOLOGY INITIATIVES

Associate Vice President Donald Riley reported on the University's information technology strategic planning process. He reviewed the components required for modern instructional and research environments and discussed the University's efforts, including development of a campus fiber-optic backbone, campus-wide e-mail system and internet access through Gopher.

Riley discussed how distance education will provide access to instruction, instructors, other students, support services, and libraries and information resources, as well as remove other barriers to access. University participation in distance education initiatives includes the Higher Education Coordinating Board (HECB) Telecomm Council and the MetNet Metropolitan Telecommunications Network. He noted the involvement of the Digital Media Center and University Libraries in information technology.

Riley reviewed the University's multi-disciplinary research efforts with internal support organizations and external strategic partners related to information technology. The "Access Minnesota" project, initiated by the University of Minnesota and the Minnesota Extension Service, recently received a \$425,000 federal grant to provide community access to the information superhighway in 60 Minnesota counties.

In summary, Riley discussed the relation between Minnesota's economy and the North American Free Trade Agreement (NAFTA). The University can assist the state by providing leadership in many strategic areas and it can be one of the organizing forces on information technology initiatives.

In response to Regent Sahlstrom, Riley discussed efforts to encourage University faculty to work together on these technology initiatives.

The meeting adjourned at 10:15 a.m.



STEVEN BOSACKER
Executive Director and
Corporate Secretary

UNIVERSITY OF MINNESOTA

BOARD OF REGENTS

Committee of the Whole

October 13, 1994

A meeting of the Committee of the Whole of the Board of Regents was held on Thursday, October 13, 1994, at 2:00 p.m. in the Regents' Room, 238 Morrill Hall.

Regents present: Keffeler, presiding; Bleyhl, Hogan, Kim, Neel, Page, Perlman, Peterson, Reagan, Rosha and Sahlstrom.

Staff present: President Hasselmo; Chancellors Johnson and Sargeant; Senior Vice Presidents Erickson and Infante; Provost Brody; Vice Presidents Allen, Brenner, George, Hopkins and Imholte; General Counsel Rotenberg; Executive Director Bosacker; Associate Executive Director Janzen; Associate Vice Presidents Copa, Fischer, Johnson, Kvavik, Markham, Pfutzenreuter and Rob; Assistant Vice President Tschida.

Student Representative present: Jessica Phillips.

APPOINTMENT OF UNIVERSITY OF MINNESOTA FOUNDATION TRUSTEES

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

RESOLVED, that Wendell R. Anderson, Jean B. Keffeler, M. Elizabeth Craig, Stanley D. Sahlstrom and Emily Anne Staples are hereby appointed to the University of Minnesota Foundation Board of Trustees for three-year terms, effective November 9, 1994.

BIENNIAL BUDGET REQUEST

President Nils Hasselmo presented the 1996-97 Biennial Budget Partnership Proposal to the committee for approval. He stated that the proposal includes key investments of \$137.7 million in high quality programs, quality improvements and competitiveness through a partnership between the State of Minnesota and the University and its students. The \$137.7 million will be achieved through investment of \$109.5 million in net new money and reinvestment of \$28.2 million in reallocated resources.

Hasselmo reviewed a breakdown of investments in key programs, stating that restructuring and reallocation will continue in each area of the University. Such reallocation will be as protective of the interests of University faculty and staff as possible.

Hasselmo presented the following resolution to the committee for approval:

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

WHEREAS, the University of Minnesota is committed to achieving standards of national and international excellence and to realize goals set forth in *University 2000* in six strategic areas: research, graduate and professional education, undergraduate education, outreach and access to the University, a user-friendly University community, and diversity; and

WHEREAS, the biennial budget is derived from *University 2000's* mission, vision, strategic areas, goals, and action plans; and

WHEREAS, the *University 2000* vision is premised on partnerships within the University community, of faculty, staff and students, with the State of Minnesota, other educational institutions, business and industry, University alumni, local communities, and the citizens of Minnesota; and

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;

NOW, THEREFORE, BE IT RESOLVED that to achieve these goals, the Biennial Budget Partnership Proposal for FY 1996-1997 be adopted by the Board of Regents for presentation to the State of Minnesota; that this proposal, detailed in the attached material to this resolution, represents biennial investments and financial needs of \$137.7 million to be financed by a biennial increase in state appropriations of \$77.7 million, a tuition increase to average 5.5 percent for each of the two years to yield a biennial increase of \$30.3 million in tuition revenue, \$1.5 million of other revenue increases, and an internal reallocation of \$28.2 million for internal reinvestment over the biennium; and

BE IT FURTHER RESOLVED, that the University respond to the request by the Department of Finance of the State of Minnesota for a biennial state appropriation at the \$908 million level, a net decrease of \$16.2 million over the biennium from the FY1995 level of activity, by the proposal detailed in the material attached to this resolution; consisting of \$137.7 million of financial need and investments over the biennium to be financed by tuition increases of 12 percent per year, yielding increased revenue of \$67.6 million, other revenues of \$8.7 million, and reallocation of \$61.4 million for internal reinvestment over the biennium; and

BE IT FURTHER RESOLVED, that the University take every opportunity to obtain additional resources for staff and faculty compensation should the state financial situation improve or another opportunity present itself; and

BE IT STILL FURTHER RESOLVED, that the University engage its faculty, students, and staff, together with the State of Minnesota, to join in a partnership of commitment and shared financial responsibility for the maintenance and enhancement of the University's programs and goals in support of the well being of the State of Minnesota and the nation.

Hasselmo acknowledged concerns of faculty and staff about the 2.5 percent salary pool, and assured that the University will take every opportunity to obtain additional resources for that purpose.

Senior Vice President Ettore Infante emphasized that the proposal is a financial framework for the next two years and is not the University's proposed annual operating budget. The University 2000 investments and financial needs of \$137.7 million fall into the categories of direct benefits, indirect benefits and new buildings operations. The goals of the proposed \$28.2 million reallocation are to shape a better institution and provide better support for the work of faculty and staff. Infante stated the only way to achieve those goals is to have a smaller, more effective faculty and staff as a result of deliberate right-sizing and productivity enhancements.

Infante stated that \$12.1 of the \$137.7 million in investments will be considered the Strategic Investment Pool and will be allocated directly to units for strengthening key disciplines, targeting recruitment and retention, matching research and education grants, and improving excellence through diversity.

Infante reviewed the proposed investments, reallocations and benefits for the three provostial clusters, support units/administration and the Crookston, Duluth and Morris campuses.

In summary, Infante stated that the proposed plan supports the six strategic areas of University 2000. Hasselmo emphasized the underlying concepts of investing in quality and competitiveness and allocating resources to units that must carry the University into the future. Specific investments will be presented as part of the budget discussion.

Regent Keffeler urged the Board to consider the following fundamental issues in its discussion of the proposed request:

- Is the proposed partnership the right conceptual framework?
- Is \$137.7 million the right level of investment?
- Does it reflect a credible understanding of the state's financial predicament and at the same time, is it aggressive enough to meet the University's needs?
- Does the proposal represent the right mix of increased state funding, tuition increases and reallocation targets?

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

In response to Regent Peterson, Hasselmo stated the proposal is to create a salary and fringe benefit pool and the Board must decide whether other resources should be used in addition to the pool. Regent Peterson observed that contract negotiations are underway and 2.5 percent is not a cap on which those contracts must be settled. Hasselmo responded that the University has to negotiate in good faith and the proposed pool was created within the framework established. Regent Keffeler noted that if the University receives state funding under this proposal, the pool would be \$45.4 million and specific awards within that pool would be subject to negotiation.

In response to Regent Rosha, Associate Vice President Richard Pfitzenreuter stated that 2.5 percent of the \$45.4 million pool would be used for salary increases and 5 percent for fringe benefits. Regent Rosha raised a concern that more money should be devoted to salaries, and Regent Keffeler stated that issue will be addressed through

the budget process or contract negotiations. Pfitzenreuter noted that 5 percent was chosen based on anticipated increases in fringe benefit costs with no increase in benefits.

Student Representative Jessica Phillips stated students acknowledge the University's predicament regarding tuition levels and feel it is essential that the Board of Regents, central administration and students are on the same side when approaching the Legislature. She distributed a resolution in support of the partnership proposal that was passed unanimously by the University of Minnesota, Morris Student Association Executive Council on October 10, 1994.

In response to Regent Hogan, Hasselmo stated that the University's planning and priorities will continue to be refined and specific recommendations will be presented as part of the budgeting process. If the partnership proposal is not successful, the University will be a considerably smaller and different institution; such a scenario is not in the best interest of the state.

In response to a request by Regent Kim, Hasselmo stated that a breakdown of proposed reallocations is part of the budget process and the administration is not prepared to present that information at this time.

Regent Peterson asked how salary increases will be provided to all faculty and staff if some contracts are negotiated for more than 2.5 percent. Regent Keffeler noted that \$45.4 million is the projected size of the pool and all contracts are subject to Board approval. Senior Vice President Robert Erickson concurred with Regent Keffeler and indicated that the resource allocation guidelines will be presented for review in November, through which general budget parameters will be established.

Regent Neel suggested it would be useful to review the state's investments in higher education over the past five years in the context of other major areas of investment. He noted that the University is the only higher education institution that has done major restructuring and reallocation and most of its expenses are related to employment of faculty and staff. He expressed concern that the funding needs for the Health Sciences have been underestimated, given the changing health care environment.

Regent Perlman commended the administration for its efforts to develop the partnership proposal. However, the University is beginning this process from an underfunded position because of the state's unrealistic \$908 million budget cap, so anything it receives is inadequate. Even if the \$137.7 million proposal is successful, it doesn't represent a reasonable investment by the people of Minnesota in the institution and the University will be faced with significant tuition increases and an unfair salary and fringe benefit pool.

Regent Reagan agreed with Regent Perlman's concerns. In response to Regent Reagan, Infante said the proposed salary pool would allow the University to hold its own competitively and prevent a slide. Regent Reagan suggested that the University should decide where it wants to rank in comparison with its peers over time and share that with the Governor and legislators.

Regent Rosha stated he is uncomfortable about the best case scenario of a 5.5 percent tuition increase, and asked if the administration can imagine a more aggressive approach. Hasselmo responded that the approach over the past few years has been to build credibility and ask the state for what is absolutely essential, and the administration believes the requested \$77.7 million investment in the future of the University is within the grasp of the state. The Legislative Auditor's February 1994 report indicated that 46 percent of tuition growth in the last 15 years is directly

attributable to cuts in state appropriations to the University, 51 percent is from inflationary increases and 3 percent is due to enrollment reductions at the University.

Regent Sahlstrom stated that although the University has great needs, the request must be rational and every effort must be made to present the University's case to the Governors and the Legislature.

Regent Rosha made a motion to amend the proposed 1996-97 Biennial Budget Request by increasing it from \$137.7 million to \$145 million, with the additional \$7.3 million to go directly towards buying down the percent of the tuition increase. The motion was seconded by Regent Reagan.

A lengthy discussion ensued. Regents Rosha, Reagan and Page spoke in support of the proposed amendment and Regents Hogan, Sahlstrom, Perlman and Peterson expressed concerns about the proposed amendment. Hasselmo noted that the University has not received what has been requested from the Legislature over the last five years, stating that the administration worked hard to develop a credible request and identify appropriate trade-offs.

Regent Rosha asked Regent Reagan to support withdrawal of the first motion and replace it with an amendment asking for an additional \$10 million in the state appropriation. Regent Reagan agreed. Regent Rosha concurred with Regent Keffeler that final allocation of the additional \$10 million would be at the discretion of the administration.

Regarding allocation of the additional \$10 million, Pfutzenreuter stated that the proposal is predicated on a partnership which shows percents and dollar amounts from three sources and the partnership concept is destroyed absent some sense of those shares. Regent Keffeler stated it is her understanding that Regents Rosha and Reagan want to delegate to the administration the discretion to determine the allocation of the additional \$10 million.

Following the discussion, Regent Keffeler stated that the motion is to leave to the discretion of the administration allocation of the additional \$10 million being requested from the state among the various categories reflected in the proposed resolution. A roll call vote on the amendment was taken as follows:

Regent Bleyhl - Yes
Regent Hogan - Pass
Regent Kim - Yes
Regent Page - Yes
Regent Perlman - Yes
Regent Peterson - Yes
Regent Reagan - Yes
Regent Rosha - Yes
Regent Sahlstrom - Yes
Regent Keffeler - Yes

A roll call vote was taken, and the committee members present voted unanimously to recommend approval of the following amended resolution:

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

WHEREAS, the University of Minnesota is committed to achieving standards of national and international excellence and to realize goals set forth in *University 2000* in six strategic areas: research, graduate and professional education, undergraduate education, outreach and access to the University, a user-friendly University community, and diversity; and

WHEREAS, the biennial budget is derived from *University 2000's* mission, vision, strategic areas, goals, and action plans; and

WHEREAS, the *University 2000* vision is premised on partnerships within the University community, of faculty, staff and students, with the State of Minnesota, other educational institutions, business and industry, University alumni, local communities, and the citizens of Minnesota; and

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;

NOW, THEREFORE, BE IT RESOLVED that to achieve these goals, the Biennial Budget Partnership Proposal for FY 1996-1997 be adopted by the Board of Regents for presentation to the State of Minnesota; that this proposal, detailed in the attached material to this resolution, represents biennial investments and financial needs of \$143.7 million to be financed by a biennial increase in state appropriations of \$87.7 million, a tuition increase to average 4.8 percent for each of the two years to yield a biennial increase of \$26.3 million in tuition revenue, \$1.5 million of other revenue increases, and an internal reallocation of \$28.2 million for internal reinvestment over the biennium; and

BE IT FURTHER RESOLVED, that the University respond to the request by the Department of Finance of the State of Minnesota for a biennial state appropriation at the \$908 million level, a net decrease of \$16.2 million over the biennium from the FY1995 level of activity, by the proposal detailed in the material attached to this resolution, consisting of \$143.7 million of financial need and investments over the biennium to be financed by tuition increases of 12 percent per year, yielding increased revenue of \$67.6 million, other revenues of \$8.7 million, and reallocation of \$67.4 million for internal reinvestment over the biennium; and

BE IT FURTHER RESOLVED, that the University take every opportunity to obtain additional resources for staff and faculty compensation should the state financial situation improve or another opportunity present itself; and

BE IT STILL FURTHER RESOLVED, that the University engage its faculty, students, and staff, together with the State of Minnesota, to join in a partnership of commitment and shared financial responsibility for the maintenance and enhancement of the University's programs and goals in support of the well being of the State of Minnesota and the nation.

Regent Perlman commended Regent Keffeler for the skilled way in which she handled an emotional and difficult debate.

UNIVERSITY 2000 CRITICAL MEASURES

The discussion regarding University 2000 critical measures was delayed due to time constraints. Regent Keffeler stated that this item will be presented for approval in November.

REPORT OF THE FACULTY CONSULTATIVE COMMITTEE

Professor John Adams, Chair of the Faculty Consultative Committee (FCC), reported on the FCC's activities. Those activities have focused on the Biennial Budget Partnership Proposal; the need to improve internal communication and changes in *Footnote*; faculty salary competitiveness and the need to steadily increase the salary pool; modification of the governance system to align with the new administrative organization so the faculty voice is heard at the provostial level; and faculty recommendations for revisions to the Regents' Policy on Academic Freedom and Responsibility.

BOARD OF REGENTS' BYLAWS

Regent Keffeler presented proposed revisions to the Board of Regents' Bylaws. She noted that no major issues are reflected in the proposed revisions.

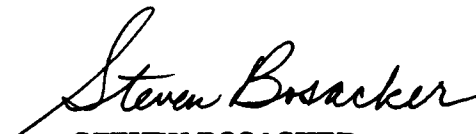
This item will be presented for approval at the November meeting.

UPDATE ON STATUS OF STEAM PLANT ENVIRONMENTAL IMPACT STATEMENT

Associate Vice President Susan Markham presented an update on the status of the steam plant Environmental Impact Statement (EIS). She noted that a resolution was recently passed at the AFL-CIO convention that fully endorses the project and urges speedy action by the state.

Markham reported that she was advised that morning of further delay of the draft EIS until the week of October 24. She will provide the Board with a copy of the EIS as soon as it arrives, followed by staff analysis within five days.

The meeting adjourned at 4:50 p.m.


STEVEN BOSACKER
Executive Director and
Corporate Secretary

UNIVERSITY OF MINNESOTA

BOARD OF REGENTS

October 13, 1994

A meeting of the Board of Regents of the University of Minnesota was held on Thursday, October 13, 1994, at 4:30 p.m. in the Regents' Room, 238 Morrill Hall.

Regents present: Bleyhl, Keffeler, Kim, Page, Perlman, Peterson, Reagan, Roshia and Sahlstrom. President Hasselmo presiding.

Staff present: Senior Vice Presidents Erickson and Infante; Vice President Brenner; General Counsel Rotenberg; Executive Director Bosacker; Associate Executive Director Janzen; Associate Vice Presidents Fischer and Markham.

APPROVAL OF MINUTES

The Board of Regents voted unanimously to approve the minutes of the following meetings:

Audit Committee - September 8, 1994
Facilities Committee - September 8, 1994
Financial Operations & Legislative Committee - September 8, 1994
Faculty, Staff & Student Affairs Committee - September 8, 1994
Educational Planning & Policy Committee - September 8, 1994
Board of Regents - September 8, 1994
Committee of the Whole - September 9, 1994
Board of Regents - September 9, 1994

REPORT OF THE PRESIDENT

President Nils Hasselmo presented his monthly report, which pertained to the University of Minnesota's Biennial Budget Partnership Proposal; the Report on Asset and Debt Management; the Carlson School of Management's recognition of donors; the American Indian Higher Education Consortium; and an update on the status of administrative searches.

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

REPORT OF THE CHAIR

Chair Keffeler reported that she has appointed a Citizens' Committee for the Assessment of the University of Minnesota Board of Regents. Douglas Baker, former Senior Vice President of IDS Corporation and Susan Boren, Senior Executive with Dayton's Department Store Division will co-chair the committee. Other committee members include: Jean Burkhardt, Bill George, Marvin Hanson, Ezell Jones, Margaret Lucas, Josephine Reed-Taylor, Tom Renier, George Shapiro, Don Stella and Tim Wolf.

In her charge to the committee, Regent Keffeler stated that the Board is interested in how it might improve its procedures, processes, organization and behavior so as to serve the institution as best it can. The committee will present the results of the assessment in January 1995.

Regent Keffeler further reported that she asked that the Statement of Individual Board Member Responsibilities be reviewed. The Regents' staff will begin the review and report back with possible changes.

Regent Keffeler announced that it is the 125th anniversary of the founding of the College of Liberal Arts. She moved the following resolution:

WHEREAS, the University of Minnesota, a great university, is dedicated to providing quality education and to achieving standards of national and international excellence; and

WHEREAS, at the heart of every great university is a college encompassing the basic disciplines of knowledge; and

WHEREAS, the College of Liberal Arts, founded in 1868, is the college formally established to provide education, scholarship and service in these core areas of discipline at the University Twin Cities campus; and

WHEREAS, the College of Liberal Arts is noted for its excellence in research and discovery, teaching and learning, and outreach and public service, the stated mission of our land-grant University; and

WHEREAS, the College of Liberal Arts celebrates its 125th anniversary in the year 1994, having been founded 17 years after the founding of the University;

NOW, THEREFORE BE IT RESOLVED, that the Board of Regents recognizes the many important contributions of the college and hereby commends and applauds the excellent achievements of the college, its students, faculty, and staff, and its predecessor students, faculty, and staff; and

FURTHER BE IT RESOLVED, that the Board of Regents extends its grateful appreciation to the college, its faculty, staff, students and alumni and acknowledges and applauds the College of Liberal Arts on the 125th Anniversary of its founding and directs it to continue its exemplary efforts for many years to come.

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

Regent Keffeler also reported that the Board of Regents is co-hosting a reception for the American Indian Higher Education Consortium.

RECEIVE AND FILE REPORTS

President Hasselmo noted there were no reports to receive and file.

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 Regents' Office.

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

REPORT OF THE COMMITTEE OF THE WHOLE October 13, 1994

Chair Keffeler reported that the committee voted unanimously to recommend:

- a) Approval of a resolution regarding appointments of University of Minnesota Foundation trustees, as follows:

RESOLVED, that Wendell R. Anderson, Jean B. Keffeler, M. Elizabeth Craig, Stanley D. Sahlstrom, and Emily Anne Staples are hereby appointed to the University of Minnesota Foundation Board of Trustees for three-year terms, effective November 9, 1994.

- b) Approval of a resolution regarding the 1996-97 Biennial Budget Request, 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 help 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 standards of national and international excellence and to realize goals set forth in *University 2000* in six strategic areas: research, graduate and professional education, undergraduate education, outreach and access to the University, a user-friendly University community, and diversity; and

WHEREAS, the biennial budget is derived from *University 2000's* mission, vision, strategic areas, goals, and action plans; and

WHEREAS, the *University 2000* vision is premised on partnerships within the University community, of faculty, staff, and students, with the State of Minnesota, other educational institutions, business and industry, University alumni, local communities, and the citizens of Minnesota; and

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;

NOW, THEREFORE, BE IT RESOLVED that to achieve these goals, the Biennial Budget Partnership

Proposal for FY 1996-1997 be adopted by the Board of Regents for presentation to the State of Minnesota; that this proposal, detailed in the attached material to this resolution, represents biennial investments and financial needs of \$143.7 million to be financed by a biennial increase in state appropriations of \$87.7 million, a tuition increase to average 4.8 percent for each of the two years to yield a biennial increase of \$26.3 million in tuition revenue, \$1.5 million of other revenue increases, and an internal reallocation of \$28.2 million for internal reinvestment over the biennium; and

BE IT FURTHER RESOLVED, that the University respond to the request by the Department of Finance of the State of Minnesota for a biennial state appropriation at the \$908 million level, a net decrease of \$16.2 million over the biennium from the FY1995 level of activity, by the proposal detailed in the material attached to this resolution, consisting of \$143.7 million of financial need and investments over the biennium to be financed by tuition increases of 12 percent per year, yielding increased revenue of \$67.6 million, other revenues of \$8.7 million, and reallocation of \$67.4 million for internal reinvestment over the biennium; and

BE IT FURTHER RESOLVED, that the University take every opportunity to obtain additional resources for staff and faculty compensation should the state financial situation improve or another opportunity present itself; and

BE IT STILL FURTHER RESOLVED, that the University engage its faculty, students, and staff, together with the State of Minnesota, to join in a partnership of commitment and shared financial responsibility for the maintenance and enhancement of the University's programs and goals in support of the well-being of the State of Minnesota and the nation.

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

Regent Keffeler reported that the committee also reviewed proposed revisions to the Board of Regents' Bylaws; received a report from the Faculty Consultative Committee; and an update on the status of the Steam Plant Environmental Impact Statement. The agenda item relating to the establishment of critical measures to assess institutional performance was delayed due to time constraints.

**REPORT OF THE FACULTY, STAFF &
STUDENT AFFAIRS COMMITTEE**

Regent Page, reporting for the Chair of the committee, stated that the committee voted unanimously to recommend:

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

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

Regent Page reported that the committee also received an update on the activities of the Commission on Women and an update on the activities of the Training Project to Prevent Violence and Harassment.

REPORT OF THE FACILITIES COMMITTEE

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

- a) Approval of the Senior Vice President's Monthly Facilities Report as presented to the committee and contained in the docket material.
- b) Approval of a resolution regarding amendments to the FY 95 Capital Budget, as follows:

RESOLVED, that on the recommendation of the President and the Senior Vice President for Finance and Operations, the FY 1995 Capital Budget is hereby amended to incorporate the following project:

A. Washington Avenue Pedestrian Bridges Repair
Twin Cities Campus
Estimated cost of the project: \$470,000
Funding: Reallocation of 1992 Capital Appropriation for Repair and Betterment
Estimated completion date: September 1995

- c) Approval of a resolution regarding the sale of 579 Wells Street, 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 579-591 Wells Street located in St. Paul, Minnesota, to the American Indian Health Clinic, for the sum of \$100,000.

- d) Approval of a resolution regarding acquisition by eminent domain of right-of-way, 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 commence eminent domain proceedings for the purpose of acquiring fee simple absolute title to, and possession of, prior to the making of any award by the court-appointed commissioners and as soon as may be allowed by law, approximately 1.65 acres of Burlington Northern Railroad right-of-way that is no longer used for railroad purposes.

- e) Approval of a resolution regarding the FY95 Capital Budget Quarterly Report, as follows:

RESOLVED, that on the recommendation of the President and the Senior Vice President for Finance and Operations, the

Board of Regents approves the first Quarterly Report on the FY95 Capital Budget as contained in the docket material.

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

Regent Rosha reported that the committee also reviewed two proposed real estate transactions relating to: 1) the sale of 20 acres of land at the Research and Field Studies Center on the Duluth campus; and 2) the sale of five acres of land on the Crookston campus.

**REPORT OF THE
FINANCIAL OPERATIONS & LEGISLATIVE COMMITTEE**

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

- a) Approval of the Senior Vice President's Monthly Financial Operations and Legislative Report as presented in the docket material and filed in the Regents' Office.
- b) Approval of resolution regarding 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 purchase/contracts over \$250,000 to the following:

- General Office Products for Hewlett Packard printer toner cartridges to be furnished for the period 10/14/94 to 4/21/95 at an estimated \$347,000.
 - Medicine Lake Lines for commuter and inter campus bus services for the period July 1, 1995 to June 30, 1997 at an estimated net cost of \$2.25 million for FY 96 and \$2.36 million for FY 97.
- c) Approval of motion relating to the University's invested assets, as follows:

The Administration is directed to:

1. Work with the Board (a) to define the Board's responsibility for the invested assets of the University and (b) to develop a process to carry out that responsibility.
2. Obtain a legal analysis of the University's legal position relating to the losses in the Piper Capital Management portfolio.
3. Develop a strategy for communicating the larger context of the management and performance relating to the University's invested assets and debt to the legislature and the community, and identify the appropriate individuals to convey the strategy.

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

Regent Page reported that the committee also reviewed the Annual Report on Asset and Debt Management.

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

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

- a) Approval of the Senior Vice President's Monthly Educational Planning and Policy Report as presented in the docket material.
- b) Approval of resolution regarding the Annual Plan to Add or Discontinue Academic Programs, as follows:

BE IT RESOLVED, that the Board of Regents of the University of Minnesota approves the Annual Plan to Add or Discontinue Academic Programs and approves the programs described in the respective Academic Program Proposal Summary contained in the docket materials, and directs the administration to forward these programs to the Minnesota Higher Education Coordinating Board for review and approval.

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

Regent Sahlstrom reported that the committee also reviewed part two of a report on technology initiatives and implications of technology on future directions of the institution.

REPORT OF THE AUDIT COMMITTEE

President Hasselmo noted that the committee did not meet this month.

The meeting adjourned at 4:55 p.m.



STEVEN BOSACKER
Executive Director &
Corporate Secretary