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UNIVERSITY OF MINNESOTA

BOARD OF REGENTS

MINUTES

BOARD OF REGENTS' MEETING

AND

REGENTS' COMMITTEE MEETINGS

November 8-10, 1993

Office of the Board of Regents

220 Morrill Hall

UNIVERSITY OF MINNESOTA

BOARD OF REGENTS

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

November 8-10, 1993

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UNIVERSITY OF MINNESOTA

BOARD OF REGENTS

Audit Committee

November 8, 1993

A meeting of the Audit Committee of the Board of Regents was held on Monday, November 8, 1993, at 10:00 a.m. in Room 156A, Earle Brown Center.

Regents present: Regent Page, Acting Chair; Regents Bleyhl and Keffeler.

Staff present: Senior Vice President Erickson; Associate Executive Director Janzen; Associate Vice Presidents O'Connor and Paschke; and Director of Audits Willie.

Student Representatives present: Narciso Aleman and Sara Nienow.

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

**SENIOR VICE PRESIDENT'S REPORT
(including CUFS Milestones)**

Senior Vice President Erickson reported that status reports on CUFS projects as of October 12, 1993 and the update on management letter comments indicate good progress.

Senior Vice President Erickson also reported briefly on recent discussions with Dr. Robert Miller, Head of the Physiology Department, regarding the audit of that department. Dr. Miller raised concerns at the July meeting of the Audit Committee with regard to the auditing process and the time allowed for response on an audit before public disclosure. Senior Vice President Erickson stated that Dr. Miller's concerns are being addressed.

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

DIRECTOR OF AUDITS' QUARTERLY REPORT

Allen Willie, Interim Director of Audits presented the Director of Audits' Quarterly Report, which included the status of management letter essential recommendations, the status of all other recommendations, and a brief summary of major audit issues with recommended action. Director Willie also noted the following audit reports distributed to the committee since the last Audit Committee meeting: UMD - Theatre, Neurology, College of Liberal Arts, and Bell Museum.

Mr. Willie reviewed each pending major audit issue contained in the report.

- Academic Affairs - Kinesiology and Leisure Studies

An audit of a Navy grant to the Human Factors Laboratory was requested and is nearing completion.

In answer to a question from Regent Keffeler, Mr. Willie reported that he was not aware of this item being called to the attention of Administration before the Navy requested the audit. He stated that it was his understanding that a phone call to a hotline initiated the concern from the Navy.

- Health Sciences - Urology

General Counsel Rotenberg presented an update on this audit, indicating that a full investigation was requested in Spring 1993, and an outside firm was hired to conduct the investigation. In August, a preliminary report from the external firm was received and deemed to be inadequate due to non compliance with the request for information. Since September, University counsel has attempted to achieve compliance, however, an adequate voluntary response has not been received to date.

Regent Keffeler expressed concern about the length of time involved with this investigation. After some discussion, committee members indicated that direction from the Audit Committee would be appropriate and a motion was made and seconded that the Board of Regents directs the administration to begin litigation against Urological Surgeons, P.A. (USPA) in absence of USPA voluntary compliance with the requests for data and information sought by the auditor to complete the audit.

The committee voted unanimously to recommend approval of the motion.

Regent Keffeler asked if the University was aware of the financial practices in the Urology Department prior to articles in the newspaper. General Counsel Rotenberg indicated that he did not know, but would provide a chronology of the issue.

Regent Keffeler commented that audits seem to be initiated after there is external attention to the issue. She stated that it is important that faculty and staff be aware of internal avenues to communicate concerns. The committee engaged in discussion regarding the culture at the University as it pertains to individuals coming forward with concerns. It was suggested that the administration explore this process and report back to the committee. Senior Vice President Erickson reported he would do so.

- Health Sciences - Neurology

Mr. Willie reported that this audit identified the need for improved management oversight and better internal controls. He stated that management in the department agreed with all recommendations and is taking action to implement them.

- Health Sciences - Surgery

Mr. Willie reported that an investigation into the financial activities of Biomedical Research and Development (BRAD) was initiated by Deputy Vice President Chou. He stated that the audit is in its initial stages and the committee will be updated as the audit proceeds.

Regent Keffeler asked if there was any history of concerns about this program before initiation of the audit. General Counsel Rotenberg reported that there were references to this program in the ALG Program investigation.

Senior Vice President Erickson reported changes are occurring at the University as additional staff are hired to provide oversight.

- Health Sciences - Surgery, Pediatrics, Medicine, OB/GYN

Mr. Willie reported that the President asked for a review of the above departments' relationship with CAREMARK. He stated the review is in its initial stages and no action is recommended at this time.

In answer to a question from Regent Keffeler, Mr. Willie reported that the investigation began September 7, 1993, and that the federal government is also reviewing CAREMARK in other states. Regent Keffeler stated she is concerned that issues are not explored when initially recognized, and asked Mr. Rotenberg to provide information regarding history or prior records of concerns about CAREMARK.

- Health Sciences - Dentistry

Mr. Willie reported that the Dean of the School of Dentistry requested an audit of the Oral Surgery P.A. private practice contract.

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

EXTERNAL AUDITOR'S REPORT INCLUDING ANNUAL EXTERNAL AUDIT REPORT

Mr. Mark Chronister and Mr. Miles Everson, Coopers & Lybrand, reviewed the fiscal year 1993 financial statement audit for the University of Minnesota, including information related to significant audit adjustments, management estimates, difficulties encountered in performing the audit, and significant accounting policies, and unusual transactions. Assets, liabilities, fund balances, revenues, and expenditures for FY 1993 were compared with FY 1992. A five year comparison of significant non-mandatory transfers was also provided.

Mr. Chronister reported that this year's audit was more expeditious than the previous year, and recognized the following individuals for their significant role: Ed Ruotsinoja, Director of Accounting Services; Chiang Jandro, Chief Endowment Accountant; Michael Volna, Chief Accountant; and Carole Fleck, Director of Financial Reporting and Budget Administration.

Mr. Chronister reported that a draft of the Report to Management will be forwarded to management by December 3, 1993, and the final report will be completed for the January 1994 meeting of the Audit Committee.

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

RESOLVED, that the Board of Regents accept the Coopers and Lybrand report on the University's financial statements.

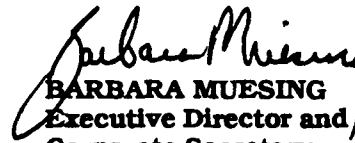
The committee voted unanimously to recommend approval of the resolution.

REPORT ON SURVEY OF REVENUE-GENERATING UNITS

Mark Chronister, Coopers & Lybrand, presented an update on the survey of revenue-generating units. He reported that to date, 26 departmental risk assessments are complete with one department remaining. He stated that a draft report is in process summarizing risk conditions, abatements, and perspectives. Results of the review will be discussed with the Medical School Dean, administrative personnel, and with Finance and Operations management.

Senior Vice President Erickson reported that it is important to remember that while the Medical School has been the focus of the discussions on this issue, the effort and intensity applies to the entire institution.

The meeting adjourned at 12:10 p.m.


BARBARA MUESING
Executive Director and
Corporate Secretary

UNIVERSITY OF MINNESOTA

BOARD OF REGENTS

Committee of the Whole

November 8, 1993

Forums for feedback were held by the Committee of the Whole of the Board of Regents on Monday, November 8, 1993, in Room 135 of the Earle Brown Center on the St. Paul campus of the University of Minnesota.

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

Staff present: President Hasselmo; Chancellors Ianni, Johnson, and Sargeant; Senior Vice Presidents Erickson and Infante; Vice President Allen; Executive Director Muesing; Associate Executive Director Janzen.

Meeting with the Committee of the Whole at 1:30 p.m. were representatives of the Civil Service Committee, including Mary Easterling, Larry Etkin, James Gregory, Deborah Sampson, Carol Siegel, and Pamela Wilson. Following a presentation by Ms. Easterling, Chair of the Civil Service Committee, the Regents and Civil Service representatives engaged in discussion about the University's Strategic Plan.

Meeting with the Committee of the Whole at 2:30 p.m. were representatives of the Academic Staff Advisory Committee, including Ann Bailly, Dee Anne Bortright, Melissa Burns, Harriett Copher Haynes, Bertha Hsiao, and Karla Klinger. Following a presentation by Dr. Haynes, Chair of the Committee, the Regents and Academic Staff representatives engaged in discussion.

Meeting with the Committee of the Whole at 3:30 p.m. were representatives of the students, including Narciso Aleman, Gina Brunko, Tom Donarski, Love Goel, Erick Harper, Joan Jensch, Sara Nienow, Rachel Paulose, Sara Rogers, and Anne Sales. Following a presentation by Ms. Paulose, Chair of the Student Representatives to the Board of Regents, the Regents and students engaged in discussion.

Meeting with the Committee of the Whole at 4:30 p.m. were representatives of the faculty, including Carl Adams, John Adams, Mike Bognanno, Judith Garrard, James Gremmels, Geoff Maruyama, and Irwin Rubenstein. Following a presentation by Professor Garrard, Chair of the Faculty Consultative Committee, the Regents and faculty engaged in discussion.

After a supper recess, the following individuals addressed the Committee of the Whole at an Open Forum beginning at 7:00 p.m.:

Joyce Wallace
School of Dentistry
Issue: University 2000

Cecil Smith
President, Graduate and Professional Student Association
Issue: Input on University 2000 from Six Council Meetings

Tony Wagner
President, Minnesota Student Association
Issue: University 2000

Love Goel
Vice Chair, Student Senate Consultative Committee and
UMD Student Association
Issue: How University 2000 will affect UMD

Richard Cushing
Speaker, Minnesota Student Association Forum
Issue: University 2000

Jamil Salaam
Africana Student Cultural Center
Issue: University 2000

Galen O'Connor
Civil Service Employee
Issue: University 2000 and the Training of Foreign Graduate Students

Allan Lamkin
University Alumnus
Issue: University 2000 and the Land Grant Mission; Business; Sports

The meeting adjourned at 7:55 p.m.


BARBARA MUESING
Executive Director and
Corporate Secretary

UNIVERSITY OF MINNESOTA

BOARD OF REGENTS

Facilities Committee

November 9, 1993

A meeting of the Facilities Committee of the Board of Regents was held on Tuesday, November 9, 1993, at 8:00 a.m. in Room 300, Morrill Hall.

Regents present: Regent Rosha, Chair; Regents Bleyhl, Reagan, and Wynia.

Staff present: Chancellor Ianni; Senior Vice President Erickson; Vice Presidents Allen, Hughes and Petersen; Associate Executive Director Janzen; Associate Vice Presidents Barbatsis, Brenner, Hewitt, and Markham.

Student Representatives present: Tom Donarski and Sara Rogers.

**CAPITAL IMPROVEMENT BUDGET (FY 94) AMENDMENTS
NEW PROJECTS**

The committee reviewed the following new projects proposed as Capital Improvement Budget Amendments:

**Biological Sciences Building Fume Hood Ventilation
Retrofit Energy Conservation Measure Project**

Associate Vice President Markham reviewed the proposed project indicating that it is part of an energy conservation measure project. The project consists of retrofitting existing fume hoods in the Biological Sciences Building to constant volume, multiple zones, with reheat air handlers which will provide the same safety and exhausting with less electricity being used. Total cost of the project was reported to be \$259,200 with funding provided by an internal University loan. It was projected that energy savings will accrue at the rate of \$58,000 per year. Completion of the project will be approximately one year after date of approval.

**Animal Science & Veterinary Medicine Fume Hood Ventilation Retrofit
St. Paul Campus - Energy Conservation Measure**

Associate Vice President Markham reported that this proposed project reflects the University's policy to conserve energy and generate annual operating cost savings. The project will replace the existing Animal Science & Veterinary Medicine Building fume hood exhaust system with a variable speed fan exhaust system. Total cost of the project was reported to be \$180,000 with funding provided by an internal University loan. A net energy saving is projected to be \$93,225 per year. The project will take approximately nine months to complete.

NEW BUSINESS

Regent Bleyhl introduced Al Christofferson, President of the Minnesota Farm Bureau and David Frederickson, President of Minnesota Farmers Union, who were present at the meeting.

CAPITAL IMPROVEMENT BUDGET (FY94), PROJECT PLANS APPROVAL AND SCOPE/BUDGET INCREASE

Village Apartments Replacement, Phase I Duluth Campus

The committee reviewed a proposed scope and budget increase for the Village Apartments Replacement Project, Phase I on the Duluth campus. Linda McCracken-Hunt reported that instead of incorporating housing support spaces, such as mail services, laundry and study space, into the new apartment building, the functions will be provided in the existing Village Apartments Service Center Building. The Service Center will be remodeled and brought up to current handicapped accessibility codes, including the installation of an elevator. In addition, the number of housing units has been increased from 48 units to 56 units. The estimated increase in cost for the project is \$850,000, increasing the total cost of the project to \$4,450,000. Funding will be provided from Auxiliary Services and a University internal loan. Estimated completion is January 1995.

SENIOR VICE PRESIDENT'S MONTHLY REPORT

Senior Vice President Erickson presented the Senior Vice President's Monthly Report for November 1993. A motion was made and seconded to recommend approval of the report.

Senior Vice President Erickson called attention to correspondence from the mayor and city manager of the city of Waseca expressing appreciation for the assistance and cooperation by the University in working to find a new use for the University of Minnesota Waseca facility.

In addition, recognition was given to Linda McCracken-Hunt, Director of Project Development, as the recipient of a Minnesota Society of the American Institute of Architects award.

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

CAPITAL IMPROVEMENT BUDGET (FY 94) AMENDMENT, NEW AND SCOPE/BUDGET INCREASE PROJECTS

Regent Rosha announced that the item relating to the Johnston Hall 4th Floor Administrative Offices Remodeling Project was deleted from the agenda.

The committee reviewed for action the following projects:

**Boynton Health Service Addition and Remodeling, Phase I
Twin Cities Campus**

Linda McCracken-Hunt reported that this item had been reviewed at the October meeting and was here for approval. In response to a question about a tunnel connection raised at the October meeting, she stated that the feasibility of a tunnel connection is being studied and would cost \$475,000. Funding options are being pursued and would be brought to the committee as part of the Basic Sciences project if the tunnel option proves to be feasible.

Regent Wynia raised concerns about the need for the Boynton project, asking if alternative space was available.

Vice President Marvalene Hughes, Linda Halcon, Interim Director of Boynton Health Service and Michael Bardouche, Chair of the Student Health Advisory Committee, presented information about the history of the project in response to Regent Wynia's concern.

Vice President Hughes reported that the current facility is inadequate, and that basic needs of students are not being met. The primary focus of the remodeling is to make services more accessible to all students, maintain user friendliness, and improve administrative efficiency.

Mr. Bardouche spoke about access and the value of having one central area available for student health needs.

Ms. Halcon addressed the administrative benefits of the project, indicating there would be more efficient use of space and personnel, updated engineering system, and improved staff effectiveness.

In response to a question, Ms. McCracken-Hunt reviewed cost estimates for the project.

Regent Wynia stated that a good case has been made that the current facility cannot serve student health care needs adequately. However, she requested assurance that before adding new space to Boynton, there is no existing, underutilized space that could be used to provide the same services. She asked if other options were explored.

Committee members reiterated Regent Wynia's concern. Regent Bleyhl asked about the difficulties in postponing the item. Linda McCracken-Hunt responded that there would be scheduling problems as this project is coordinated with the Basic Sciences project which is out for bid.

Chair Rosha asked if there was a motion to recommend approval of the project. There was no motion.

After further discussion, Chair Rosha stated that he would present the item to the Board without a recommendation from the committee. He also stated that he wanted to make clear this discussion is not about the value of the Student Health Service.

**Rosemount PCB Clean-Up, Scope/Budget Increase
Rosemount Research Center**

Senior Vice President presented a resolution that would authorize the appropriate administrative officers to complete remedial action in regard to the

PCB Clean Up Project at the Rosemount Research Center at a cost not to exceed \$11,226,000.

Dr. Fay Thompson, Director of Environmental Health & Safety, provided details of the scope and budget increase, indicating that this cost is \$626,000 above the limit set in 1992, and that it is the final phase of the Rosemount PCB remedial action project. It will be funded from a \$2 million State appropriation from 1987, a \$2.2 million State appropriation from 1989, and an additional \$7.026 million provided from Central Reserves. Dr. Thompson explained the overrun: 1) the quantity of soil that had to be removed was 35 percent higher than estimated; 2) the added cost of transporting and disposing a small quantity of lead-contaminated soil off-site; 3) changes in Environmental Protection Agency rules; and 4) excessive rainfall requiring special drying techniques for the soil.

Senior Vice President Erickson noted that expenditures have occurred on this project without proper authorization, and that project managers have been instructed that any future expenditure must have prior approval. The lack of proper authorization for an expenditure from Central Reserves was also noted in the Vice President's Report in the Financial Operations and Legislative Committee.

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

REAL ESTATE TRANSACTION FOR ACTION

Purchase of 200 Acres at Southern Experiment Station, Waseca

The committee reviewed the following resolution for action:

RESOLVED, that on the recommendation of the President and the Senior Vice President for Finance and Operations, the appropriate administrative officers are authorized to execute the appropriate documents providing for the purchase of the following described properties for \$270,000 total:

The W 1/2 of the NW 1/4 of Section 24, Township 107 North, Range 23 West, Waseca County, Minnesota, containing 80 acres, more or less, according to the United States government survey thereof,

from Kenneth & Margaret J. Krassin for the sum of \$108,000, and

The NE 1/4 of the NE 1/4 of Section 23, Township 107 North, Range 23 West, and the E 1/2 of the NW 1/4 of Section 24, Township 107 North, Range 23 West, Waseca County, Minnesota, containing 120 acres, more or less, according to the United States government survey thereof,

from Shirley & Victor Bailey and Janice & Kenneth Stendel for the sum of \$162,000.

Vice President Allen and David Walgenbach, Head of the Southern Experiment Station, were present to respond to questions. It was noted that responses to concerns raised previously by the committee were included in the docket materials.

In answer to a question from Regent Bleyhl, Mr. Walgenbach reported that he had met with agricultural organizations during the past few months and had received informal support for this purchase. Regent Bleyhl noted that the organizations noted were commodity organizations, and she also recommends the inclusion of farm organizations.

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

REAL ESTATE TRANSACTIONS FOR REVIEW

Construction of Pre-Fab Building by Federated Telephone Cooperative at West Central Experiment Station, Morris

The committee reviewed a proposed resolution to authorize the appropriate administrative officers to approve the request by a Lessee, Federated Telephone Cooperative, to erect a pre-fab structure on its three-acre leased premises at the West Central Experiment Station in Morris.

Associate Vice President Hewitt explained that the construction of this prefab building would be used to provide cellular telephone services, enhanced radio paging services and possibly other communication systems to Federated's customers in the Morris area.

REAL ESTATE DISPOSITION PROCEDURES


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

RESOLVED, that the Board of Regents approve modifications in administrative procedures for the sale of surplus property as follows:

- 1) Allow the sale of surplus property by public bid or listing with a broker. The Senior Vice President for Finance and Operations will present a marketing plan and advise the Board of Regents of the proposed plan when property is declared surplus.
- 2) Increase the value where two appraisals are required to \$50,000, and require one appraisal for property valued between \$20,000 and \$50,000.
- 3) In addition to offering to the State of Minnesota, such property will be offered to county, municipality or township within which the property is located, before public bid.
- 4) Provide for reservation of minerals and mineral rights.

The committee voted unanimously to recommend approval of the resolution.

The meeting adjourned at 9:30 a.m.


BARBARA MUESING
Executive Director and
Corporate Secretary

UNIVERSITY OF MINNESOTA

BOARD OF REGENTS

Financial Operations & Legislative Committee

November 9, 1993

A meeting of the Financial Operations & Legislative Committee of the Board of Regents was held on Tuesday, November 9, 1993, at 9:45 a.m. in Room 300, Morrill Hall.

Regents present: Regent Page, Chair; Regents Anderson, Keffeler, Neel, and Reagan.

Staff present: Senior Vice President Erickson; Associate Executive Director Janzen; Associate Vice Presidents Paschke and Pfitzenreuter; and State Relations Director Peterson.

Student Representatives present: Tom Donarski and Sara Nienow.

SENIOR VICE PRESIDENT'S MONTHLY REPORT

A motion was made and seconded to recommend approval of the Senior Vice President's Monthly Report for November 1993.

Senior Vice President Erickson called attention to several items contained in the report. He reported that the search for a controller is complete, that an offer was made and accepted by Karen Lauritzen. In addition, he reported that the search for an Assistant Vice President for Housing and Food Services is also in its final stages.

Senior Vice President Erickson called attention to a requested \$626,000 from Central Reserves for Rosemount Research Center PCB Cleanup. He reported that this expenditure was incurred prior to receiving approval as required for expenditures from the General Contingency over \$250,000, and that the project managers have been instructed to seek prior approval of future expenditures.

Senior Vice President Erickson informed the committee that the University of Minnesota has been selected for an IRS audit under the Coordinated Examination Program. He noted that this is part of a normal cycle and not due to any particular issue, and that the University will cooperate fully. The audit will begin January 4, 1994 and last approximately 18 months.

He also commented on the recommendation to amend the Regents' Policy on Investment Guidelines for Endowment Funds to increase the University of Minnesota's allocation to international equities from the current 20 percent limit to 30 percent.

With regard to the international allocation increase, Associate Vice President Paschke indicated that the University will reallocate assets currently managed by Investment Advisers Inc. (IAI) to primarily international equities.

The assets will be split between the international portfolio currently managed by Marvin & Palmer Associates and the emerging markets fund of Scudder International. He stated that the Asset and Debt Management Advisory Committee supports these changes.

A motion was made and seconded and the committee voted unanimously to recommend approval of the Senior Vice President's Monthly Report, including the adoption of the amended Regents' Policy on Investment Guidelines for Endowment Funds.

PURCHASE OF GOODS/SERVICES OVER \$250,000

A motion was made and seconded to recommend approval of a resolution authorizing the awarding of purchase/contracts over \$250,000 to the following:

- Bevmatic Wholesale & Vending to provide vend pack food products estimated at \$650,000 to University Food Services from 10/1/93 to 6/30/94.
- Health Partners, Inc. for a 5th year renewal for the Graduate Assistant Health Care Plan estimated at \$3,500,000 from 9/16/94 to 9/16/95.
- Turnquist, Inc. for copy paper distributed to University departments by University Stores, estimated at \$338,480 from 10/1/93 to 6/30/94.

The committee voted unanimously to recommend approval of the resolution.

QUARTERLY MANAGEMENT REPORT

Senior Vice President Erickson reported that the quarterly management report as of September 30, 1993 was in the docket materials, including: 1) a balance sheet as of September 30, 1993, for all funds, both current and noncurrent, including data for the comparable period last year; 2) a statement of changes in fund balances for the period ending September 30, 1993, including data for the comparable period last year; and 3) budget status reports as of September 30, 1993 for the collegiate units and summarized to the vice president and coordinate campus levels. The budget status reports reflect the annual spending plans of colleges and administrative units for fiscal 1993-94 and year-to-date expenditure activity.

Associate Vice President Pfutzenreuter and Carole Fleck, Director of Financial Reporting and Budget Administration, presented information on the quarterly reports and responded to questions.

In answer to concerns from Regent Neel, Director Fleck explained the revenue recognition, and the committee engaged in a discussion regarding control of revenues and the need for uniformity of the accounts receivable system on the Twin Cities campus.

Associate Vice President Pfutzenreuter reviewed details of the budget status reports. Regent Keffeler asked about variances from the approved budget, specifically who has the authority to allocate any additional resources. She asked that information be provided regarding the delegation of authority for

changes in the budget, and at what level the Board would be involved. Senior Vice President Erickson stated that he would provide that information for discussion at the December meeting.

WORKERS' COMPENSATION PROGRAM REVIEW

Mr. Ryan Johnson, Assistant to the Treasurer, led the discussion on Workers' Compensation Program Review.

Mr. Johnson reported that the University has significant financial obligations relating to workers' compensation, including over \$2.6 million in claims cost per year and a liability for past claims of approximately \$35 million. The purpose of the workers' compensation program is to actively manage claims and reduce work-related risks that lead to injuries so the interests of employees are protected and the University's annual costs and liability for past claims are minimized. Mr. Johnson reported that responsibility for administering the University's workers' compensation claims was transferred to the University from the State of Minnesota in July 1992. He summarized total claims filed and claims closed since administration of the program was transferred to the University and information, indicating the total costs of claims for the past six years broken down by three major areas: Facilities Management, University Hospital, and All Other. He noted that Facilities Management has experienced the greatest reduction in claims costs from \$1.6 million in 1992 to \$483,000 in 1993. A graph showed that 75 percent of the University's claims cost less than \$250 per claim, 95 percent cost less than \$10,000 per claim, and no claim exceeded \$100,000 in total cost. Mr. Johnson attributed the cost reductions to improved prevention efforts and improved management of claims.

REPORT ON UNIVERSITY LEGISLATIVE PROGRAM

Donna Peterson reported on the University's legislative program for the 1994 session. Ms. Peterson prefaced her report by stating that the University's communication with legislators, legislative staff, and other elected officials is not just a job for the legislative session, but rather an ongoing process to educate public policy makers about the University. She added that the University has an increased responsibility to be accountable to both legislators and constituents. The 1994 legislative plan is designed to meet those needs. She reported that the plan identifies key issues facing the University in the coming legislative session, an outline for communication efforts within the University community, and an outline of communication plans with state elected officials and their staff.

The committee engaged in discussion about Regents' involvement in the 1994 legislative process. Chair Page stated that Regents want to be involved in productive ways.

Regent Anderson stated that it is important to communicate the good news about the University, and suggested this be part of the plan. Committee members also expressed the importance of being kept informed on current issues.

Regent Keffeler expressed concern regarding the 1994 request and the need to rebuild the University's infrastructure. Ms. Peterson responded that the administration is working hard to communicate that message. It was also

suggested that the University communicate that unless there is a waiver on the 1/3 debt service, new projects will not be considered.

The meeting adjourned at 11:35 a.m.


BARBARA MUESING
Executive Director and
Corporate Secretary

UNIVERSITY OF MINNESOTA

BOARD OF REGENTS

Faculty, Staff and Student Affairs Committee

November 9, 1993

A meeting of the Faculty, Staff and Student Affairs Committee of the Board of Regents was held on Tuesday, November 9, 1993, at 8:10 a.m. in the Regents' Room, 238 Morrill Hall.

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

Staff present: Chancellor Johnson; Senior Vice President Infante; General Counsel Rotenberg; Executive Director Muesing; Associate Vice Presidents Carrier and Johnson.

Student Representatives present: Gina Brunko and Rachel Paulose.

SENIOR VICE PRESIDENT'S MONTHLY REPORT

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

- The search for the Dean of the College of Pharmacy has resulted in two finalists;
- Appointment of Professor Ted Labuza as Associate Dean of the Graduate School, effective September 16, 1993;
- Appointment of Basil "Bill" Sozansky as Acting Director of the Library at the University of Minnesota, Duluth, effective October 1, 1993;
- Resignation of Dr. Donald Peters, Assistant Vice President for Student Affairs;
- Dean Stephen Joseph has been nominated by President Clinton for the position of Secretary for Health Affairs, and he will leave the University upon approval of his appointment by the United States Senate;
- The structure of KUOM-AM has been changed and it is now a student-run radio station;
- The premiere issue of *University Graffiti* won the Best of Show award in the magazine category at the 69th National College Media Convention in October; and
- Amendment of the Regents' Policy on Delegation of Authority -- Academic Personnel Matters.

A motion was made and seconded to recommend approval of the Senior Vice President's Monthly Report, with the exception of the amendment of the Regents' Policy on Delegation of Authority -- Academic Personnel Matters.

Regent Keffeler noted that the resignation of Dr. Peters provides an opportunity to review the organization of the Boynton Health Service and how the Service might be integrated with other clinical services. Dr. Infante agreed, and Regent Neel requested a report as soon as possible.

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

A motion was made and seconded to recommend adoption of the amended Regents' Policy on Delegation of Authority -- Academic Personnel Matters. Dr. Infante reviewed the proposed amendments, including the addition of the newly-appointed President of the University of Minnesota Health System.

The committee voted unanimously to recommend adoption of the revised policy.

REGENTS' POLICY ON MANDATORY RETIREMENT FOR FACULTY MEMBERS

Regent Neel introduced the discussion regarding the resolution to rescind the Regents' Policy on Mandatory Retirement for Faculty Members, stating that the committee will not address issues of attorney-client relationships at this meeting.

Senior Vice President Infante stated that the resolution would rescind the Regents' Policy on Mandatory Faculty Retirement, effective January 1, 1994, to bring the University into compliance with federal law. He noted that several faculty members affected by the resolution have raised concerns being addressed by legal counsel.

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

WHEREAS, the federal Congress has enacted legislation which requires that as of January 1, 1994, all United States colleges and universities will be legally prohibited from having any mandatory retirement age for all employees, including tenured faculty;

WHEREAS, the Board of Regents has a policy that requires that tenured faculty retire by age 70;

NOW, THEREFORE, BE IT RESOLVED, that effective January 1, 1994, the Regents' Policy on Mandatory Retirement for Faculty Members, approved by the Board of Regents on June 8, 1979, is rescinded. Accordingly, any tenured faculty member whose 70th birthday falls on January 1, 1994 or thereafter will not be subject to mandatory retirement.

Associate Vice President Carrier stated that the University has an obligation under federal law to rescind its mandatory retirement policy as of January 1, 1994. She noted that legal claims and claims of unfairness must and will be addressed.

Associate University Counsel Julie Sweitzer stated that the issue before the committee is simply to lift the requirement of mandatory retirement, effective January 1, 1994. She noted that five faculty members are being represented by Minneapolis attorney Joseph Nierenberg, and individual legal claims will be addressed.

Following the discussion, the committee voted unanimously to recommend approval of the resolution.

COLLECTIVE BARGAINING AGREEMENTS

Collective Bargaining Agreement with AFSCME Local 1164 - July 1, 1993 - June 30, 1995

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 seven months and have reached agreement regarding terms and conditions of employment regarding the employees of this bargaining unit; and

WHEREAS, AFSCME Local 1164 has ratified acceptance of the agreement; and

WHEREAS, according to the Board of Regents' Policy on Board Operations and Agenda Guidelines, regental approval of labor relations 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 November 10, 1993.

Senior Vice President Infante reported that negotiations are currently underway with other bargaining units. Associate Vice President Carrier noted that both of the proposed collective bargaining agreements have been ratified by the membership, and reported there is tentative agreement on the contract with Unit 3 - Service Employees.

Regent Keffeler commended everyone involved in the negotiation of the proposed agreements.

The committee voted unanimously to recommend approval of the proposed Collective Bargaining Agreement with AFSCME Local 1164.

Collective Bargaining Agreement with AFSCME Council 6, Locals 3800 and 3801 - July 1, 1993 - June 30, 1995

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


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

WHEREAS, AFSCME Locals 3800 and 3801 have ratified acceptance of the agreement; and

WHEREAS, according to the Board of Regents' Policy on Board Operations 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 November 10, 1993.

The meeting adjourned at 8:35 a.m.


BARBARA MUESING
Executive Director and
Corporate Secretary

UNIVERSITY OF MINNESOTA

BOARD OF REGENTS

Educational Planning and Policy Committee

November 9, 1993

A meeting of the Educational Planning and Policy Committee of the Board of Regents was held on Tuesday, November 9, 1993, at 9:50 a.m. in the Regents' Room, 238 Morrill Hall.

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

Staff present: Chancellor Johnson; Senior Vice President Infante; Vice Presidents Hopkins, Hughes, and Petersen; General Counsel Rotenberg; Executive Director Muesing; Associate Vice Presidents Barbatsis, Fischer, Johnson, and Zetterberg.

Student Representatives present: Narciso Aleman and Joan Jensch.

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:

- Name change of the Department of Clinical Sciences, University of Minnesota, Duluth to the Department of Family Medicine;
- The "America's Best Buys for College" issue of *U.S. News and World Report* listed the University of Minnesota Twin Cities and Morris campuses in the top 25 in the categories "national universities, sticker price best value" and "in-state best values" and the Morris campus was included among the top five Midwestern liberal arts schools for "sticker price best value";
- The University of Minnesota, Crookston was one of the institutions featured in an article entitled "Portable computers, light and powerful, gain popularity on college campuses" in the October 6, 1993 issue of *The Chronicle of Higher Education*;
- The first President's Forum on Teaching and Learning, which will focus on collaborative learning, will be held at the Campus Club on November 17;
- Activities related to the University Community Building Project;
- The University has received new major grants in support of four international programs;

- Programs approved by the Higher Education Coordinating Board (HECB) at its October 21, 1993 meeting; and
- President Hasselmo will participate in a forum sponsored by HECB on November 15, 1993, to provide an opportunity for Twin Cities communities to discuss options and opportunities on how institutional roles and programs should be changing.

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

Dr. Infante presented the revised Regents' Policy on University Press to the committee for adoption.

A motion was made and seconded, and the committee voted unanimously to recommend adoption of the revised Regents' Policy on University Press.

ACADEMIC REPORT SERIES: ARTS, SCIENCES & ENGINEERING

Vice President Hopkins presented a report on Arts, Sciences & Engineering (AS&E), which includes the College of Liberal Arts, the Institute of Technology, the College of Biological Sciences, the College of Architecture and Landscape Architecture, General College, and University College. Dr. Hopkins provided a brief review of each unit, as follows:

College of Liberal Arts (CLA), led by Dean Julia Davis. CLA is the largest college, and received \$4.5 million through restructuring and reallocation to strengthen programs and enhance the quality of student services.

Institute of Technology (IT), led by Dean Francis Kulacki. IT integrates physical sciences, mathematics, and engineering within one college. IT and CLA provide 75 percent of undergraduate instruction and 45 percent of graduate instruction on the Twin Cities campus. IT has many highly ranked programs, including Chemical Engineering and Mechanical Engineering. The \$3 million received by IT through restructuring and reallocation was directed toward enhancing undergraduate education.

College of Biological Sciences (CBS), led by Dean Paul Magee. CBS is the most interdisciplinary of the AS&E colleges, and it includes the Bell Museum of Natural History, the Gray Freshwater Biological Institute, and the Institute for Advanced Studies in Biological Processing. CBS plays an important role in many research initiatives, and it has been a major innovator in teaching. Summer programs have been established to encourage women and minorities to enter the sciences, and the enrollment in CBS has increased 30 percent in the last five years.

College of Architecture & Landscape Architecture (CALA), led by Dean Harrison Fraker. CALA implemented major curricular changes in Fall 1993, resulting in bachelor's level professional degrees being phased out and first professional and post-professional degrees being offered at the master's degree level. Supported research has increased from under \$50,000 in 1984-85 to over \$1.5 million in 1990-91.

General College (GC), led by Dean David Taylor. GC no longer offers degree programs, and its goal is to encourage the successful transfer of its 1,500 students to other colleges within the University. GC sustained a 10 percent reduction through restructuring and reallocation. The College has changed the focus of its student and

instructional support services unit, and its three academic divisions have been reorganized into a single unit.

University College (UC), led by Dr. Hopkins, and its faculty is comprised of all University faculty. The College has a small number of advisers who help students create specialized degree programs and cross-collegiate degree programs. A 10 percent reduction in funding through restructuring and reallocation resulted in staff reductions, but the number of students served has not decreased.

In summary, Dr. Hopkins emphasized the importance of maintaining the quality of research programs and graduate education through "University 2000," in addition to improving the quality of the undergraduate experience.

In response to an issue raised by committee members, Dr. Hopkins discussed the participation of the Arts, Sciences & Engineering units in the University's outreach mission and distance education initiatives; recognition of teaching and outreach activities in the tenure process; faculty participation in University College; graduation rates; recruitment and retention of faculty and students of color; and funding for CLA.

Regent Hogan asked about results of efforts to recruit and retain faculty and staff of color. Associate Vice President Johnson stated that reports will be presented regarding students of color at the December meeting and faculty and staff of color in January. In addition, she noted that the Board will have an opportunity for an in-depth discussion of diversity issues at its retreat on February 19, 1994.

Dr. Hopkins will respond in writing to issues raised by Regent Sahlstrom regarding the relationship of various colleges to the Office of Admissions; how the colleges, particularly IT, relate to high school science teachers to gain their support and attract more women and minorities into AS&E areas; availability of study skills courses to all students who need help; integration of programs at the Gray Freshwater Biological Institute with other programs in the state related to water issues; and information regarding preparation of advisers and coordination of the advising process. Regent Sahlstrom suggested it would be useful to schedule a discussion regarding recruitment issues at a future meeting.

Following the discussion, Regent Sahlstrom expressed appreciation to Dr. Hopkins for her report.

UNIVERSITY OF MINNESOTA FOUNDATION RELATIONSHIP - MEMORANDUM OF UNDERSTANDING

Senior Vice President Infante introduced the discussion regarding a proposed Memorandum of Understanding to clarify the relationship between the University of Minnesota and the University of Minnesota Foundation (UMF) and to clarify that each is a separate legal entity.

Associate Vice President Fischer and Marvin Borman, a member of the UMF Board of Trustees, discussed the proposed Memorandum of Understanding.

In response to Regent Sahlstrom, Mr. Fischer stated that the UMF has a University-wide mission and provides a wide array of services to other campus development entities.

In response to a concern raised by Regent Hogan, Mr. Fischer and Mr. Borman discussed the recommendation to give the UMF sole discretion over the use of unrestricted funds. They stated it is important that the UMF have discretion over

unrestricted funds in order to maintain its status as an independent, non-profit organization, even though the University is the sole beneficiary.

Regent Bleyhl asked if giving the UMF such discretion would conflict with the role and responsibility of the Board of Regents. General Counsel Rotenberg stated that the proposed language is intended to protect the legal independence of the UMF in the instance where funds are donated without designation as to how they should be spent, noting that the UMF only has legal power to direct such funds to assist the University of Minnesota. Mr. Borman noted that the UMF Board of Trustees supports the proposed Memorandum of Understanding as a sound business practice.

Mr. Fischer noted that a proposed Regents' Policy on Gifts and Fundraising will be presented for review at the December meeting and for adoption in January. The committee concurred with his suggestion that the proposed Memorandum of Understanding also be presented for approval in January.

Following the discussion, Regent Sahlstrom expressed appreciation to Mr. Fischer and Mr. Borman for their report.

The meeting adjourned at 11:30 a.m.


BARBARA MUESING
Executive Director and
Corporate Secretary

UNIVERSITY OF MINNESOTA

BOARD OF REGENTS

Committee of the Whole

November 9, 1993

A meeting of the Committee of the Whole of the Board of Regents was held on Tuesday, November 9, 1993, at 1:15 p.m. in the Regents' Room, 238 Morrill Hall.

Regents present: Regent Keffeler, presiding; Regents Anderson, Bleyhl, Hogan, Neel, Page, Perlman, Reagan, Sahlstrom, and Wynia.

Staff present: President Hasselmo; Chancellors Johnson and Sargeant; Senior Vice Presidents Erickson and Infante; Vice Presidents Hopkins, Hughes, and Petersen; General Counsel Rotenberg; Executive Director Muesing; Associate Executive Director Janzen; Associate Vice President Fischer.

Student Representative present: Rachel Paulose.

REPORT OF THE FACULTY CONSULTATIVE COMMITTEE

Professor Judith Garrard, Chair of the Faculty Consultative Committee (FCC), reported on the committee's activities, most of which have focused on the "University 2000" strategic plan.

Dr. Garrard stated that the details of "University 2000" will be debated at the Faculty Senate meeting on November 18. A vote will be taken at the December 2 meeting, and conveyed to the Board prior to its December meeting.

Dr. Garrard reported that she appointed a Blue Ribbon Committee on Excellence in Teaching and Research to advise the FCC as "University 2000" evolves. She also appointed a Task Force on User Friendliness on the Twin Cities campus, which includes faculty, staff, and students. The Task Force is charged with defining user friendliness, identifying problems and strengths, and recommending potential solutions.

In summary, Dr. Garrard stated that the faculty are interested in the development of a viable strategic plan and are eager to work in partnership with the administration to develop details of the plan.

Regent Keffeler noted that consultation with faculty regarding the strategic plan is particularly important, and the Board is aware of the faculty's unique role and ability to affect the quality and direction of the institution. On behalf of the Board of Regents, she expressed appreciation to Professor Garrard and the faculty for their efforts.

ANNUAL REPORT OF THE UNIVERSITY OF MINNESOTA FOUNDATION

President Hasselmo introduced Associate Vice President Fischer, Marvin Borman and Dale Olseth, and noted that positive trends have resulted from their strong

leadership of the University of Minnesota Foundation (UMF). He stated that the University's partnership with the UMF is particularly important as new financial strategies are explored for the future.

Mr. Fischer acknowledged the members of the UMF development staff present at the meeting. He presented the Annual Report, noting that 1993 was an excellent year for the UMF. He reported a 5.1 percent increase in gift production in 1993, and total gifts received of \$59.2 million, a 15.2 percent increase over 1992.

Mr. Fischer reviewed the 1993 donor profile and the purpose of gifts. He noted that the University ranked seventh nationally in 1992 with \$127.2 million in voluntary support, placing second only to the University of Wisconsin-Madison among public institutions.

Mr. Fischer reported on the status of major fund-raising projects, including scholarships, the Ted Mann Concert Hall, the Frederick R. Weisman Art Museum, the on-campus sports facilities, the Cancer Research Center, and the Curtis L. Carlson School of Management facility. He noted that the only disappointment is the lack of a lead gift for The Gateway project, although there is wide recognition among potential donors that there is a need for such a facility on the Twin Cities campus.

Mr. Fischer reported on other major accomplishments, including the development of a new donor relationship process, improvement in donor relations and communications, initiation of training programs for all University development staff, and clarification of donor and gift disclosure guidelines through legislation.

Mr. Fischer stated that goals for 1993-94 and beyond include increasing gift production to \$57 million, developing strategies to increase private support by the year 2000, implementing a donor management process, and improving stewardship performance. He reviewed the results of a recent donor survey, and discussed the donors' top funding interests.

Mr. Fischer reported that the market value of the University's combined endowment funds has grown from \$249 million in 1985 to approximately \$740 million in 1993. The University ranks third among public institutions, and he noted that the growth is the result of new gifts designated for endowments and outstanding investment performance.

In conclusion, Mr. Fischer stated that the UMF is proud of its past performance and the key to future success is improving donor stewardship.

Regent Keffeler expressed appreciation to Mr. Fischer, Mr. Borman, Mr. Olseth, and the other members of the UMF Board for their work on behalf of the University. Regarding funding for the University's priorities, Regent Keffeler asked about the possibility of increasing donations for scholarships and generating donor interest in maintaining the University's infrastructure and deferred maintenance. Mr. Borman stated that scholarships are a marketable priority, however, whether or not the UMF would be successful in raising funds for infrastructure is questionable. Mr. Olseth added that attracting private support for public facilities is almost impossible. He stated that the University should look to the Legislature for that support, and alumni can assist in that process.

In response to Regent Wynia, Mr. Fischer noted that none of the participants in the donor survey expressed support for funding facilities.

Student Representative Paulose noted the importance of scholarship support and financial aid, and she expressed appreciation to the UMF for its commitment to that priority.

On behalf of the UMF Investment Committee, Mr. Olseth recognized the outstanding commitment and performance of Associate Vice President Paschke.

In response to Regent Neel, Mr. Fischer noted that the University of Minnesota is last in the Big Ten in terms of alumni support. Mr. Fischer and Mr. Borman reported that the UMF is working with the Minnesota Alumni Association to increase alumni support, noting that the process must begin with improving students' experience at the University and cultivating their involvement throughout their lives.

Following the discussion, Regent Keffeler expressed appreciation for the report.

The meeting adjourned at 2:05 p.m.


BARBARA MUESING
Executive Director and
Corporate Secretary

UNIVERSITY OF MINNESOTA

BOARD OF REGENTS

November 9, 1993

A meeting of the Board of Regents of the University of Minnesota was held on Tuesday, November 9, 1993, at 2:10 p.m. in the Regents' Room, 238 Morrill Hall.

Regents present: Anderson, Bleyhl, Hogan, Keffeler, Neel, Page, Perlman, Reagan, Sahlstrom, and Wynia. President Hasselmo presided.

Staff present: Senior Vice Presidents Erickson and Infante; General Counsel Rotenberg; Deputy Vice President Chou; Executive Director Muesing; University Attorneys Bohnhorst and Donohue.

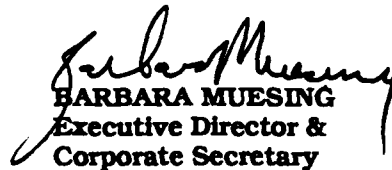
A motion was moved and seconded that the following resolutions be approved:

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 following the Committee of the Whole meeting on Tuesday, November 9, 1993, 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 as provided by Minnesota State Statute 144.581 Subd. 5, a non-public meeting of the Board of Regents be held following the non-public meeting to discuss attorney-client privileged matters on Tuesday, November 9, 1993, in the Regents' Room, 238 Morrill Hall, for the purpose of discussing University of Minnesota Hospital & Clinic marketing activity.

The Board of Regents voted unanimously to approve the resolutions.

The meeting adjourned at 2:11 p.m.


BARBARA MUESING
Executive Director &
Corporate Secretary

UNIVERSITY OF MINNESOTA

BOARD OF REGENTS

Committee of the Whole

November 10, 1993

A meeting of the Committee of the Whole of the Board of Regents was held on Wednesday, November 10, 1993, at 8:30 a.m. in the Regents' Room, 238 Morrill Hall.

Regents present: Regent Keffeler, presiding; Regents Anderson, Bleyhl, Hogan, Neel, Page, Perlman, Reagan, Rosh, Sahlstrom, and Wynia.

Staff present: President Hasselmo; Chancellors Johnson and Sargeant; Senior Vice Presidents Erickson and Infante; Vice Presidents Allen, Hopkins, Hughes, and Petersen; General Counsel Rotenberg; Deputy Vice President Elzay; Executive Director Muesing; Associate Executive Director Janzen; Associate Vice Presidents Johnson, Kvavik, Markham, Pfutzenreuter, and Tschida; Assistant Vice President Vikmanis.

Student Representative present: Rachel Paulose.

RECOGNITIONS/INTRODUCTIONS

Civil Service Committee Members

President Hasselmo and Regent Keffeler recognized the contributions of outgoing Civil Service Committee members Sylvia Brown, Sharon Day, Nancy Hugg Wilson, Margaret Von Hellwig, and Pam Wilson.

Mary Easterling, Chair of the Civil Service Committee, introduced new committee members Susan Carlson Weinberg, Dana Peitso, Deborah Sampson, and Karen Stutelberg.

Student-Athletes

The committee recognized a number of student-athletes for their achievements.

Chris Voelz, Director of Women's Intercollegiate Athletics, introduced coaches and student-athletes representing the Basketball, Cross Country/Track & Field, Golf, Softball, Swimming & Diving, and Tennis Teams.

Dr. McKinley Boston, Director of Men's Intercollegiate Athletics, introduced coaches and student-athletes representing the Baseball, Basketball, Football, Golf, Gymnastics, Hockey, Swimming & Diving, Tennis, Track, and Wrestling Teams.

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 September 30, 1993 for the Board of Regents' Office, the Office of the President, and Eastcliff Maintenance is hereby approved.

**NON-MEDICAL SCHOOL HEALTH SCIENCES
PRIVATE PRACTICE PLAN POLICIES**

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

WHEREAS, the University of Minnesota is a publicly supported institution; and

WHEREAS, the professional faculty and staff of the non-Medical School Health Sciences are encouraged to practice their discipline/specialty as the opportunity presents itself in recognition of the importance of such clinical/professional care as an integral component of the mission of the University; and

WHEREAS, clinical/professional practice by the faculty and staff of the University of Minnesota must be guided by appropriate institutional policies; and

WHEREAS, state, University, external, and practice-related resources must be brought together in support of educational, research, and clinical care missions of the University; and

WHEREAS, practice-related revenues may be an essential component of the fiscal structure of the non-Medical School Health Sciences; and

WHEREAS, the Board of Regents adopted on September 20, 1963 a Health Sciences Private Practice Policy, and that the Board of Regents' resolution of January 8, 1993 calls for the development of a private practice plan policy statement for each component of the Health Sciences;

NOW, THEREFORE, BE IT RESOLVED, that the Board of Regents' Policy on Health Sciences Private Practice originally adopted in 1963, as it applies to the non-Medical School Health Sciences, be rescinded and the attached policies governing the private practice plans of the School of Dentistry and the School of Nursing be adopted.

BE IT FURTHER RESOLVED, that the President develop appropriate contracts, procedures, and accounting practices to implement these policies, and that these be reported to the Board of Regents for review and approval before the February 1994 meeting of the Board.

REGENTS' POLICY ON TUITION

Regent Keffeler introduced the discussion regarding the proposed Regents' Policy on Tuition, stating that actual tuition rates will be set in the annual budget.

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

WHEREAS, tuition is a major source of revenue for the University's programs; and

WHEREAS, all of the University's students are charged tuition; and

WHEREAS, tuition must be assessed according to clearly articulated principles; and

WHEREAS, the University is engaged in a planning process that may require additional changes in tuition policy, including the adoption of tuition assessment principles that are more prescriptive;

NOW, THEREFORE, BE IT RESOLVED, that the Board of Regents of the University of Minnesota adopts the tuition principles submitted for review on October 15, 1993;

MOREOVER, BE IT FURTHER RESOLVED, that the University administration is directed to consider further revisions to the Tuition Policy as part of the ongoing planning process, including the use of specific tuition bands and such possible assessment mechanisms as a registration fee as means to assess more fairly for the cost of instructional and student support programs, and that the administration is directed to revise the Tuition Policy whenever such revision would facilitate changes and improvements in such programs.

Student Representative Paulose expressed concern regarding the lack of predictability in tuition over the past few years. She noted that although Minnesota Statutes indicate that the state should provide at least 67 percent of instructional costs and students should pay no more than 33 percent, the average student pays more than 40 percent of instructional costs. She asked if the administration intends to include a statement in the Tuition Policy on the proportion of instructional costs students should pay. Senior Vice President Infante responded that this question will be addressed, with a goal of achieving a high level of predictability related to tuition rates. He noted that state political leaders do affect the instructional costs paid by students, and the University must try to negotiate a new contract with the state as part of "University 2000."

Regent Hogan agreed that the Tuition Policy should address the issue of instructional costs. Regent Keffeler stated it is her understanding from Dr. Infante's comment that the administrative intent is to lay groundwork to ensure that state funding is provided. However, she noted that to be silent may imply a lack of aggressiveness as the University works toward this state support. Dr. Infante noted that the proposal indicates that the tuition policy is dependent on the level of support from the state.

The committee concurred with Regent Keffeler's suggestion that the tuition policy state the intent to seek full state funding for the state's historic share of the cost of instruction, and to further seek sources of public funding to reduce the burden on students and their families. Dr. Infante agreed to incorporate the proposed language.

Following the discussion, the committee voted unanimously to recommend approval of the resolution and adoption of the amended Regents' Policy on Tuition.

STATUS REPORT ON "UNIVERSITY 2000"

President Hasselmo presented a status report on the "University 2000" strategic plan. He reported on consultation that has taken place, and discussed input received from stakeholders regarding the plan.

President Hasselmo stated that "University 2000" focuses on the mission, vision, strategic directions, financial strategy, and process. He presented the following Mission Statement:

The University of Minnesota, founded in the belief that all people are enriched by understanding, is dedicated to the creation of knowledge and the advancement of learning and artistic activity; to the sharing of this knowledge through education for a diverse community; and to the application of this knowledge to benefit the people of the state, the nation, and the world.

The University's mission is threefold:

- Research and Discovery
- Teaching and Learning
- Outreach and Public Service

President Hasselmo stated that "University 2000" envisions the University of Minnesota as a first-rate global, land grant, research institution for the 21st century. He discussed the themes and criteria on which the planning process is based. He reviewed the following strategic directions, and specifically noted areas of emphasis:

- Research
- Graduate and professional education
- Undergraduate education
- Outreach and access
- User-friendly community

President Hasselmo stated that each University unit must develop benchmarks that can be used to measure its performance. In addition, he indicated that the University must establish benchmarks related to the strategic directions that have been identified in order to assess overall institutional performance.

President Hasselmo noted that the "University 2000" Mission, Vision, Strategic Directions, and Performance Statement will be presented to the Board of Regents for approval in January 1994. He reviewed the planning process over the next two years, noting that the Board will determine fundamental policy decisions on financing and resource allocation issues through approval of the annual University budget and the Biennial Request. President Hasselmo stated that a report on planning activities and decisions entitled "Institutional Planning: A Status and Progress Report, 1994" will be developed and presented to the Board of Regents in fall 1994, and each following fall.

Regent Perlman complimented President Hasselmo on his efforts to establish a clear strategic position for the University. He feels that the University College proposal recognizes diversity of students and considers the needs of employers, stating that it is an excellent program that will be necessary if the University is going to be successful in society.

Regent Keffeler stated that the overall response to the plan has been open and supportive, and the University community is now improving the proposal.

Regent Sahlstrom spoke in support of developing a user-friendly atmosphere, in addition to developing pride in the University. He stressed the importance of total development of the individual in order to prepare students for life and leadership as contributing citizens of this state.

Regent Page said she believes everyone has their own definition of the land-grant mission, which is part of the reason for varying reactions to the "University 2000" strategic plan. Regent Keffeler observed that the task over the coming months is to hew a definition of this land-grant institution that will sustain the Board's commitment, energize and motivate the commitment of faculty, and reward students.

Regent Hogan stated that members of some communities may not be supportive of the "University 2000" strategic plan because the University has not been accessible to all communities in the past, and they do not perceive that access will be improved by the proposed plan. He suggested it would be helpful to increase the focus on undergraduate education, and to seek input from those communities on whether the University College proposal is responsive to their needs. He also suggested a review of the University's reward system for teaching, research, and service, with emphasis on service to University College.

President Hasselmo expressed the University's commitment to inclusiveness of minority communities, stating it is important to achieve excellence through inclusiveness. He noted that minority enrollment has increased, but not as fast as it should and stated the University has to achieve its diversity objectives, including improved graduation rates.

Regent Roshia expressed support for President Hasselmo's efforts and the strategic planning process. He stated it is valuable to recognize that strategic planning is an ongoing process, and asked that the current plan include a mechanism which will result in a process for the next planning cycle.

Regent Sahlstrom stated that the greatness of the University of Minnesota must be emphasized throughout the process, even though strategic planning has to proceed to make it better.

Regent Keffeler expressed appreciation for the discussion. She stated that efforts must be increased to make contacts in some communities and suggested that the faculty Blue Ribbon Committee on Excellence in Teaching and Research should be asked to address those issues.

President Hasselmo stated that the consultative process on "University 2000" has been a team effort, and he thanked the Regents and administrators for their participation.

STATUS REPORT ON "UNIVERSITY 2000" FINANCIAL STRATEGY

Senior Vice President Erickson introduced the discussion regarding a status report on the "University 2000" financial strategy. He stated the objective is to ensure that the financial issues do not subsume the strategic planning process, while being mindful of the fact that realistic parameters must be established. In response to issues raised by Regent Hogan in the previous discussion, he noted that each unit is asked to provide information related to diversity as part of the annual budgeting process.

Associate Vice President Pfutzenreuter stated that the financial strategy is a major factor in the strategic planning process. He indicated that the following points provide the framework for development of the University's strategic plan:

- Financially, the University is a large economy with many sources of revenue, a strong entrepreneurial spirit, numerous internal business enterprises, and well-established but sometimes inefficient business practices.
- Because of limited resources, rising demand for health and social services, concern for property taxes, and a traditional commitment to K-12 education and human services, the State of Minnesota is unlikely to pay the entire cost of the strategic plan; reallocation of resources will be required, but the state must be relied upon to provide basic investments.
- The University has demonstrated and will continue to demonstrate that it is a responsible steward of its existing resources, that it has improved and will continue to improve its effectiveness and efficiency, and that it will take a leadership role in defining, explaining, and justifying a new educational investment partnership with the citizens of the state.
- Different outcomes cannot be achieved without a change in incentives. Internal incentives must be altered to encourage support of the strategic plan's priorities.

Mr. Pfutzenreuter reviewed state and University financial benchmarks, noting a decrease in the University's share of state and local tax revenues due to a shift in state priorities.

David Berg, Director of Management Planning & Information Services, discussed the University's various funding sources. As "University 2000" proceeds, he stated that the Board must consider critical policy questions related to state subsidies and their impact on the University, establishment of a tuition level, and the balance of federal support versus other support and related costs.

Mr. Berg noted that another important revenue source for the University is private, endowment, and investment income, most of which is restricted. Critical questions for Board consideration include the extent to which this income should be shifted for purposes the Board determines, and whether the University should undertake a targeted fundraising campaign for unrestricted student aid funds.

With regard to the University's auxiliary units, Mr. Berg stated a critical question is whether it is reasonable or possible for those units to make a profit and then use those funds for general educational purposes.

Mr. Berg stated that the financial strategy must include efforts toward enhanced efficiency and productivity, adding that it is a good strategy for the University to take advantage of those growth opportunities that are within its mission.

Mr. Berg reported that faculty and staff salaries are not competitive, and that issue must be addressed.

Regent Keffeler reported that in discussions with President Hasselmo and the Senior Vice Presidents regarding the direction the Board wants to proceed, she has encouraged them to expose the financial implications of "University 2000," while recognizing that specific estimates will not be available until the budget process begins. It is her understanding that basic scenarios and assumptions regarding revenues and expenses will be presented in December so development of legislative strategy can begin, and the Board will have that information in mind when the plan is presented for approval in January.

In response to a concern expressed by Student Representative Paulose, Mr. Erickson stated that the administration will look systematically at reallocation issues and their impact on the entire University.

Regent Neel expressed appreciation for the report, noting specific issues related to the University of Minnesota Health System.

In response to Regent Rosha, Mr. Berg stated that he will provide information on the impact of cost of living on faculty salary rankings.

Regent Perlman stated that the Board must understand the financial implications of the decisions it makes as part of "University 2000." The difficult challenge will be to link strategic planning to the budget process. He noted that significant issues include the possible need for subsidization of the University of Minnesota Health System, the need to develop principles that will result in predictable tuition rates, and the need to establish competitive compensation for faculty and staff.

In response to an issue raised by Regent Hogan regarding changing funding priorities, Regent Keffeler noted that at this point the Board is learning about the overall financial components of the strategic plan. She stated that the implications for all funding sources are open for consideration over the coming months.

Regent Bleyhl stated that before the Board is asked to make difficult decisions related to "University 2000," she needs additional information regarding the relationship between future funding projections and the University's long-range programmatic plans.

In summary, President Hasselmo noted that major investments were made in undergraduate education in the 1991 restructuring and reallocation process, and that additional improvements are a critical component of "University 2000."

The meeting adjourned at 10:55 a.m.


BARBARA MUESING
Executive Director and
Corporate Secretary

UNIVERSITY OF MINNESOTA

BOARD OF REGENTS

November 10, 1993

A meeting of the Board of Regents of the University of Minnesota was held on Wednesday, November 10, 1993, at 10:25 a.m. in the Regents' Room, 238 Morrill Hall.

Regents present: Bleyhl, Hogan, Neel, Keffeler, Page, Perlman, Reagan, Rosha, Sahlstrom, and Wynia. President Hasselmo presided.

Staff present: Chancellors Johnson and Sargeant; Senior Vice Presidents Erickson and Infante; Vice Presidents Allen, Hopkins, Hughes, and Petersen; Executive Director Muesing; Associate Executive Director Janzen; and Associate Vice Presidents Fischer, Kvavik, Markham, Paschke, and Pfitzenreuter.

APPROVAL OF MINUTES

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

Facilities Committee - October 7, 1993
Financial Operations & Legislative Committee - October 7, 1993
Faculty, Staff & Student Affairs Committee - October 7, 1993
Educational Planning & Policy Committee - October 7, 1993
Committee of the Whole - October 7, 1993
Board of Regents - October 7, 1993
Committee of the Whole - October 8, 1993
Board of Regents - October 8, 1993
Board of Regents - October 18, 1993
Board of Regents - October 26, 1993

REPORT OF THE PRESIDENT

President Hasselmo presented his monthly report which pertained to University 2000.

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

REPORT OF THE CHAIR

Chair Keffeler reported that the December meetings of the Board of Regents will be held on Tuesday and Wednesday, December 7 and 8, noting that it is a change from the regular meeting days due to a religious holiday.

Chair Keffeler then presented the following statement relating to marketing strategy for the University of Minnesota Health System:

"Yesterday afternoon the Board met in closed session to discuss specific marketing and contracting issues related to the University of Minnesota Health System. Under state law, that discussion is authorized to be held in a closed meeting. However, we believe it is important to set forth some of the considerations that led to that meeting and flow from that meeting. We believe it is important to establish a public record to ensure greater understanding of the important issues we are confronting in Health Sciences, particularly those issues with respect to the competitive and financial future of our Hospital, and finally, we believe it is important to energize public discussion and debate on these matters.

"As we all know, the local health care environment is becoming increasingly competitive, and state law, and perhaps federal law in the future, will require our Health System to participate in integrated service networks, or ISN's. Health care providers and managed care plans are forging strategic alliances, and in some cases are actually merging. We certainly have seen a good deal of this in our community. Our own University of Minnesota Health System must be responsive to these changes in the health care delivery environment.

"We wish, as a Board of Regents, to articulate certain values to guide the positioning of our Health System in this new competitive environment. I will proceed to outline four of these values:

- We stress, as a Board, our commitment to maintain the University of Minnesota Medical School as a leading center for medical training and research.
- We recognize the imperative of maintaining a financially sound University Hospital, because it is essential to a first-rate Medical School. However, we also acknowledge that over time the character of our Hospital, as well as other hospitals, will necessarily change. The financial integrity of the University Hospital has implications for the Medical School; it also has implications for the financial position of the University of Minnesota as a whole.
- We are very concerned that the character of the University of Minnesota Health System, as a public resource for the benefit of the people of Minnesota, be maintained. We stress the maintenance of that public character.
- We need to recognize and draw attention to the fact that unique costs are incurred by an academic medical center in fulfilling an educational mission. We must do everything that we can to preserve the state's commitment in assisting and financing those special costs.

"With these four values or principles in mind, all of which were discussed by the Board in our meeting yesterday afternoon, we certainly recognize that our Health System must forge strategic alliances in order to effectively participate in this new reformed health care system. We have encouraged the Board of Governors and the staff of the Health System to aggressively pursue alliances, consistent with the plan that this Board approved in 1992. Ultimately, of course, the Board of Regents will be responsible for authorizing any major new alliances, but we have encouraged and authorized the Hospital Board of Governors and the staff to aggressively put themselves at the table in terms of discussing these new strategic alliances. These alliances are competitive in nature and they may require our Hospital and the Board of Regents to eventually make choices about preferred partners. Consistent with one of the values that was articulated earlier, we hope to do so in a spirit of non-exclusivity. As a Board with governance responsibility for a public entity, that is a principle that is very important for us. We want to maintain access as much as possible for all Minnesotans, and we want to minimize any disruption of long-term, valued educational relationships with other public teaching hospitals in our community, some of which are themselves in the process now of forming strategic alliances, the outcome of which alliances may portend exclusivity in those instances as well.

"What I think we are trying to do here is put on the table very squarely the tension between the public character and our recognition that this is a very, very competitive environment. We need to engage a lively discussion on how we manage the tension between those two values. We do want our concern about these matters to be a matter of public record, as we do want to signal our commitment to maintaining a very strong and excellent Medical School."

RECEIVE AND FILE REPORTS

President Hasselmo noted the receipt and filing of the Quarterly Report on Grants and Contracts and the Report on Preventing Violence on file in the Regents' Office.

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 November 8, 1993

Chair Keffeler reported that the committee held forums for feedback on the University's Strategic Plan.

REPORT OF THE COMMITTEE OF THE WHOLE
November 9, 1993

Chair Keffeler reported that the committee reviewed a report from the Faculty Consultative Committee and the Annual Report of the University of Minnesota Foundation.

REPORT OF THE COMMITTEE OF THE WHOLE
November 10, 1993

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

- a) Approval of resolution re Summary of Expenditures, as follows:

RESOLVED, that the Summary of Expenditures for the period July 1, 1993 to September 30, 1993 for the Board of Regents' Office, the Office of the President, and Eastcliff Maintenance is hereby approved.

- b) Approval of resolution re Non-Medical School Health Sciences Private Practice Plan Policies, as follows:

WHEREAS, the University of Minnesota is a publicly supported institution; and

WHEREAS, the professional faculty and staff of the non-Medical School Health Sciences are encouraged to practice their discipline/specialty as the opportunity presents itself in recognition of the importance of such clinical/professional care as an integral component of the mission of the University; and

WHEREAS, clinical/professional practice by the faculty and staff of the University of Minnesota must be guided by appropriate institutional policies; and

WHEREAS, state, University, external, and practice-related resources must be brought together in support of educational, research, and clinical care missions of the University; and

WHEREAS, practice-related revenues may be an essential component of the fiscal structure of the non-Medical School Health Sciences; and

WHEREAS, the Board of Regents adopted on September 20, 1963 a Health Sciences Private Practice Policy, and that the Board of Regents' resolution of January 8, 1993 calls for the development of a private practice plan policy statement for each component of the Health Sciences;

NOW, THEREFORE, BE IT RESOLVED, that the Board of Regents' Policy on Health Sciences Private Practice originally adopted in 1963, as it applies to the non-Medical School Health Sciences, be rescinded and the attached policies governing the private practice plans of the School of Dentistry and the School of Nursing be adopted.

BE IT FURTHER RESOLVED, that the President develop appropriate contracts, procedures, and accounting practices to implement these policies, and that these be reported to the Board of Regents for review and approval before the February 1994 meeting of the Board.

HEALTH SCIENCES

School of Dentistry Private Practice Plan

1. ORGANIZATION

1.01 The private clinical practice of the faculty in the School of Dentistry shall be organized under the terms of the Regents Policy on Consulting and Outside Affiliations which permits one day/week for such activities (48 days for a term appointee), under the direction of the Dean of the School of Dentistry (Dean).

1.02 A Faculty Practice Committee will be appointed on an annual basis by the Dean and will be composed of participating faculty. The Dean, in concurrence with the Vice President of Health Sciences (Vice President), will first appoint the chair of the committee who will, in turn, recommend committee composition from members of the faculty practice.

1.03 The Faculty Practice Committee will have the responsibility of managing clinical activities and making recommendations on faculty payout formula to the Dean, based upon participant production and assessment of overhead and recovery costs.

2. PARTICIPATION AND SCOPE OF POLICY

2.01 Full-time dental faculty, licensed to practice dentistry in the State of Minnesota, are eligible to participate in the school's internal Private Practice.

2.02 All participating faculty shall execute individual contracts binding them to the terms of this and other applicable policies, including School of Dentistry policies and procedures for patient registration, records management, and patient accounting. The contracts which will be countersigned by the Dean and the designee of the Regents shall be reviewed and renewed biennially.

2.03 Participating faculty shall adhere to University of Minnesota and School of Dentistry policies and procedures related to business and personnel practices.

2.04 Faculty will obtain verified professional liability insurance coverage for the scope of their private practice activity at limits acceptable to the University, and such coverage shall include the Regents of the University of Minnesota as an additional insured. Evidence of such coverage shall be filed with the Dean.

3. SOURCES AND USES OF FUNDS

3.01 Private practice income, salary level and total compensation will be reviewed and established annually and administered through the Dean's office, in concurrence with the Vice President. The total level of compensation for those in participating in this plan is considered public information.

3.02 Participating faculty shall pay operating expenses through income of the Private Practice Plan. Operating expenses, when applicable, are to include facility costs, professional payments, salaries, and fringe benefits of clinical/technical staff, bad debt, marketing and advertising, laboratory costs, laboratory supplies, office supplies, shipping and mailing costs, equipment, or any other expenditure categories necessary for operation and maintenance of the private practice activity.

3.03 The private practice plan shall annually provide to the Dean's fund a total amount of not less than 6% of the annual overhead cost. Overhead costs which vary from generalists to specialist, and specialist to specialist, are calculated according to a payout formula and equal 40 to 60% of the gross income.

4. OVERSIGHT AND ACCOUNTABILITY

4.01 All consulting activities of the faculty will be reported and monitored annually in accord with the guidelines of the Regents Policy on Consulting and Outside Affiliations. Additionally, the faculty shall annually complete a Consultation Validation/ Survey Form as specified by the Dean.

4.02 Financial accountability will be verified regularly by the School's Office of Patient Accounting, and Office of Finance. The University Auditor, the Dean, the Vice President for Health Sciences, the Vice President for Finance, or the President may request information or an audit of the private practice activity at any time and such shall be granted.

HEALTH SCIENCES

School of Nursing Private Practice Plan

1. ORGANIZATION

1.01 The private clinical practice of faculty in the School of Nursing shall be organized internally, under the direction of the Dean of the School of Nursing ("Dean"). All faculty who engage in the private practice of nursing may provide clinical services only through the internal practice plan. Any exceptions of the foregoing must be approved by the Dean.

1.02 A Faculty Practice Advisory Committee ("Advisory Committee") shall be established for the purpose of advising the Dean as to administration of the internal practice group ("Practice Group"). The Committee shall be made up of participating and non-participating regular faculty, and shall be appointed by the Dean, in concurrence with the Vice President of

Health Sciences (Vice President). The Advisory Committee will select its own chair.

2. PARTICIPATION AND SCOPE OF POLICY

2.01 This policy, as it may be amended from time to time, governs all clinical services provided by faculty, regardless of where the services are provided, and such activity shall be governed by this policy rather than the policy on Consulting and Outside Affiliations.

"Faculty" is defined as registered nurses holding full-time (regular or non-regular) appointments to the faculty of the University of Minnesota School of Nursing and other faculty designated by the Dean.

"Participating Faculty" is defined as faculty members engaged in clinical practice under this policy.

"Clinical Services" is defined as performance for compensation or personal profit of the professional interpersonal service of: a) providing a nursing assessment of the actual or potential health needs of individuals, families, or communities, b) providing nursing care supportive to or restorative of life, and c) evaluating these actions (Minnesota Nurse Practice Act).

2.02 Faculty may have staff appointments and clinical privileges at health care agencies outside the University of Minnesota only if this has been approved in writing by the Dean as being consistent with the teaching and research missions of the School of Nursing. Faculty shall not maintain offices for professional practice outside the University without written approval of the Dean.

2.03 All faculty members engaged in private practice activity shall obtain professional liability insurance coverage which fully covers such activity, at coverage limits acceptable to the University, and naming the Regents as an additional insured. Evidence of such coverage shall be filed with the Dean.

3. SOURCES AND USES OF FUNDS

3.01 Private Practice Plan revenues shall include all funds derived, regardless of location, from clinical or patient care services and any other similar source which the Dean, in concurrence with the Vice President, determines should be deemed practice income. All funds so derived shall be received by or submitted to an appropriate University account as determined by the Dean and in keeping with University financial policies and procedures.

3.02 Practice Plan revenues shall not include: a) royalties from publications, b) honoraria or speaking fees, and c) any other source which the Dean, in concurrence with the Vice President, determines should be excluded.

3.03 The Practice Group will record as expenses only those expenses that are ordinary and necessary business expenses, and that are consistent with University Policy.

3.04 The University shall charge the Practice Group, as an expense, an appropriate amount for all University personnel, equipment, office space, utilities, or other services or facilities used for the generation of private practice income, but excluding personnel, equipment or facilities for which charge recovery or cost recovery is ordinarily achieved by the University of Minnesota Hospital and Clinic or other components of the University.

3.05 The Practice Group shall annually contribute to the School of Nursing an amount to be determined by the Dean, based upon a recommendation of the Advisory Committee. The amount of support to the School of Nursing will be a proportion of projected total Practice Group income available for distribution (not including base salaries).

3.06 The net revenue available for distribution to participating faculty under this policy, as salaries or income augmentation, shall be allocated to them in a manner that is fair, fosters team work and recognizes all principal areas of contribution to the activities of teaching, research, clinical care and administration, and shall be determined and regularly reviewed by the Dean, in concurrence with the Vice President. The total level of compensation for those engaged in this Practice Plan is considered public information.

4. OVERSIGHT AND ACCOUNTABILITY

4.01 The Dean shall be responsible for oversight and administration of the private practice activity described in this policy. The Vice President for Health Sciences shall oversee all such activity.

4.02 To ensure financial accountability, annual budgets, and year end reports shall be prepared by the Practice Group and submitted to the Dean. The University Auditor, the Dean, the Vice President for Health Sciences, the Vice President for Finance, or the President may request information or an audit of the private practice activity at any time and such shall be granted.

c) Approval of resolution re Regents' Policy on Tuition, as follows:

WHEREAS, tuition is a major source of revenue for the University's programs; and

WHEREAS, all of the University's students are charged tuition; and

WHEREAS, tuition must be assessed according to clearly articulated principles; and

WHEREAS, the University is engaged in a planning process that may require additional changes in tuition policy,

including the adoption of tuition assessment principles that are more prescriptive;

NOW, THEREFORE, BE IT RESOLVED, that the Board of Regents of the University of Minnesota adopts the tuition principles submitted for review on October 15, 1993.

MOREOVER, BE IT FURTHER RESOLVED, that the University administration is directed to consider further revisions to the Tuition Policy as part of the ongoing planning process, including the use of specific tuition bands and such possible assessment mechanisms as a registration fee as means to assess more fairly for the cost of instructional and student support programs, and that the administrations directed to revise the Tuition Policy whenever such revision would facilitate changes and improvements in such programs.

- d) Adoption of amended Regents' Policy on Tuition, as follows:

TUITION

The Board of Regents' tuition policy establishes basic policy in the form of principles about the setting of tuition rates at the undergraduate, professional, graduate, and departmental master's degree levels; residency requirements; tuition refund schedules; tuition waiver guidelines; reciprocity and exchange agreements; and administrative fees.

Tuition Principles

Tuition Assessment and Delegation of Authority

The Board of Regents' tuition policy guides the administration in establishing University tuition schedules and granting appropriate exceptions to those schedules for individual students. The president is delegated authority to implement tuition policy and assess tuition. The president will recommend tuition rates and estimate revenue from tuition in the yearly budget plan presented to the Board of Regents. Tuition rates must be approved by the Board of Regents.

Tuition will be assessed to all students receiving instruction. This includes formal classroom instruction as well as thesis advising and other less formal instruction.

Tuition assessments must reflect the provision of public funds to the University for instructional programs and the availability of financial aid. Tuition plans must foster access to the educational programs of the University and promote effective and efficient use of University resources. *The University will seek to obtain appropriate levels of state appropriations for both instructional*

*and financial aid programs to reduce the monetary burden imposed on students and their families by the cost of tuition.**

Undergraduate Student Tuition Rates

The president will make recommendations regarding the resident undergraduate tuition rate or rates for each campus. In making an annual recommendation regarding undergraduate tuition rates, the president will specify the expected level of undergraduate tuition revenue from each University campus and will solicit for consideration specific tuition rate proposals for each campus from the provost of the Twin Cities campus and from the chancellors of the Duluth, Morris, and Crookston campuses. Detailed tuition practices such as tuition banding and variation in rates between lower division and upper division or among colleges at the upper division level are delegated to the president and subject to review by the Board of Regents. The number of upper division rates proposed for any campus will be limited. As a general rule undergraduate tuition rates will move in the direction of the all-University proportion of tuition to instructional cost and should, in conjunction with the setting of fees, recognize the difference in cost between full-time and part-time students.

Professional Student Tuition Rates

The resident tuition rates for professional students will be established on a cost-related basis, with market as a limiting factor to tuition rate increases. As a general rule, these rates will move in the direction of the all-University proportion of tuition to instructional cost. For the professional schools of Medicine, Dentistry, Veterinary Medicine, Pharmacy, and Public Health, the institutions to be compared in establishing market will be determined by the president, on the recommendation of the vice president for health sciences.

Graduate Student Tuition Rates

The resident tuition rate for students registered in the Graduate School will be established on a cost-related basis, with cost being the average cost of all graduate programs and with market as a limiting factor to tuition rate increases. Tuition will be assessed for thesis advising, as well as for formal classroom instruction. The University's objective will be to have graduate tuition rates, graduate assistant wage rates, and tuition waiver policies that enable the University to remain competitive in recruiting the best graduate students, in order to maintain the highest quality graduate programs and because of the important role of graduate students in the University's instructional and research programs.

* Language added as directed at the November 10, 1993 Committee of the Whole meeting.

Departmental Master's Degree Student Tuition Rates

Resident departmental master's tuition rates will be established at a level greater than the corresponding undergraduate rate and less than the full-time graduate rate.

Tuition Rates for Non-Admitted Students in CEE and in Summer Session and for Adult Special Students

The University's tuition rates and practices must recognize the significant differences, including cost differentials, between students who are enrolling in individual courses and who are not pursuing a degree and students who have been admitted to a degree program at the undergraduate, professional, graduate, or departmental master's degree level. The president will make final recommendations regarding tuition rates for non-admitted students in CEE and in Summer Session and for students designated as "adult specials" in the day school.

Non-resident Tuition Rates

Non-resident, non-reciprocity student tuition rates for undergraduate, professional, graduate, and departmental master's degree students will be set to recover, on the average, the full cost of instruction, with full cost of instruction defined to be the instructional cost used in establishing the corresponding resident student tuition rate.

Residency

In general, Minnesota residents are assessed tuition at a rate that acknowledges the state's provision of resources to offset instructional costs.

The Board of Regents establishes residency policy for University purposes, consistent with state law. That policy is based on the following principle:

The University of Minnesota will grant resident status to students who are permanently residing in Minnesota and who have been physically and continuously present in the State of Minnesota for at least one calendar year prior to the first day of class attendance at the University, and who during this one-year period have resided in Minnesota for some reason other than primarily to attend classes at a postsecondary educational institution.

Once classified as a nonresident, a student can have his or her status changed to resident only if he or she does not claim resident status in any other state and can demonstrate clear intent to be a permanent resident of Minnesota (e.g., a student who is not a United States citizen but holds an immigrant visa).

A Minnesota resident's status will be changed to nonresident only if that person leaves the state for at least one year for reasons other than to attend a postsecondary institution or serve in the military; this provision applies to University students as well as prospective students.

Interpretive conventions of resident tuition status on such matters as temporary absences and sufficient evidence of residency must have the approval of the president and are subject to review by the Board of Regents.

Students will be provided due process to present their arguments for possible classification as a resident for University purposes.

Reciprocity and Exchanges

Reciprocity agreements enhance the accessibility and availability of post-secondary educational opportunity for residents of Minnesota and partner states and Canadian provinces. Such agreements provide for maximum social and educational benefit through improved economy and efficiency.

Subject to approval by the Board of Regents, the University may participate in reciprocity and exchange agreements between Minnesota and other states and Canadian provinces. Consistent with Minnesota Statutes (Chap. 136A.08), the president will recommend to the Board of Regents for their approval additions of and modifications in reciprocity agreements with other states and Canadian provinces. Agreements will specify the extent to which tuition will be waived.

The Board of Regents affirms that admissions to programs are delegated to the faculties of the University; agreements related to admissions are not, therefore, properly within the purview of others. The regents further affirm that their participation in reciprocity agreements involving remission of non-resident tuition must be premised on the understanding that adequate funding reimbursement procedures to the University will be developed through the Governor's Office and the Minnesota State Legislature.

The University may also enter into consortium agreements with other institutions and other academic programs under which student exchanges and visiting student/scholar programs will operate. The president is delegated authority to approve such programs on recommendation of the appropriate academic officer.

Waivers

Tuition may be waived very selectively for the purpose of compliance with state law, providing a financial discount to

students the University seeks to attract, as a benefit for University employees, to promote cooperation with other higher education institutions, in support of international exchange of students, and/or to serve humanitarian goals.

The president will make final recommendations regarding the terms and conditions under which tuition waivers are provided.

The University will state publicly the exceptions it will approve and provide such information to students who might qualify for them.

Tuition waivers will be reported as student aid expenditures in University financial records and reports.

Waiver of Full Tuition

The president may recommend that all tuition be waived for students in a limited number of categories. Such waivers make University policy consistent with specific state laws, support past actions by the Board of Regents, or provide benefits to University employees. For example, waivers are provided to blind students, dependents of U.S. prisoners of war, Native Americans attending the Morris campus, certain wards of the state, Regents' Scholars, full-time academic appointees, professional/administrative employees, and certain graduate student academic employees.

Waiver of the Nonresident Portion of Tuition

The president will make final recommendations regarding the conditions under which the nonresident portion of tuition is waived for students classified as nonresident. The conditions will serve the objectives noted above.

In general, waivers of the nonresident portion of tuition for individual nonresident students will be for fixed periods of time.

Refunds

The tuition refund policy for all students except those attending the University for the first time is as follows:

Before classes start:	100%
During first week:	100%
During second week:	75%
During third week:	50%
After third week:	No Refund

For students attending the University for the first time, the tuition refund policy is as follows:

Before classes start:	100%
During first week:	100%
During second week:	80%
During third week:	70%
During fourth week:	60%
During fifth week:	50%
During sixth week:	40%
After sixth week:	No refund

Administrative and Academic or Course Fees

Administrative fees that affect large classes of students (e.g. application fee) will be assessed to those receiving benefits.

Academic or course fees. The University does not normally assess academic or course fees over and above regular tuition to cover the normal costs of instruction, including special equipment or extraordinary instructional supply costs. However, appropriate fees may be assessed when academic departments purchase materials students use in developing a product the students will retain (e.g., in a studio arts class), or when academic departments purchase from non-University vendors services or products that are subsequently provided to students as a requirement of a course (e.g., airplane rental), or when academic departments provide individual lessons to students (e.g., flight training or music lessons). Narrow interpretations of these guidelines will be made.

Authority for recommending administrative and academic or course fees as part of the yearly budget plan is assigned to the president, and such fees are subject to approval by the Board of Regents.

It was noted that the docket material indicated that the amended Tuition Policy supersedes the Tuition Policy adopted June 12, 1992 and amended February 12, 1993; and the Policy on Tuition Waiver for American Indian Students at the Morris Campus, adopted February 12, 1961.

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

Chair Keffeler reported that the committee also received a status report on University 2000 and University 2000 financial strategy. In addition, the committee recognized service of the outgoing Civil Service Committee members and new committee members were introduced. Student-athletes were also recognized for their achievements in athletic competition and in the classroom.

REPORT OF THE FACULTY, STAFF & STUDENT AFFAIRS COMMITTEE

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

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

- b) Approval of adoption of amended Regents' Policy on Delegation of Authority -- Academic Personnel Matters, as follows:

DELEGATION OF AUTHORITY

Academic Personnel Matters

BE IT RESOLVED, that with respect to academic employees, the Board of Regents delegates authority with respect to personnel matters as provided in this resolution. This delegation is not intended to amend or alter any collective bargaining agreement and, to the extent it is inconsistent with any collective bargaining agreement, the delegation is not effective with respect to those employees. The senior vice president for academic affairs shall report annually or as frequently as deemed necessary, to the board, actions taken under this delegation as well as statistics on searches, progress in diversification, or any other matter, as requested by the board.

The Board of Regents will review and decide upon all appointments, special appointments, or leaves before they become effective for the following categories:

1. President
2. Chancellors
3. Provosts
4. President of the University of Minnesota Health System
5. Vice Presidents and General Counsel
6. Deans
7. Division I Athletic Directors
8. Division I Head Coaches in Men's Football, Basketball, Hockey (Twin Cities), Hockey (Duluth); and Women's Volleyball, Basketball, Gymnastics, Softball (Twin Cities)

I. Appointments and Special Appointments

A. Faculty

The Board of Regents delegates to the senior vice president for academic affairs the authority to appoint members of the faculty and to provide them with special appointments.

B. Professional and Administrative Employees

The Board of Regents delegates authority to appoint professional and administrative employees to the senior vice president for academic affairs and, as appropriate, for those individuals reporting to them, to all vice presidents and the general counsel, except as provided above.

II. Salary Changes, Changes in Status and Amendments

A. Faculty

The Board of Regents delegates to the senior vice president for academic affairs the authority to make all salary changes, changes in status and amendments for members of the faculty, except the Regents shall give final approval for granting tenure.

B. Professional and Administrative Employees

The Board of Regents delegates authority to make all salary changes, changes in status and amendments to the senior vice president for academic affairs and, as appropriate, for those individuals reporting to them, to all vice presidents and the general counsel. All actions taken must be consistent with the policy and procedures applicable to professional and administrative employees.

III. Renewals or Non-renewals

A. Faculty

The Board of Regents delegates to the senior vice president for academic affairs the authority to renew or not renew appointments of members of the faculty consistent with University policy.

B. Professional and Administrative Employees

The Board of Regents delegates the authority to renew or not renew date specific appointments (J or K) of professional and administrative employees consistent with University policy to the senior vice president for academic affairs and, as appropriate, for those individuals reporting to them, to all vice presidents and the general counsel.

IV. Leaves of Absence

Notwithstanding any policy to the contrary, the Board of Regents delegates to the senior vice president for academic affairs the authority to approve sabbatical furloughs, single quarter leaves, and professional development leaves within University policy.

V. Non-campus Service Requests

The Board of Regents delegates to the senior vice president for academic affairs or his delegate the authority to approve non-campus service requests.

VI. Resignations

The Board of Regents delegates to the president, all vice presidents, the general counsel, chancellors, provosts, vice chancellors, president of University of Minnesota

Health System, deans, directors (9330 and 9334 titles) and department heads the authority to accept resignations on behalf of the University from employees who report to them.

Exceptions: Any personnel action which involve a substantial material deviation from University policy shall be brought to the Board of Regents before it becomes effective. In exercising authority delegated under this resolution, all delegates should consider whether the Board of Regents should be consulted prior to an exercise of that discretion. In deciding that question, the delegate should consider whether or not the matter involves an important all-University matter, has potentially significant public impact, poses a serious conflict with University policy or creates substantial financial impact to the University.

- c) Approval of resolution re Elimination of Mandatory Retirement for Tenured Faculty Members, as follows:

WHEREAS, the federal Congress has enacted legislation which requires that as of January 1, 1994, all United States colleges and universities will be legally prohibited from having any mandatory retirement age for all employees, including tenured faculty;

WHEREAS, the Board of Regents has a policy that requires that tenured faculty retire by age 70;

NOW, THEREFORE, BE IT RESOLVED, that effective January 1, 1994, the Regents' Policy on Mandatory Retirement for Faculty Members, approved by the Board of Regents on June 8, 1979, is rescinded. Accordingly, any tenured faculty member whose 70th birthday falls on January 1, 1994 or thereafter will not be subject to mandatory retirement.

- d) Approval of resolution re Collective Bargaining Agreement with AFSCME Local 1164, as follows:

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

WHEREAS, AFSCME Local 1164 has ratified acceptance of the agreement; and

WHEREAS, according to the Board of Regents' Policy on Board Operations and Agenda Guidelines, regental approval of labor relations 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 November 10, 1993.

- e) Approval of resolution re Unit 6 Collective Bargaining Agreement with AFSCME Council 6, Locals 3800 and 3801, as follows:

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

WHEREAS, AFSCME Locals 3800 and 3801 have ratified acceptance of the agreement; and

WHEREAS, according to the Board of Regents' Policy on Board Operations 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 November 10, 1993.

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

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 in the docket material and filed in the Regents' Office.
- b) Approval of resolution re Capital Improvement Budget (FY94) Amendment, Scope/Budget Increase Project, as follows:

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

- A. Rosemount PCB Clean-Up, Scope/Budget Increase, Rosemount Research Center
Original cost of the project: \$10,600,000
Estimated increase: \$626,000
Total cost of the project: \$11,226,000
Funding for increase: Central Reserves
- c) Approval of resolution re Real Estate Transaction previously reviewed, as follows:
- 1) Purchase of 200 Acres of Land at Southern Experiment Station, Waseca

RESOLVED, that on the recommendation of the President and the Senior Vice President for Finance and Operations, the appropriate administrative officers are authorized to execute the appropriate documents providing for the purchase of the following described properties for \$270,000 total:

The W 1/2 of the NW 1/4 of Section 24, Township 107 North, Range 23 West, Waseca County, Minnesota, containing 80 acres, more or less, according to the United States government survey thereof.

from Kenneth & Margaret J. Krassin for the sum of \$108,000, and

The NE 1/4 of the NE 1/4 of Section 23, Township 107 North, Range 23 West, and the E 1/2 of the NW 1/4 of Section 24, Township 107 North, Range 23 West, Waseca County, Minnesota, containing 120 acres, more or less, according to the United States government survey thereof.

from Shirley & Victor Bailey and Janice & Kenneth Stendel for the sum of \$162,000.

- d) Approval of resolution re Real Estate Disposition Procedures, as follows:

RESOLVED, that the Board of Regents approve modifications in administrative procedures for the sale of surplus property as follows:

- 1) Allow the sale of surplus property by public bid or listing with a broker. The Senior Vice President for finance and Operations will present a marketing plan and advise the Board of Regents of the proposed plan when property is declared surplus.
- 2) Increase the value where two appraisals are required to \$50,000, and require one appraisal for property valued between \$20,000 and \$50,000.
- 3) In addition to offering to the State of Minnesota, such property will be offered to county, municipality or township within which the property is located, before public bid.
- 4) Provide for reservation of minerals and mineral rights.

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

Chair Rosha reported that the committee also reviewed for action a resolution for a Capital Improvement Budget (FY 94) amendment for a new project, as follows:

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

- A. Boynton Health Service Addition/Remodeling
Twin Cities Campus
Estimated cost of the project: \$2,100,000
Funding: Boynton Health Service
Estimated completion date: April 1995

Chair Rosha reported that due to a number of questions with respect to this item, action from the committee was not recommended. He stated that since the committee meeting, information responding to questions posed at the meeting has been provided and he would move approval of the resolution. The motion was seconded and the Board of Regents voted unanimously to recommend approval of the resolution.

Chair Rosha reported that the committee reviewed two Capital Improvement Budget (FY 94) amendments for new projects: 1) Biological Sciences Building Fume Hood Ventilation Retrofit; and 2) Animal Science and Veterinary Medicine Fume Hood Ventilation Retrofit. Both items are part of the University's Energy Conservation Measure Project.

In addition, the committee reviewed a Capital Improvement Budget (FY 94) Project Plan Approval and Scope/Budget increase for the Village Apartments Replacement, Phase I project on the Duluth campus and a proposed real estate transaction for the construction of a pre-fab building at the West Central Experiment Station.

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, including the adoption of the amended Regents' Policy on Investment Guidelines for Endowment Funds as follows:

INVESTMENTS

Investment Policy Guidelines for Endowment Funds

1. The maximum investment in equities and equity-related alternatives (defined as domestic and international stocks, equity mutual funds, and venture capital, real estate, and other equity-limited partnerships) for University endowments shall be 80 percent of the market value of the endowment

funds. Any remaining amounts shall be invested in fixed income securities, including mortgages and mortgage-related securities.

2. 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.
 3. No investments are allowed for the purpose of exercising management control.
 4. 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.
 5. 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.
 6. 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. (Applies to both endowment and non-endowment funds.)
 7. Up to 10 percent of the endowment funds may be invested in venture capital investments or venture related limited partnerships and up to 10 percent may be invested in real estate investments, with each new investment reported to the regents.
 8. Investments in companies with operations in South Africa are prohibited.
 9. Calculations of all percentage limitations shall be done on a market value basis.
- b) 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 as follows:

- Bevmatic Wholesale & Vending to provide vend pack food products estimated at \$650,000 to University Food Services from 10/1/93 to 6/30/94.
- Health Partners, Inc. for a 5th year renewal for the Graduate Assistant Health Care Plan

estimated at \$3,500,000 from 9/16/94 to 9/16/95.

- Turnquist, Inc. for copy paper distributed to University departments by University Stores, estimated at \$338,480 from 10/1/93 to 6/30/94.

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; received a Workers' Compensation Program review; and a report on the University Legislative Program.

Regent Bleyhl requested that the term "polytechnic degrees" (as used in the Report on the University Legislative Program) not be used because the implication might be drawn that such degrees are of a different quality than other University degrees.

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 adoption of amended Regent's Policy on University Press as follows:

University of Minnesota Press

The University of Minnesota Press is the scholarly publishing arm of the University and its publications shall include specialized, instructional, and general works.

The University of Minnesota Press, a department of the University, will develop its programs with the administrative and financial control of the University, and the editorial control of a faculty committee.

The chief administrative officer shall be a director, who shall be appointed by and shall report to the vice president for research. The director shall be responsible for editorial policy and planning and for acceptance of projects for publication.

The vice president for research shall annually appoint a committee of the faculty who shall advise the director on editorial policy and planning and acceptance of projects for publications.

All monies collected from the sale of publications and subsidiary rights shall be used by the University of Minnesota Press in its program in accordance with University financial policies and procedures.

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

Regent Sahlstrom reported that the committee also received a report on Arts, Sciences & Engineering as part of the Academic Report Series and reviewed a Memorandum of Understanding clarifying the relationship between the University of Minnesota and the University of Minnesota Foundation.

REPORT OF THE AUDIT COMMITTEE

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

- a) Approval of the Senior Vice President's Quarterly Report as presented to the committee.
- b) Approval of the Director of Audits' Quarterly Report as presented to the committee.
- c) Approval of resolution re External Auditor's Report, including annual external audit report, as follows:

RESOLVED, that the Board of Regents accept the Coopers and Lybrand report on the University's financial statements.

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

Chair Hogan reported that the committee also approved a resolution relating to the Urology Department that directed the administration to begin litigation against Urological Surgeons, P.A. (USPA) in absence of USPA voluntary compliance with the requests for data and information sought by the auditor to complete the audit. He stated that he has been informed that there has been an agreement to comply with the requests for data and there is no need for the resolution to be brought to the Board for approval.

Chair Hogan reported that the committee also received an update on the survey of revenue-generating units.

The meeting adjourned at 11:15 a.m.


BARBARA MUESING
Executive Director &
Corporate Secretary

MBA
11/20/93

**UNIVERSITY OF MINNESOTA
BOARD OF REGENTS**

MINUTES

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

December 7-8, 1993

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

December 7-8, 1993

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UNIVERSITY OF MINNESOTA

BOARD OF REGENTS

Audit Committee

December 7, 1993

A meeting of the Audit Committee of the Board of Regents was held on Tuesday, December 7, 1993, at 10:00 a.m. in Room 300, Morrill Hall.

Regents present: Regent Hogan, Chair; Regents Bleyhl, Keffeler, and Page.

Staff present: Senior Vice Presidents Erickson and Infante; Vice President Petersen; General Counsel Rotenberg; Associate Executive Director Janzen; Associate Vice Presidents O'Connor, Paschke, and Pfutzenreuter; and Director of Audits Willie.

Student Representatives present: Narciso Aleman and Sara Nienow.

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

**ROLES AND RESPONSIBILITIES OF
INTERNAL AUDIT FUNCTION**

Regent Hogan introduced the discussion by reviewing the status and direction of the audit function at the University. He stated that the Report of the Treadway Commission's Committee on Sponsoring Organizations (COSO) provides recommendations regarding audit evaluations of an organization's internal controls. Regent Hogan suggested that implementing these recommendations would shift the University's audit function from primarily financial audits toward management audits.

Regent Hogan indicated that he has had several discussions with Vice President Erickson and Audit Director Willie about the COSO Report recommendations and the direction of auditing at the University, and that Mr. Willie drafted the discussion paper for this Audit Committee meeting (copy on file in the Regents' Office). Regent Hogan said the question for the Audit Committee is how far it wants to move along the continuum from a financial audit mode toward performance or management auditing.

During the committee discussion, it was noted that the current efforts of the Audit Department are 90 percent detective and 10 percent preventative. The distinction was made between a financial audit that tests the correctness of a financial item and performance audits that review whether management is using information to achieve institutional objectives. Implementing the COSO recommendations would focus the University audit function away from detecting financial errors toward reviewing management control.

Regent Keffeler conveyed that the University should not give up detective audit work for more preventative effort. She added that discussions about organizational performance need to make clear that the issues are not limited to credits and balances.

Senior Vice President Erickson commented on the importance of changing the culture at the University to focus on internal controls. The committee discussed how to initiate an internal control environment, management's role in the process, and the Audit Department's educational functions.

Senior Vice President Infante observed that the prevailing view of the audit function at the University is narrow. He noted program reviews, such as the Computer Science Department review, that illustrate the characteristics of performance and management audits. Regent Keffeler indicated it might be useful for the Educational Planning and Policy Committee to examine the program review concept.

Regarding the role of the Audit Committee, Regent Keffeler expressed concern about a team approach and said that fundamentally the committee should 1) set clear expectations and check the performance against the plan; and 2) ensure the right competencies.

Mr. Willie indicated that the scope of the internal audit effort has not been management oriented, and that change will depend on direction from the committee.

Regent Hogan concluded by saying he would review the committee discussion with Mr. Willie and Senior Vice President Erickson to develop recommendations.

STATUS REPORT ON INTERNAL AUDIT ACTIVITY

Acting Director Willie provided an update on the status of internal audit activity. No audit reports have been issued since the last committee meeting in November.

In response to a question about the Urology audit, General Counsel Rotenberg indicated that all documents held by counsel for the Urology practice plan have been received, but that this did not include all those requested. After discussion, Regent Hogan indicated that, in the absence of committee disagreement, the audit should proceed.

Regent Keffeler asked Mr. Rotenberg about information requested at the committee meeting in November, and he replied that he received a report regarding CAREMARK and will provide a response before the January meetings.

The meeting adjourned at 11:25 a.m.


BARBARA MUESING
Executive Director and
Corporate Secretary

UNIVERSITY OF MINNESOTA

BOARD OF REGENTS

Facilities Committee

December 7, 1993

A meeting of the Facilities Committee of the Board of Regents was held on Tuesday, December 7, 1993, at 3:15 p.m. in the Regents' Room, 238 Morrill Hall.

Regents present: Regent Rosha, Chair; Regents Bleyhl, Peterson, Reagan, and Wynia.

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

Student Representatives present: Tom Donarski and Sara Rogers.

SENIOR VICE PRESIDENT'S MONTHLY REPORT

Senior Vice President Erickson stated that the Senior Vice President's Monthly Report for December 1993 contained no items. A motion was made and seconded to recommend approval of the report.

The committee agreed to forward the Senior Vice President's Monthly Report to the Board for approval.

SCHEMATIC PLANS FY 94 CAPITAL BUDGET

**Village Apartments Replacement, Phase I
Duluth Campus**

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, for the project listed below, the scope and budget is increased from what was approved in the FY 94 Capital Budget, the project plans are approved and the appropriate administrative officers are authorized to proceed with the design and construction of the project:

- A. Village Apartments Replacement, Phase I, Duluth Campus
Estimated cost of the project: \$4,450,000
Funding: Auxiliary Services and University Internal Loan
Estimated completion date: January 1995

The committee voted unanimously to recommend approval of the resolution.

AMENDMENTS, FY 94 CAPITAL BUDGET

A motion was made and seconded to recommend approval of 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 projects:

- A. Biological Sciences Building Fume Hood Ventilation Retrofit, Energy Conservation Measure Project, Twin Cities Campus
Estimated cost of the project: \$259,200
Funding: Internal University Loan provided by the Office of the Treasurer
Estimated completion date: One year after Board approval.
- B. Animal Science and Veterinary Medicine Fume Hood Ventilation Retrofit, Energy Conservation Measure Project, Twin Cities Campus
Estimated cost of the project: \$180,000
Funding: Internal University Loan provided by the Office of the Treasurer
Estimated completion date: Nine months after Board approval

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

- C. Pioneer Hall Fire Alarm, Egress Signage and Smoke Dampers Installation, Scope/Budget Increase, Twin Cities Campus
Original estimated cost of the project: \$374,700
Scope Increase: \$215,300
Total estimated cost of the project: \$590,000
Funding: Housing Services
Estimated completion date: June 1994
- D. Johnston Hall 4th Floor Offices Remodeling, Scope/Budget Increase, Twin Cities Campus
Original estimated cost of the project: \$650,000
Scope Increase: \$165,000
Total estimated cost of the project: \$815,000
Funding: Accumulated Indirect Cost Recovery Funds and Internal Loan Against Future Indirect Cost Recovery Funds
Estimated completion date: December 1994

The committee voted unanimously to recommend approval of the resolution.

AMENDMENTS, FY 94 CAPITAL BUDGET

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

**Facilities Improvement and Maintenance Program
1994 Construction Season
Duluth Campus**

Vice Chancellor Fox reported that this proposed program is presented at this time to insure that the University of Minnesota, Duluth (UMD) campus has an approved program to implement for the 1994 construction season. The projects included in the program will consist of the following:

- A. Roof Replacements
 - 1. Kirby Student Center
 - 2. Ward Wells Fieldhouse
 - 3. Bohannon Hall
 - 4. Montague HallEstimated cost: \$650,000

- B. Waterproofing
 - 1. Life Science Greenhouse
 - 2. Research Laboratory BuildingEstimated cost: \$590,000

- C. Tuckpointing (partial as needed)
 - 1. Chemistry
 - 2. Marshall Performing Arts Center
 - 3. Library
 - 4. Cina Hall
 - 5. Residence Hall Dining Center
 - 6. Humanities
 - 7. Lake Superior HallEstimated cost: \$125,000

- D. Parking Improvements to Lots U, U-2, T-2, and Health Service Lot
Estimated cost: \$155,000

Total cost of the entire program is \$1,520,000, with funding provided from a UMD Plant Service Maintenance Operating appropriation, a UMD Repair and Replacement Operating appropriation, auxiliary services, and the Kirby Student Center Maintenance Reserve. Vice Chancellor Fox reported that it is estimated that all projects will be complete by August 1994.

**Horticultural Therapy Lab and
Clotilde Irvine Sensory Garden
Minnesota Landscape Arboretum**

Peter Olin, Director of the Minnesota Landscape Arboretum, presented information regarding the proposed project. He reported that the Clotilde Irvine Sensory Garden will provide a totally-accessible garden oriented toward enhancing the sensual enjoyment of the out-of-doors. The Horticultural Therapy Lab will provide space to teach accessible gardening techniques as a method of therapy. Potential students are caregivers and therapists, as well as the disabled and elderly. Estimated cost of the project is \$390,190, with funding provided by the Landscape Arboretum Foundation. Estimated completion is April 1994.

REAL ESTATE TRANSACTION

Construction of Pre-Fab Building by Federated Telephone Cooperative at West Central Experiment Station, Morris

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 administrative officers are authorized to approve the request by a Lessee, Federated Telephone Cooperative, to erect a pre-fab 10' x 20' structure on its three-acre leased premises at the West Central Experiment Station, Morris.

The committee voted unanimously to recommend approval of the resolution.

Student Representative Donarski raised a question about the adequacy of housing and the enrollment implications on the Morris campus. Senior Vice President Erickson responded that the housing situation at Morris is being explored, and an update could be provided at the January meeting. He further reported that enrollment issues will be addressed as part of the University 2000 strategic plan.

REPORT ON TWIN CITIES CAMPUS BEAUTIFICATION, FACILITIES LINKAGES, AND CUSTODIAL SERVICE LEVELS

Associate Vice President Markham introduced the discussion on Twin Cities campus beautification, facilities linkages, and custodial service levels.

Regent Anderson joined the committee for the discussion of this item.

Linda McCracken-Hunt, Director of Project Development, and Lester Potts, Grounds Superintendent, presented information relating to beautification that included landcare operations, maintenance of green space, operating parameters, and repair and restoration projects.

Senior Vice President Erickson discussed the relationship of landscape and safety on the campus, indicating that pedestrian safety on campus is an important consideration in landscape planning.

Associate Vice President Hewitt, Assistant Vice President Tschida, and Director McCracken-Hunt presented information relating to facilities linkages. Mr. Hewitt reviewed the February 1993 Report on Enclosed Pedestrian Links on the Twin Cities Campus, and Ms. McCracken-Hunt provided estimated costs for the linkages.

Associate Vice President Markham reported that funding for custodial services has been cut back since 1980 and is currently at a critical stage. She added that a committee is studying issues of reasonable custodial service and the funding required to meet that service. The results of that study will be reported to the Board in the January Report on Facilities Operations and Renewal.

Regent Anderson expressed appreciation to the staff for their plan, reiterated his support for facility linkages, and read the following resolution:

WHEREAS, the Board of Regents wishes to improve and extend climate-controlled linkages and circulation on the Twin Cities campus, and

WHEREAS, the Board is interested in enhancing beautification of the Twin Cities campus, especially in regard to walkways, bridges, and parking facilities, and

WHEREAS, the Board is interested in development of a process to assure ongoing funding of such efforts,

THEREFORE, BE IT RESOLVED, that the Board of Regents directs the administration to develop a funding proposal, based on scheduled rate increases at University parking facilities, the proceeds of which are to be directed at these and other transportation-related activities. A report with such recommendations is to be submitted for discussion at the March meeting of the Board.

A motion was made and seconded to recommend approval of the resolution. Discussion ensued.

Regent Reagan expressed concern related to basing the funding proposal on rate increases at University parking facilities and asked that the resolution be amended to indicate that the administration would return with a fair fund proposal. Regent Wynia requested that the resolution address accessibility. The committee members making and seconding the motion accepted these suggestions as friendly amendments. After a short discussion, the committee voted unanimously to recommend approval of the following amended resolution:

WHEREAS, the Board of Regents wishes to improve and extend accessibility, climate-controlled linkages, and circulation on the Twin Cities campus, and

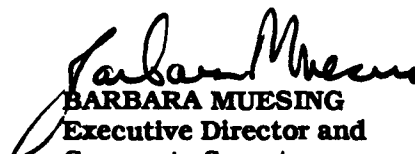
WHEREAS, the Board is interested in enhancing beautification of the Twin Cities campus, especially in regard to walkways, bridges, and parking facilities, and

WHEREAS, the Board is interested in development of a process to assure ongoing funding of such efforts,

THEREFORE, BE IT RESOLVED, that the Board of Regents directs the administration to develop a funding proposal, the proceeds of which are to be directed at these and other transportation-related activities. A report with such recommendations is to be submitted for discussion at the March meeting of the Board.

Regent Reagan noted for the record that student participation should be included in the beautification planning process.

The meeting adjourned at 4:45 p.m.


BARBARA MUESING
Executive Director and
Corporate Secretary

UNIVERSITY OF MINNESOTA

BOARD OF REGENTS

Financial Operations & Legislative Committee

December 7, 1993

A meeting of the Financial Operations & Legislative Committee of the Board of Regents was held on Tuesday, December 7, 1993, at 1:30 p.m. in the Regents' Room, 238 Morrill Hall.

Regents present: Regent Page, Chair; Regents Anderson, Keffeler, Neel, and Reagan.

Staff present: Senior Vice President Erickson; Associate Executive Director Janzen; Associate Vice Presidents Markham, Paschke and Pfutzenreuter; and State Relations Director Peterson.

Student Representatives present: Tom Donarski and Sara Nienow.

SENIOR VICE PRESIDENT'S MONTHLY REPORT

Senior Vice President Erickson presented the Senior Vice President's Monthly Report for December 1993. A motion was made and seconded to recommend approval of the report.

Senior Vice President Erickson noted the completion of two searches. Karen Lauritzen has accepted the position of Controller, and Ronald Campbell has accepted the position of Assistant Vice President for Housing and Food Services. Both appointments are effective January 1994.

Associate Vice President Pfutzenreuter reviewed the Central Reserves Summary, providing details of the new format.

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

PURCHASE OF GOODS/SERVICES OVER \$250,000

A motion was made and seconded to recommend approval of a resolution authorizing the awarding of purchase/contracts over \$250,000 to the following:

- To Hollstadt & Associates for \$350,000 to provide technical support and consulting for various development projects underway in the Administrative Information Services Department through February 28, 1994.
- To Manufacturers' Appraisal Company for \$517,000 to complete a building component and fixed equipment appraisal for the Office of Research and Technology Transfer

Administration. Project estimated to run from December 15, 1993 to March 18, 1994.

The committee voted unanimously to recommend approval of the resolution.

ALG FORWARD

Senior Vice President Erickson presented an update on the status of ALG Forward. He opened his presentation by introducing employees of the ALG operations present at the meeting. He reported that the University was not successful in obtaining an army contract and, therefore, the administration has solicited offers to purchase ALG. He reported that a number of proposals, all of which contain proposed future use of the facility, were received. He stated an acceptable offer to purchase ALG may be negotiated by January 31, 1994, and submitted the following resolution to authorize the negotiation of an agreement and expenditure of up to \$300,000 for continued operation of ALG until January 31, 1994:

WHEREAS, this Board of Regents on June 11, 1993, approved the University's expenditure of up to \$1.6 million for the period ending December 31, 1993, for the continued operation of ALG and authorized the creation of a retention incentive compensation plan for such period; and

WHEREAS, the University administration has solicited offers to purchase ALG so as to facilitate the return of ALG to the transplant community; and

WHEREAS, the University administration believes that the University will be able to negotiate an acceptable offer to purchase ALG by January 31, 1994; and

WHEREAS, the University administration further believes that the continued operation of ALG, at an estimated cost of no more than an additional \$300,000, during January 1994 will enhance the marketability of ALG; and

WHEREAS, the University administration recommends that this Board of Regents authorize the expenditure of up to an additional \$300,000 to operate ALG through January 31, 1994, and the continuation of the retention incentive compensation plan through such date;

NOW, THEREFORE, BE IT RESOLVED, that an additional expenditure of up to \$300,000 is authorized to operate ALG for the period ending January 31, 1994.

BE IT FURTHER RESOLVED, that the extension through January 31, 1994, of the ALG retention incentive compensation plan is approved.

BE IT FURTHER RESOLVED, that the University administration shall take all steps necessary to negotiate the terms of an agreement and shall present this agreement to this Board of Regents at its January 1994 meeting.

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

SOUTH AFRICAN INVESTMENT POLICY

Associate Vice President Paschke and Professor John Dickie, representing the University Senate Social Concerns Committee, presented information relating to proposed changes regarding South African investments in the Regents' Policy on Investment Guidelines for Endowment Funds.

Associate Vice President Paschke reported that since 1984, the University has prohibited investment in companies with operations in South Africa, but recent events have resulted in a re-evaluation of the policy. Amendment of the policy will allow the University to demonstrate support for the economic and political events leading to an end of apartheid.

Mr. Paschke presented a resolution to delete the statement in the Investment Guidelines for Endowment Funds prohibiting investments in companies with existing operations in South Africa effective when free elections are held in South Africa in April 1994. In addition, to avoid a potentially adverse impact on investment performance due to companies re-entering the South African market prior to the date for free elections, investments in companies entering the South African market after December 31, 1993 will no longer be prohibited. He reported if elections are not conducted in a free, open, and appropriate manner, the University's original prohibition of investment in companies with operations in South Africa will remain in place until such time as free elections are held.

Professor Dickie reported that the University Senate Social Concerns Committee has reviewed and approved the proposed policy change.

The item will be before the committee for action in January.

DELEGATION OF BUDGET AUTHORITY

Associate Vice President Pfutzenreuter led the discussion regarding delegation of budget authority. He reviewed the process for establishment, modification, and oversight of the University of Minnesota operating budget. He explained the difference between the approved budget and the current budget as it is reported quarterly to the Regents. The approved budget never changes and the current budget may reflect changes from the approved budget due to unanticipated revenues, expenditure changes, carryforward deviations, or unanticipated transfers. He reviewed examples and reasons for the difference between the approved and current budget.

Regent Neel expressed concern about expenditures, indicating he would like to see trend lines of expenditures, and stressed the need to focus on expense control.

Regent Keffeler stated she is not concerned by changes when there is a record of the changes. Her question was the level at which the Board of Regents should be involved in approving increases to the budget, and whether there is a formal process of delegation within the organization to approve discretionary material decisions. She asked if administration has recommendations regarding the matters the Board should approve.

The committee engaged in discussion regarding the delegation of authority for budget modification. Senior Vice President Erickson stated that the administration is developing appropriate oversight mechanisms, and that varied sources of revenues make the reasons for changes in expenditures complex. These need to be reviewed to determine appropriate approval levels and to define principles. He stated that the administration will continue to address the issues and come back to the committee with a recommended policy.

QUARTERLY PURCHASING REPORT

Karen Triplett, Director of Purchasing Services, presented the Quarterly Purchasing Report for July, August, and September 1993, noting changes from the docket material and highlighting the following:

A total of 91,485 transactions were processed for a value of \$90,463,594. Of the total, 15 were justified sole source awards totaling \$563,898.

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

QUARTERLY REPORT ON ASSET AND DEBT MANAGEMENT

Associate Vice President Paschke reviewed the Quarterly Report on Asset and Debt Management. The following information for University investments for the period ended September 30, 1993 was included in the report:

- Endowments and reserves on September 30, 1993 were \$1,009.7 billion for the University and \$338.1 million for the University Foundation. Faculty retirement assets totaled \$951.7 million.
- The Permanent University Fund (PUF) is valued at \$140.4 million and is included in the endowment assets of the University.
- The Consolidated Endowment Fund returned 5.5 percent and 19.0 percent for the past quarter and 12 months respectively versus the benchmark returns of 3.6 percent and 15.4 percent (60 percent equities/20 percent international equities/20 percent fixed income), and 2.5 percent and 13.0 percent returns for the composite index of endowment and Foundation funds.
- Performance of University Equity Managers for the past 12 months ranged from 24.5 percent to 12.4 percent compared to the Standard and Poors 500 return of 13.0 percent.

- Performance of University Fixed Income Managers for the past 12 months ranged from 22.8 percent to 10.4 percent compared to the Lehman Brothers Government Corporate Index return of 11.4 percent.
- The performance of the Long-Term Reserves was 13.4 percent for the past 12 months compared to the fixed income benchmark return of 9.5 percent. For all periods, the performance of the long-term reserves exceeded the benchmark returns.
- The average yield for the Short-Term Reserves was 5.9 percent for the past 12 months vs. 3.1 percent for Treasury Bills and 3.0 percent for Money Market Funds.

In answer to a question, Associate Vice President Paschke reported that the University has similar strategies and spending policies as the University Foundation, but different managers.

REPORT ON UNIVERSITY LEGISLATIVE PROGRAM

Tom Etten, Director of Federal Relations, presented information on the University's federal legislative activities in 1993. The Budget Reconciliation Act, National Service Legislation, and the Health Care Reform Bill were among the issues he reviewed .

Regents Anderson and Reagan stressed the importance of continued interaction with Minnesota's congressional delegation. Mr. Etten was encouraged to pursue appropriate ways to foster meaningful communication.

The meeting adjourned at 3:05 p.m.


BARBARA MUESING
Executive Director and
Corporate Secretary

UNIVERSITY OF MINNESOTA

BOARD OF REGENTS

Faculty, Staff and Student Affairs Committee

December 7, 1993

A meeting of the Faculty, Staff and Student Affairs Committee of the Board of Regents was held on Tuesday, December 7, 1993, at 3:25 p.m. in Room 300, Morrill Hall.

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

Staff present: Chancellor Johnson; Senior Vice President Infante; Vice President Hopkins; Executive Director Muesing; Associate Vice Presidents Carrier and Johnson; Director Mullen.

Student Representatives present: Gina Brunko and Rachel Paulose.

Regent Neel noted that there was not a quorum present at the meeting. The committee agreed to review the agenda items and to forward action items to the Board of Regents for approval.

SENIOR VICE PRESIDENT'S MONTHLY REPORT

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

- Appropriate contracts, procedures and accounting practices for the departmental private practice plans of the University Medical School are being developed and will be presented to the Board for review and approval;
- Update on collaborations between Boynton Health Service and the Health Sciences;
- Robert Bruininks, Dean of the College of Education, will chair the Search Committee for a Vice President for External Relations;
- Appointment of Gregory Hart as President of the University of Minnesota Health System, effective immediately;
- Appointment of Beth Zemsky as Coordinator of the Gay, Lesbian, Bisexual, Transgender Programs Office, effective December 7, 1993;
- Appointment of Linda Halcon as Interim Director of Boynton Health Service, effective November 1, 1993;
- Appointment of Susan Van Voorhis as Assistant Director of the Office of the Registrar;
- Promotions, honors, and awards received by University faculty and staff; and

- Campus programs and events, including a \$412,416 construction grant award to the University Cancer Center from the National Cancer Institute of the National Institutes of Health and the announcement of plans by Ken Foxworth, African American Student Services Coordinator, to run 154 miles from St. Paul to Duluth to raise money for UMD minority student scholarships.

Regents Neel and Anderson concurred with Regent Keffeler's comments relative to the search for a Vice President for External Relations, and her request that the Board be kept informed. Dr. Infante offered to provide a position description, and he will ask Dr. Bruininks to report to the Board on the search process and timelines.

In response to Regent Neel, Dr. Infante reported on development of job descriptions for the leadership positions of the University of Minnesota Health System. Following internal consultation, he expects to present to the Board in January general principles governing the relationship of the Health Sciences and central administration, particularly relating to external relations and research oversight. Regent Keffeler noted that the Board reserved judgment on those issues when it authorized the administration to proceed with recruiting for the Health Sciences leadership positions.

Regent Anderson noted that the number of acting and vacant administrative positions during his tenure on the Board has been an embarrassment, and he urged the administration to more aggressively seek talented individuals to work at the University. Regent Keffeler stressed the importance of expediting the search processes to fill the critical Health Sciences leadership positions, and expressed concern about the University's internal consultative process. Regent Neel concurred, stating that the market is changing rapidly and the University has to be responsive.

Following the discussion, the committee agreed to forward the Senior Vice President's Monthly Report to the Board for action.

COLLECTIVE BARGAINING AGREEMENT

Unit 3 Collective Bargaining Agreement with Teamsters Local 320

Associate Vice President Carrier presented the proposed Collective Bargaining Agreement with Teamsters Local 320 to the committee for approval.

The committee agreed to forward the following resolution to the Board for action:

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

WHEREAS, Teamsters Local 320 has ratified acceptance of the agreement; and

WHEREAS, according to the Board of Regents' Policy on Board Operations 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 December 8, 1993.

REPORT ON MINORITY STUDENT PROGRAMS

Associate Vice President Johnson presented a Report on the Status of Students of Color at the University. She introduced Nobuya Tsuchida, Director of the Office for Minority & Special Student Affairs (OMSSA).

Mr. Tsuchida reviewed charts comparing system wide minority student enrollment by ethnicity and by campus to the percent of total enrollment for the period Fall 1987 to Fall 1993. Minority student enrollment increased by 36.8 percent during that period and constituted 9.8 percent of the system wide enrollment in Fall 1993. He noted that figure is only 0.2 percent less than the diversity goal of 10 percent of the system wide total by Fall 1994.

In response to Regent Keffeler, Mr. Tsuchida reported a consistent increase in the number of minority students across ethnic lines and reviewed the distribution of ethnic groups. He stated that the increase reflects the University's diversity goals and the concomitant higher expectations placed on students.

Mr. Tsuchida reviewed system wide minority student enrollment by status for the period Fall 1987 to Fall 1993. He discussed minority student graduation rates and noted that in 1989, 14.9 percent of all minority students graduated within five years. At that time, a diversity goal was established to improve that graduation rate by 50 percent (to 22.4 percent) by 1994. Mr. Tsuchida noted that the goal is based on a five-year graduation rate, and that the graduation rate for minority students exceeds 30 percent if they are given an additional two years.

In response to Regent Neel, Dr. Johnson expressed hope for a system wide increase in graduation rates. In response to Regent Keffeler, Senior Vice President Infante expressed confidence that the goal of increasing the graduation rate to 22.4 percent will be reached by 1994.

Mr. Tsuchida reported that the average number of credits earned per year by all OMSSA students increased from 24.7 in 1988-89 to 28.8 in 1992-93. He noted a steady improvement in the average annual GPA of all OMSSA students, from 2.47 in 1988-89 to 2.64 in 1992-93. Regent Keffeler raised the issue of grade creep and its impact on statistics related to student performance. Dr. Infante discussed the reasons he believes minority student performance has improved, and he offered to provide similar data for students system wide.

Mr. Tsuchida reviewed the academic progress of OMSSA students and the number of OMSSA students who received bachelor's degrees from 1988-89 through 1992-93, noting the colleges from which they graduated. He compared the academic performance of OMSSA and non-OMSSA minority students, and reviewed the cumulative GPA distribution of all minority students within the system.

Dr. Johnson concurred with Regent Neel's assessment that General College is not a major player in the education of minority students, noting that only 14.9 percent of all minority students at the University are enrolled in General College. Vice President Hopkins noted that a large number of minority students transfer from General College to other colleges. Dr. Johnson stated that services critical to student success are being reviewed to ensure availability as University 2000 is implemented.

In response to Regent Keffeler, Dr. Johnson stated that University College assures that students with different resources and opportunities will have access to the University and to the resources necessary for their success. She stressed the need to ensure that students can move from one part of the University to another.

In response to issues raised by Student Representative Paulose, a discussion ensued regarding the OMSSA program, the average number of credits completed by minority and majority students, the level of debt incurred by students, and efforts to make the University environment more supportive.

Following the discussion, Regent Neel thanked Dr. Johnson and Mr. Tsuchida for the report.

PLAN FOR MINORITY ADVISORY COMMITTEE REPORTS

Associate Vice President Johnson reviewed the following plan for reporting from the President's Minority Advisory Committees and the American Indian Advisory Boards:

- The President seeks input, guidance, and advice from the committees for achieving the University's diversity goals;
- The President requests the appropriate administrative units to address the committees' recommendations and advise him how to proceed;
- The President updates the committees on the status of their recommendations and seeks further feedback and advice;
- The President directs the Office of the Associate Vice President and Associate Provost with Special Responsibility for Minority Affairs to prepare an annual report on the committees' recommendations and the status of those recommendations;
- The President reviews the annual report with the Executive Council of the Minority Advisory Committee Chairs and seeks final input and feedback; and
- The Executive Council's input is incorporated into the annual report, and the President submits the report to the Board of Regents at its July meeting.

A Regents' Policy on American Indian Advisory Boards, reflecting the proposed process, was presented to the committee for review. If adopted, it will supersede the old "Regents' Policy on American Indian Advisory Boards."

Dr. Johnson noted that the proposed plan responds to the September 1993 Regents' request for a process for addressing the recommendations of the President's Minority Advisory Committees.

Regent Keffeler expressed support for the proposed plan, stating that it will give the Board more substance for discussion. In response to Regent Keffeler, Dr. Johnson noted that the advisory committees will report to the Board of Regents through the President.

Regent Neel expressed appreciation to Dr. Johnson for her report. The committee will be asked to approve the proposed plan and adopt the Regents' Policy on American Indian Advisory Boards at the January meeting.

REPORT ON FALL QUARTER ENROLLMENT

Vice President Hughes led the discussion regarding fall quarter enrollment, and she introduced Wayne Sigler, Director of Admissions. Mr. Sigler reported that system-wide enrollment figures decreased by approximately 1 percent in Fall 1993, due in part to the impact of planned enrollment reductions over the past few years, but the number of new freshmen increased.

In response to Regent Keffeler, Senior Vice President Infante stated that a total decrease in enrollment last year resulted in a tuition shortfall. He does not expect the increase in the size of the freshman class to compensate for the decrease until next year.

In response to Regent Neel, Mr. Sigler indicated that the current plan responds to demographic changes by increasing the freshman class enrollment from 3,260 in Fall 1992 to 4,000 in Fall 1996. He discussed efforts to improve the quality of the entering class, and noted that incremental increases are planned to provide time for the colleges to adjust.

Mr. Sigler responded to issues raised by Regents Keffeler and Neel regarding the advantages and disadvantages of increasing enrollment. Dr. Infante noted the University is improving the standing of the freshman class while increasing enrollment, and the impact of limited resources on that effort.

Regent Neel spoke in support of improving quality, but expressed concern about the perception that the University is in a no-growth mode because state funding is an important factor in making the University competitive. Regent Keffeler stated that the enrollment implications of University 2000 must be clear, noting that an important feature of University 2000 is its emphasis on collaborative relationships with other state institutions.

Mr. Sigler reported an increase in the enrollment of minority students. In response to Regent Keffeler, Mr. Sigler and Dr. Hughes discussed efforts to improve recruitment and the University environment. Mr. Sigler emphasized the increasing need for scholarship funds for high ability minority students, and reported that \$1 million is currently available. He believes the University needs at least \$6 million, and stated that \$12 million would yield a quality program.

In response to Regent Keffeler, Dr. Infante stated that most public and private institutions are in a much better position than the University in terms of scholarship funds. As part of University 2000, the expectation is that \$6 million will be available for this purpose by 2000. Regent Keffeler requested an opportunity to discuss a fund-raising campaign for scholarships with the University of Minnesota Foundation.

In summary, Dr. Infante stated that the report shows the University's enrollment plans are being realized because of the energy and resources of Dr. Hughes and Mr. Sigler. He indicated that additional resources must be provided for operation of the Admissions Office and scholarships if the University is going to be competitive.

Following the discussion, Regent Neel expressed appreciation for the report.

The meeting adjourned at 5:15 p.m.


BARBARA MUESING
Executive Director and
Corporate Secretary

UNIVERSITY OF MINNESOTA

BOARD OF REGENTS

Educational Planning and Policy Committee

December 7, 1993

A meeting of the Educational Planning and Policy Committee of the Board of Regents was held on Tuesday, December 7, 1993, at 1:30 p.m. in Room 300, Morrill Hall.

Regents present: Regent Wynia, presiding; Regents Bleyhl, Hogan, Peterson, and Rosha.

Staff present: Chancellors Johnson and Sargeant; Senior Vice President Infante; Vice Presidents Allen, Hopkins, Hughes, and Petersen; Executive Director Muesing; Associate Vice Presidents Brenner and Johnson.

Student Representatives present: Narciso Aleman and Joan Jensch.

Regent Wynia noted that Regent Sahlstrom is recuperating from surgery at the University Hospital. A motion was made and seconded, and the committee voted unanimously to extend best wishes to Regent Sahlstrom for a speedy recovery.

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:

- The Carlson School of Management's Executive MBA Program was named as one of the top 20 programs in the nation by *Business Week*;
- Two grants were recently received by the Office of Disability Services for national leadership development training for students with disabilities and student affairs professionals, and for a new project entitled Careers On-Line;
- The Institute of International Studies and Programs was created July 1, 1993, to give international education at the University increased visibility;
- Programs recently approved by the Minnesota Higher Education Coordinating Board (HECB), including the Bachelor of Applied Business baccalaureate degree, which is a cooperative program of the University of Minnesota and Inver Hills Community College; and
- HECB adopted a policy change regarding conditional approval of new instructional programs, which involves a scheduled review of newly-approved programs three and five years after initial approval.

Dr. Infante noted that a Reciprocity Agreement between the State of Minnesota and the Province of Ontario is included in his report, and he intended to recommend approval of that agreement. However, he withdrew the item from the report because the agreement has not yet been signed by the State of Minnesota.

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

INSTITUTIONAL REVIEW BOARD PROCESS

Senior Vice President Infante indicated that this discussion of the Institutional Review Board (IRB) process was in response to Board request. Vice President Petersen led the discussion, and acknowledged Associate Vice President Brenner. She reported an increase in reports of misconduct, and stated that these incidents increase awareness of potential human and animal rights violations. She stated that the nature of scientific inquiry and creative pursuit requires academic freedom, accompanied by academic responsibility.

Dr. Petersen reviewed steps taken to date, and noted that the Regents' Policies on Conflict of Interest, Animal Care, Human Subjects, and Conflict of Commitment will be presented to the Board in 1994. In addition, changes are being made in the IRB process and educational sessions are being scheduled early in 1994 for faculty and staff.

Dr. Petersen discussed the IRB operating principles and responsibilities, and the academic misconduct process. She reported on changes in the Office of Human Subjects in Research, including adding at least two IRB's to review Health Sciences projects, increasing the office staff, and creating an Assistant Vice President for Research-Compliance Officer position.

In response to Regent Hogan, Dr. Petersen stated that all research projects are subject to the IRB process and the IRB monitors projects on an annual basis.

In response to issues raised by Regent Wynia, Dr. Petersen discussed the composition of the University's five IRB's. She stated that educational programs for members of IRB's, faculty, and staff will increase awareness of the University's expectations regarding research.

In response to Regent Wynia, Dr. Infante indicated that he will provide information to document the need for additional staff.

ACADEMIC REPORT SERIES: STUDENT AFFAIRS

Vice President Hughes presented an update on Twin Cities Student Affairs activities, including efforts to attract, recruit, and admit students. She reported that Student Affairs supports the academic mission in the areas of retention and student development.

Dr. Hughes described the Twin Cities campus community, and discussed activities to support faculty, staff, and students and to increase the sense of community.

In response to Regent Wynia, Dr. Hughes discussed the Board's role in enhancing the sense of community on campus. She stated that the Board sets the tone, and the values projected by the Board are critical to that effort.

In response to Regent Rosha, Dr. Hughes provided examples of recent community building activities. She noted that the University received a three-year \$150,000 grant from the Fund for the Improvement of Post-Secondary Education. Dr. Hughes stated that a major goal of each Student Affairs unit is to create a user-friendly environment, and internal and external reviews are done to assess success.

In response to an issue raised by Student Representative Jensch, Regent Rosha reviewed the Board's decision to move Gopher football to the Metrodome.

Regent Rosha stated that Student Affairs activities are essential to the health of this institution, and he urged Dr. Hughes to alert the Board if she needs support for any activities. Dr. Hughes noted that research demonstrates the importance of these activities to the educational experience of students.

Following the discussion, Regent Wynia thanked Dr. Hughes for the presentation.

REPORT ON OUTREACH

Vice President Allen introduced the discussion regarding the report on the process and findings of the Outreach Council entitled "Outreach at the University of Minnesota - A Strategic Plan." He noted the efforts of Jeanne Markell and Steven Laursen, who provided staff support to the Council.

Dr. Allen indicated that the Council's definition of University outreach activities is the transfer and exchange of knowledge between the institution and society. He noted that the term "service" is too generic to describe this part of the University's mission, stating that these activities are better defined as "outreach."

Dr. Allen recounted that the President asked the Council to articulate a taxonomy describing the University's outreach activities and outcomes, and the Council responded by categorizing outreach activities into eight desired outcomes. He discussed the relationship of outreach activities to outcomes, and stated that the system of academic rewards and incentives should change accordingly.

Dr. Allen stated that outreach must be an integral part of University 2000, noting that the report has shaped thinking about the plan, particularly related to University College. Parts of University 2000 address outreach issues, including action steps included in the report. He also noted the connection between outreach and research.

In conclusion, Dr. Allen noted the University of Minnesota and the University of Michigan are national leaders in outreach. He indicated that representatives of both institutions were invited to present reports at the National Association of State Universities and Land Grant Colleges (NASULGC) Conference in November, and since then 27 institutions have requested information on the University's outreach activities.

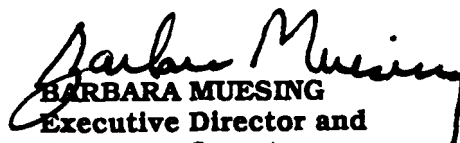
In response to Regent Bleyhl, Dr. Infante indicated that the University's UNITE program is broadcast statewide to 24 internal sites and to the Rochester Center, which is an open site.

Student Representative Aleman expressed concern that the Outreach Council included no people of color. Dr. Allen accepted Mr. Aleman's concern, and noted that the Council consulted extensively with diverse groups.

In response to Regent Wynia, Dr. Allen stated that the University intends to place greater emphasis on outreach activities in promotion and tenure evaluations.

Following the discussion, Regent Wynia expressed appreciation to Dr. Allen for his report.

The meeting adjourned at 3:00 p.m.


BARBARA MUESING
Executive Director and
Corporate Secretary

UNIVERSITY OF MINNESOTA

BOARD OF REGENTS

Committee of the Whole

December 8, 1993

A meeting of the Committee of the Whole of the Board of Regents was held on Friday, December 8, 1993, at 8:30 a.m. in the Regents' Room, 238 Morrill Hall.

Regents present: Regent Keffeler, presiding; Regents Anderson, Bleyhl, Neel, Page, Peterson, Reagan, Roshia, and Wynia.

Staff present: President Hasselmo; Chancellors Johnson and Sargeant; Senior Vice Presidents Erickson and Infante; Vice Presidents Allen, Hopkins, Hughes, and Petersen; General Counsel Rotenberg; Deputy Vice Presidents Chou and Elzay; Executive Director Muesing; Associate Executive Director Janzen; Associate Vice Presidents Barbatsis, Johnson, Paschke, Perlmutter, Pfutzenreuter, and Tschida; Special Adviser Wallin.

Student Representative present: Rachel Paulose.

HONORS COMMITTEE REPORT

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

**APPOINTMENTS TO UNIVERSITY OF MINNESOTA
HOSPITAL BOARD OF GOVERNORS**

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

RESOLVED, that the Board of Regents 1) approves the reappointment of S. Albert Hanser, Peter Madel, and Michael Dougherty as members of the University of Minnesota Hospital Board of Governors, effective January 1994; and 2) approves the appointment of Dr. Theresa McCarthy as student representative to the University of Minnesota Hospital Board of Governors for a one-year term, effective January 1994.

President Hasselmo noted that he, rather than a Regents' Nominating Committee, was submitting the proposed appointments due to the transition to a new University of Minnesota Health System. He stated that a proposal for restructuring the Health System Board will be presented to the Board of Regents at a future meeting.

The committee voted unanimously to recommend approval of the resolution.

REPORT ON HEALTH SCIENCES REORGANIZATION

Regent Keffeler introduced the discussion regarding the Health Sciences reorganization. She reviewed the major issues the Board has addressed and those remaining, including the number of private practice plans, the role and responsibilities of the University of Minnesota Clinical Associates (UMCA), the future role of the Hospital Board of Governors, and the relationship of the Health Sciences organization to the University in specific areas. She noted that those matters, as well as specific contracts related to the practice plans, will be presented at the January meeting.

President Hasselmo stated that substantial progress has been made to reorganize the Health Sciences, and he expressed appreciation to Mr. Wallin for his contributions. He indicated that recommendations will be presented at the January meeting regarding:

- Role, structure, and responsibilities of the Health System Board of Governors;
- Structure and operation of the University of Minnesota Health System;
- Appropriate relationships between the Health Sciences and the University of Minnesota; and
- Health Sciences administrative searches.

Mr. Wallin discussed reorganization of the Health Sciences. He stated that there is concern regarding how academic health centers across the nation will fit into the changing health care system, noting that Minnesota is in the forefront. He reported that national searches are currently being conducted for Provost and Chief Financial Officer.

Mr. Wallin conveyed concern about the breakdown of trust between the Health Sciences and the rest of the University. He urged the Board to examine the fundamental relationship between the University and the Health Sciences and to clarify delegations of authority.

Regent Keffeler stated that the proposed Principles Governing the Relationship Between Central Administration and the Health Sciences Center is an excellent statement and a good framework for developing relationships. In response to Mr. Wallin's concerns regarding morale, Regent Keffeler asked what the Board could do to help.

Mr. Wallin emphasized the need for communication, and he urged the Regents, President, and administration to become involved. Regent Anderson responded that the Board could meet with Health Sciences representatives, and he suggested that difficult times can be seen as an opportunity. Mr. Wallin concurred, but expressed concern that other health sciences centers are successfully recruiting talented people from the Health Sciences and reiterated his suggestion that the Regents become personally involved.

Regent Keffeler stated that Regent Anderson appropriately expressed the interest of the Board. She noted the commitment of the Board, and asked for advice about how to proceed in a meaningful way. Mr. Wallin indicated that personal involvement of the Regents would be appropriate.

In response to Regent Neel, Mr. Wallin indicated that the proposed principles would provide a philosophy to guide how the Health Sciences should operate. The statement of principles would be followed up with specific plans.

Regent Keffeler asked if it would be helpful if the Board of Regents endorsed the principles at this time, and Mr. Wallin stated that it would. President Hasselmo spoke in support of the principles, stating that endorsement by the Board would be a helpful step in the process of resolving the situation.

A motion was made and seconded to recommend approval of the University of Minnesota Principles Governing the Relationship Between Central Administration and the Health Sciences Center.

Regent Reagan suggested the need for flexibility in the job descriptions for the Health Sciences leadership positions in order to attract the best people.

The committee voted unanimously to recommend approval of the University of Minnesota Principles Governing the Relationship Between Central Administration and the Health Sciences Center.

Mr. Wallin provided a position paper on how the Health System might fit into the changing health care system and the choices facing the institution. The document has been discussed with various individuals, including legislators, and he asked the Regents for input. Regent Keffeler thanked Mr. Wallin for sharing the document with legislators, stating that is consistent with previous conversations regarding the need to ensure that legislators are aware of the Health Sciences situation.

In response to Regent Page, Mr. Wallin suggested that the Regents meet with Health Sciences people and listen to their views.

President Hasselmo asked the Board to take every opportunity to make positive statements about the Health Sciences. He stated the administration is developing specific delegations of authority based on the principles so the Health Sciences can be properly administered internally and be in the best position to compete in the current environment.

Regent Keffeler noted that not everyone will be satisfied, stating it is important to quickly resolve the issues and build a trust relationship. Mr. Wallin concurred, and emphasized the need to hire permanent leaders for the Health Sciences as soon as possible.

Following the discussion, Regent Keffeler indicated that a non-public meeting of the Board of Regents has been scheduled following the Committee of the Whole to discuss specific Health Sciences marketing issues.

ANNUAL FINANCIAL REPORT

Associate Vice President Pfutzenreuter presented the University's 1992-93 Annual Financial Report. He indicated that the University has assets of more than \$2 billion, including cash and investments of approximately \$1 billion, liabilities of \$212 million, long-term debt of \$250 million, and a total fund balance of more than \$1.7 billion.

Mr. Pfutzenreuter presented an assessment of the University's financial condition, including a review of balance sheet ratios and creditworthiness ratios. He noted that tuition has increased slightly as a share of revenues as the level of state appropriations has decreased. He reviewed education and general expenditures in constant 1993 dollars, noting an increase in scholarships and research expenditures and a decrease in physical plant expenditures.

Mr. Pflutzenreuter presented an evaluation of financial performance, and discussed the net operating ratios, contribution ratios, and demand ratios. He noted that the ratio of net total revenues to total revenues is at an acceptable level that is good for the University.

Following the presentation, Regent Keffeler thanked Mr. Pflutzenreuter for his report.

**UNIVERSITY OF MINNESOTA MISSION STATEMENT,
UNIVERSITY 2000 STRATEGIC VISION/DIRECTIONS STATEMENT,
AND UNIVERSITY 2000 FINANCIAL ISSUES**

President Hasselmo introduced the discussion regarding University 2000, and noted that feedback from numerous internal and external stakeholder meetings has shaped development of the plan. He thanked the Regents for their participation in the meetings, stating that a final summary of the results of those meetings will be provided.

President Hasselmo reviewed the draft resolution included in the docket to be presented for approval in January, which summarizes essential features of University 2000, and provides for development of a financial plan, critical measures, and benchmarks. He noted that the concept behind the proposal to establish a "University College" is sound, but the title may require changes.

Student Representative Paulose commented on the success of the University 2000 consultative process. She agreed with the principles of the plan, and urged the administration to acknowledge the University's financial limits and establish realistic expectations. Regent Keffeler noted that the Board has expressed concerns regarding the financial parameters of the plan, and stated that financial information will be presented at the March meeting.

In response to Regent Bleyhl, President Hasselmo stated that University 2000 will be the foundation for the 1995 Legislative Request and he envisions the request will be framed in terms of the specific plans that emerge from this effort.

Regent Reagan thanked President Hasselmo for addressing the problem associated with the title "University College." President Hasselmo noted that the terms "University College" and "Research University" have been stumbling blocks, and the terminology problems have to be resolved.

Following the discussion, Regent Keffeler thanked President Hasselmo for his presentation. She noted that the resolution will be presented for approval at the January meeting.

RESOURCE ALLOCATION GUIDELINES

Regent Keffeler introduced the discussion regarding proposed resource allocation guidelines, which will provide the framework for development of the FY 1995 budget. President Hasselmo noted that the guidelines are the first step in defining the financial strategy for University 2000, and the guidelines for each budget year will implement that strategy.

Senior Vice President Erickson noted that the resource allocation guidelines are being presented earlier in the process at the Board's request, and discussed the concept of establishing a Strategic Investment Pool to advance the institutional strategic plan.

Associate Vice President Pfutzenreuter reviewed a chart outlining Fund Balances in Centrally Allocated Funds, including revenue and expenditure estimates for FY 1994 and base spending level estimates for FY 1995. He indicated the report does not reflect departmental balances, and a report on year-end operating balances will be presented in January. Mr. Pfutzenreuter noted that the projected FY 1995 unobligated balance in central reserves is considerably below the level outlined in the Regents' guidelines. Mr. Erickson indicated that although improved investment performance could change that situation, there is no guarantee that the University's investments will continue to perform as they have in the past.

Mr. Pfutzenreuter reviewed FY 1995 tuition and salary scenarios, reflecting revenue based on a 5 percent average tuition increase and potential costs based on salary increases of 4 or 6 percent. He noted that salary increases will impact all funds and not just operations and maintenance funds, and stated that timing of the delivery of those increases will affect the cost to the University.

Mr. Pfutzenreuter stated that the amount to be placed in the Strategic Investment Pool must be determined. He reviewed examples of items that might be funded from that pool, including recruiting, financial aid, teaching, research, and outreach initiatives, and faculty and staff development.

Mr. Pfutzenreuter reviewed the FY 1995 resource allocation process under the umbrella of the University's Institutional Strategic Plan. After approval of the resource allocation guidelines and the base adjustment process, the amount of the Strategic Investment Pool will be determined and the balance will be distributed based on collegiate units' budget proposals. He noted that the proposed budget will be presented to the Board of Regents for review in April and approval in May.

Regent Keffeler expressed a concern that the guidelines are not quantified, and that the Board will not be able to review specific recommendations on the size of the Strategic Investment Pool, tuition rates, and compensation targets until April. Mr. Erickson stated the administration felt it would be most productive to get feedback from the Board on the guidelines before making specific recommendations. President Hasselmo reviewed financial parameters related to tuition, compensation, and the Strategic Investment Pool, and indicated that specific recommendations will be available at the January meeting when the Regents are asked to approve the resource allocation guidelines.

In response to Regent Wynia, Regent Keffeler stated that before management releases budget instructions to units, the Board should ensure that there is a good fit between the resource allocation guidelines and its expectations regarding revenue and expenditures.

A discussion ensued, and several Regents stated that they would prefer to review specific financial recommendations early in the process. Mr. Pfutzenreuter discussed the Board's role, stating it is important for the Board to set parameters, provide guidance to the administration on limits, and determine its position on tuition and salaries. He noted that specific recommendations will be available for the Board to review in January, prior to distribution of budget instructions to units.

Regent Keffeler stated that if the Board had financial information at this time, there would be more time to deliberate the consequences. President Hasselmo noted that the Budget Principles had not been reviewed by the Board until May in previous years, and stated that the administration anticipated feedback from the Board before presenting specific recommendations.

Student Representative Paulose expressed concern about 5 percent as a possible tuition increase, stating that she believes the target should be the rate of inflation.

Regent Wynia stated she hopes the Board will have an opportunity to receive feedback from the University community about the financial estimates before the January meeting.

Regent Anderson asked about the administration's response to the suggestion made by the Board in June that the administration review the possibility of admitting additional students. President Hasselmo stated the recruitment process is being strengthened to maximize enrollment in all programs within the University compatible with quality initiatives, noting that some programs are already beyond their enrollment limits.

Regent Anderson expressed concern about recommendations made by the Citizen's League that tuition should increase substantially for certain students and those funds should be made available to other students.

President Hasselmo concurred with Regent Keffeler's statement that financial scenarios will be presented at the January meeting to ensure understanding of the consequences. In addition, the administration will recommend planning assumptions to use in investment pool, tuition, compensation, revenue, and expense categories, and provide opportunity for consultation to ensure understanding of the consequences of setting the budget pursuant to those planning assumptions.

The meeting adjourned at 10:50 a.m.


BARBARA MOESING
Executive Director and
Corporate Secretary

UNIVERSITY OF MINNESOTA

BOARD OF REGENTS

December 8, 1993

A meeting of the Board of Regents of the University of Minnesota was held on Wednesday, December 8, 1993, at 11:15 a.m. in the Regents' Room, 238 Morrill Hall.

Regents present: Anderson, Bleyhl, Keffeler, Neel, Page, Peterson, Reagan, Rosha, and Wynia. President Hasselmo presided.

Staff present: Senior Vice Presidents Erickson and Infante; Vice President Petersen; General Counsel Rotenberg; Deputy Vice President Chou; Deputy Vice President Elzay; Executive Director Muesing; Associate Vice President Perlmutter; Special Assistant to the President Wallin; University Attorney Donohue; Hospital Attorney Dunder; Hospital Director Hart.

Others present: Hospital Governor Dougherty.

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 144.581 Subd. 5, a non-public meeting of the Board of Regents be held on Wednesday, December 8, 1993, in the Regents' Room, 238 Morrill Hall, for the purpose of discussing University of Minnesota Hospital & Clinic marketing activity.

The Board of Regents voted unanimously to approve the resolution.

The meeting adjourned at 11:16 a.m.


BARBARA MUESING
Executive Director &
Corporate Secretary

UNIVERSITY OF MINNESOTA

BOARD OF REGENTS

December 8, 1993

A meeting of the Board of Regents of the University of Minnesota was held on Wednesday, December 8, 1993, at 12:05 p.m. in the Regents' Room, 238 Morrill Hall.

Regents present: Anderson, Bleyhl, Keffeler, Neel, Reagan, Peterson, Reagan, Roshia, and Wynia. President Hasselmo presided.

Staff present: Chancellors Johnson and Sargeant; Senior Vice Presidents Erickson and Infante; Vice Presidents Allen, Hopkins, Hughes, and Petersen; Executive Director Muesing; Associate Executive Director Janzen; and Associate Vice Presidents Fischer, Kvavik, Markham, Paschke, and Pfitzenreuter.

APPROVAL OF MINUTES

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

Audit Committee - November 8, 1993
Committee of the Whole - Open Forum - November 8, 1993
Facilities Committee - November 9, 1993
Financial Operations & Legislative Committee - November 9, 1993
Faculty, Staff & Student Affairs Committee - November 9, 1993
Educational Planning & Policy Committee - November 9, 1993
Committee of the Whole - November 9, 1993
Board of Regents - November 9, 1993
Committee of the Whole - November 10, 1993
Board of Regents - November 10, 1993

REPORT OF THE PRESIDENT

President Hasselmo presented his monthly report which pertained to University 2000; the President's Forum on Teaching; management reorganization; the Conference on High School Graduation Requirements; the Rochester Area Chapter of Alumni and Friends Award; the opening of the Weisman Art Museum; and the dedication of the Sports Pavilion.

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

REPORT OF THE CHAIR

Chair Keffeler reported that several items of importance will be on the January agenda: University 2000, Health Sciences Practice Plans, Health Sciences reorganization, and Budget Guidelines. She urged the attendance of all members.

She reported that she intends to initiate an assessment of the Board of Regents, and welcomed suggestions from Board members.

RECEIVE AND FILE REPORTS

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

GIFTS

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

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

REPORT OF THE COMMITTEE OF THE WHOLE December 8, 1993

Chair Keffeler reported that the committee voted unanimously to recommend:

- a) Approval of the Report of the All-University Honors Committee as presented to the committee. Documentation is filed supplement to the minutes, No. 22,330.
- b) Approval of resolution re Appointments to University of Minnesota Hospital Board of Governors, as follows:

RESOLVED, that the Board of Regents 1) approve the reappointment of S. Albert Hanser, Peter Madel, and Michael Dougherty as members of the University Hospital Board of Governors, effective January 1994; and 2) approve the appointment of Dr. Theresa McCarthy as student representative to the University of Minnesota Hospital Board of Governors, effective January 1994.

- c) Approval to endorse the University of Minnesota Principles Governing the Relationship Between Central Administration and the Health Sciences Center. Documentation filed supplement to the minutes, No. 22,331.

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

Chair Keffeler reported that the committee reviewed the Annual Financial Report; discussed the University of Minnesota Mission Statement, University 2000 Strategic Vision/Directions Statement, and University 2000 Financial issues; and reviewed proposed resource allocation guidelines.

REPORT OF THE FACULTY, STAFF & STUDENT AFFAIRS COMMITTEE

Regent Neel, Chair of the committee, reported that the committee did not have a quorum, therefore, the following two action items are recommended:

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

- b) Approval of resolution re Labor Agreement with Minnesota Teamsters Public & Law Enforcement Employees Union Local 320, as follows:

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

WHEREAS, Teamsters Local 320 has ratified acceptance of the agreement; and

WHEREAS, according to the Board of Regents' Policy on Board Operations 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 December 8, 1993.

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

Chair Neel reported that the committee also received a report on Minority Student Programs, reviewed a proposed plan for Minority Advisory Committee Reports, and reviewed a report on fall quarter enrollment.

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.
- b) Approval of resolution re Schematic Plans for FY 94 Capital Budget, as follows:

RESOLVED, that on the recommendation of the President and the Senior vice President for Finance and Operations, for the project listed below, the scope and budget is increased from what was approved in the FY 94 Capital Budget, the project plans are approved and the appropriate administrative officers are authorized to proceed with the design and construction of the project:

- A. Village Apartments Replacement, Phase I, Duluth Campus
Estimated cost of the project: \$4,450,000
Funding: Auxiliary Services and University Internal Loan
Estimated completion date: January 1995
- c) Approval of resolution re Amendments 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 projects:

- A. Biological Sciences Building Fume Hood Ventilation Retrofit, Energy Conservation Measure Project, Twin Cities Campus
Estimated cost of the project: \$259,200
Funding: Internal University Loan provided by the Office of the Treasurer
Estimated completion date: One year after Board approval.
- B. Animal Science and Veterinary Medicine Fume Hood Ventilation Retrofit, Energy Conservation Measure Project, Twin Cities Campus
Estimated cost of the project: \$180,000
Funding: Internal University Loan provided by the Office of the Treasurer
Estimated completion date: Nine months after Board approval

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

- C. Pioneer Hall Fire Alarm, Egress Signage and Smoke Dampers Installation, Scope/Budget Increase, Twin Cities Campus
Original estimated cost of the project: \$374,700
Scope Increase: \$215,300
Total estimated cost of the project: \$590,000
Funding: Housing Services
Estimated completion date: June 1994
- D. Johnston Hall 4th Floor Offices Remodeling, Scope/Budget Increase, Twin Cities Campus
Original estimated cost of the project: \$650,000
Scope Increase: \$165,000
Total estimated cost of the project: \$815,000
Funding: Accumulated Indirect Cost Recovery Funds and Internal Loan Against Future Indirect Cost Recovery Funds
Estimated completion date: December 1994

d) Approval of resolution re Real Estate Transaction, as follows:

- 1) Construction of Pre-Fab Building by Federated Telephone Cooperative at West Central Experiment Station, Morris

RESOLVED, that on the recommendation of the President and the Senior Vice President for Finance and Operations, the appropriate administrative officers are authorized to approve the request by a Lessee, Federated Telephone Cooperative, to erect a pre-fab 10' x 20' structure on its three-acre leased premises at the West Central Experiment Station, Morris.

- e) Approval of resolution re Pedestrian Linkages, Twin Cities Campus, as follows:

WHEREAS, the Board of Regents wishes to improve and extend accessibility, climate-controlled linkages, and circulation on the Twin Cities campus, and

WHEREAS, the Board is interested in enhancing beautification of the Twin Cities campus, especially in regard to walkways, bridges and parking facilities, and

WHEREAS, the Board is interested in development of a process to assure ongoing funding of such efforts,

THEREFORE, BE IT RESOLVED, that the Board of Regents directs the administration to develop a funding proposal, the proceeds of which are to be directed at these and other transportation-related activities. A report with such recommendations is to be submitted for discussion at the March meeting of the Board.

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

Chair Rosha reported that the committee reviewed two proposed amendments to the FY 94 Capital Budget: 1) Facilities Improvement and Maintenance Program at the University of Minnesota, Duluth for the 1994 construction season; and 2) Horticultural Therapy Lab and Clotilde Irvine Sensory Garden at the Minnesota Landscape Arboretum. The committee also received a report on Twin Cities campus beautification, facilities linkages, and custodial service levels.

REPORT OF THE FINANCIAL OPERATIONS & LEGISLATIVE COMMITTEE

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

- a) Approval of the Senior Vice President's Monthly Financial Operations and Legislative Report as presented in the docket material and filed in the Regents' Office.
- b) 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 Hollstadt & Associates for \$350,000 to provide technical support and consulting for various development projects underway in the Administrative

Information Services Department through February 28, 1994.

- To Manufacturers' Appraisal Company for \$517,000 to complete a building component and fixed equipment appraisal for the Office of Research and Technology Transfer Administration. Project estimated to run from December 15, 1993 to March 18, 1994.

c) Approval of resolution re ALG Forward, as follows:

WHEREAS, this Board of Regents on June 11, 1993, approved the University's expenditure of up to \$1.6 million for the period ending December 31, 1993, for the continued operation of ALG and authorized the creation of a retention incentive compensation plan for such period; and

WHEREAS, the University administration has solicited offers to purchase ALG so as to facilitate the return of ALG to the transplant community; and

WHEREAS, the University administration believes that the University will be able to negotiate an acceptable offer to purchase ALG by January 31, 1994; and

WHEREAS, the University administration further believes that the continued operation of ALG, at an estimated cost of no more than an additional \$300,000, during January 1994 will enhance the marketability of ALG; and

WHEREAS, the University administration recommends that this Board of Regents authorize the expenditure of up to an additional \$300,000 to operate ALG through January 31, 1994, and the continuation of the retention incentive compensation plan through such date;

NOW, THEREFORE, BE IT RESOLVED, that an additional expenditure of up to \$300,000 is authorized to operate ALG for the period ending January 31, 1994.

BE IT FURTHER RESOLVED, that the extension through January 31, 1994, of the ALG retention incentive compensation plan is approved.

BE IT FURTHER RESOLVED, that the University administration shall take all steps necessary to negotiate the terms of an agreement and shall present this agreement to this Board of Regents at its January 1994 meeting.

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

Chair Anderson reported that the committee also reviewed a proposed amendment to the Investment Policy Guidelines for Endowment Funds as it relates to South African investments; engaged in a discussion relating to

delegation of budget authority; reviewed the quarterly Purchasing Report and the quarterly Report on Asset and Debt Management; and received an update on the University's federal legislative program.

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

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

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

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

Regent Wynia reported that the committee engaged in discussion relating to the Institutional Review Board process; received a presentation on Student Affairs as part of the Academic Report Series; and reviewed a Report on Outreach.

REPORT OF THE AUDIT COMMITTEE


Regent Bleyhl, reporting for the Chair of the committee, reported that the committee engaged in a discussion relating to the roles and responsibilities of the internal audit function at the University of Minnesota and received a status report on internal audit activity.

NEW BUSINESS

Chair Keffeler noted that Regent Sahlstrom was absent due to surgery and requested that a resolution be prepared wishing him a speedy recovery.

The Board of Regents voted unanimously to approve the preparation of such resolution.

The meeting adjourned at 12:25 p.m.


BARBARA MUESING
Executive Director &
Corporate Secretary

*Met
min.*

**UNIVERSITY OF MINNESOTA
BOARD OF REGENTS**

MINUTES

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

January 13-14, 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

January 13-14, 1994

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UNIVERSITY OF MINNESOTA

BOARD OF REGENTS

Audit Committee

January 13, 1994

A meeting of the Audit Committee of the Board of Regents was held on Thursday, January 13, 1994, at 8:00 a.m., in Room 300, Morrill Hall.

Regents present: Regent Hogan, Chair; Regents Bleyhl, Keffeler, and Page.

Staff present: Senior Vice Presidents Erickson and Infante; General Counsel Rotenberg; Executive Director Muesing; Associate Executive Director Janzen; Associate Vice Presidents O'Connor and Pfutzenreuter; Controller Lauritzen; and Director of Audits Willie.

Student Representatives present: Narciso Aleman and Sara Nienow.

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

SENIOR VICE PRESIDENT'S QUARTERLY REPORT

Senior Vice President Erickson introduced Karen Lauritzen, the new University Controller, who addressed the committee briefly.

Associate Vice President O'Connor reviewed CUFS material included with the docket. He noted that the tables showed only minor deviations from the plan, and that progress is good.

In response to Regent Hogan's question, Mr. O'Connor indicated that the current project was originally scheduled for 18-24 months, and will be completed within that schedule. He also noted that the figures continue to show the project is within budget.

In a discussion about previous cost overruns, Regent Keffeler said it was important to be clear that the University is operating against a new authorization, and the critical issue now is to be sure that this budget is maintained.

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

DIRECTOR OF AUDITS' QUARTERLY REPORT

Acting Audit Director Allen Willie presented his Quarterly Report beginning with the status of essential recommendations as listed in the docket material. The committee did not have comments or questions regarding the status of these recommendations.

Mr. Willie discussed major audit issues. The first item was the audit of Kinesiology and Leisure Studies, and he noted that no inappropriate use of funds was found. There were 12 recommendations made to ensure better adherence to University policies. Mr. Willie introduced audit manager Betty Win who reviewed information on the Kinesiology audit she performed. The audit did not deal with the technical progress of the project because the Navy approved the normal reports required by the grant. In response to members of the committee, Senior Vice President Erickson and Mr. Willie reiterated their satisfaction that there are no grounds - technical, scientific, or financial - for further concern.

Discussion on the status of the Urology audit was delayed until General Counsel Mark Rotenberg was present to provide information.

Mr. Willie briefly reviewed the status reports in the docket concerning the Surgery/Biomedical Research and Development (BRAD) audit, the Health Sciences CAREMARK audit, and the Dentistry audit.

Regent Keffeler noted for the record that background questions raised at the November meeting of the committee regarding early indications of problems leading to the BRAD, CAREMARK, and Urology audits have not been answered.

Mr. Willie concluded his report by noting the following audit reports have been distributed to the committee since the November meeting:

University of Minnesota, Duluth
Natural Resources Research Institute (NRRI)

College of Education, Division of Kinesiology
Audit of U.S. Navy Contract #N62269-92-C-0211

College of Agriculture & Minnesota Extension Services
Review of the Travel Expenses of an Employee

In response to a question about the general health of the audit function, Mr. Willie said the department was heavily involved in investigations at the present, but he felt comfortable with the progress being made. He noted the need to develop a strategy for the future that will devote more time to proactive issues.

A motion was made and seconded, and the committee voted unanimously to recommend approval of the Audit Director's Quarterly Report.

REPORT ON SURVEY OF REVENUE-GENERATING UNITS

Regent Hogan asked Mark Chronister of Coopers & Lybrand to present the Report on the Survey of Revenue-Generating Units. Mr. Chronister reviewed the executive summary of the report, including the various risk recommendations. He concluded that no situations like the Minnesota Anti-Lymphocyte Globulin (MALG) problem were found. He added that he was unsure that the control environment would surface such a problem in an appropriately timely way. Management needs to communicate and to assess the control environment to ensure there are appropriate linkages.

Regent Hogan suggested that this report reinforces the need for a meeting to deal with the issues of how a better control environment can be achieved at the University.

In a discussion initiated by Student Representative Narciso Aleman, comments were made about individual and administrative accountability for financial mistakes of the past. The point was made that the committee had to deal with the environment and the controls necessary to preclude mistakes and avoid risks. Senior Vice President Erickson said that accountability had been exercised, that progress was being made, although there was more to do.

Regent Keffeler noted that the Coopers and Lybrand report identifies risks about which the University needs to be concerned. But the specific paths to solve the problems are not evident. She said she would like to see specific proposals or plans like those developed in the "buttoning up CUFS" project. She said, that if a meeting with specific recommendations is what Regent Hogan had in mind, she was supportive.

The committee agreed with the administration that the report was large and needed further study. Also, there was agreement that a meeting of the committee will be developed at which there are specific recommendations for actions that will provide an adequate control environment at the University.

RETURNED TO STATUS OF THE UROLOGY AUDIT

General Counsel Mark Rotenberg was available and the committee returned to a discussion of the status of the Urology audit. Mr. Rotenberg indicated that the Coopers & Lybrand special review was now completed and being merged with the work done by the Internal Audit Department. He noted that this has been a sensitive investigation. Nevertheless, he reported that he was satisfied that the University will be able to exercise sufficient oversight of the process of the audit so that the committee will receive a report that is adequate for the purposes of governance of the University.

EXTERNAL AUDITOR'S REPORT TO MANAGEMENT

Miles Everson of Coopers & Lybrand reviewed the highlights of the management letter for the 1993 audit. He noted that significant progress has been made, illustrated by the fact that as recently as last year there were 24 cumulative management letter comments needing to be addressed. Now only three of these remained.

Regent Keffeler asked, in reference to a recommendation concerning CUFS stabilization and controls, whether there should be concern about testing controls in a timely way or is the recommendation a general caution. Mr. Everson replied that the intent is to ensure that management recognizes that controls need to be tested once CUFS stabilization has been achieved. Mark Chronister added that in the context of the progress seen in the management letter this year, and the experience management has developed, his concern is less. However, he cautioned that the committee should maintain its attention to this recommendation during the 18 months necessary to reach stabilization. Regent Hogan noted this means that CUFS stabilization could be completed satisfactorily, but this would not guarantee the effective use of the system as a management tool.

Mr. Everson indicated that for the current year there are 5 comments to management, and none of them are rated as "essential." Regent Keffeler asked whether there were any issues Coopers & Lybrand discussed with management that are not included in the management report. Mr. Chronister replied that all the issues are discussed in the report.

Regent Hogan concluded the discussion by noting that the report signaled good progress in which the committee should take satisfaction.

The meeting adjourned at 9:40 a.m..


BARBARA MUESING
Executive Director and
Corporate Secretary

UNIVERSITY OF MINNESOTA

BOARD OF REGENTS

Facilities Committee

January 13, 1994

A meeting of the Facilities Committee of the Board of Regents was held on Thursday, January 13, 1994, at 10:30 a.m. in the Room 300, Morrill Hall.

Regents present: Regent Rosha, Chair; Regents Bleyhl, Peterson, Perlman, Reagan, and Wynia.

Staff present: Chancellor Johnson; Senior Vice President Erickson; Associate Executive Director Janzen; Associate Vice Presidents O'Connor, and Markham; Controller Lauritzen.

Student Representatives present: Tom Donarsky and Sara Rogers.

SENIOR VICE PRESIDENT'S MONTHLY REPORT

Senior Vice President Erickson called attention to correspondence distributed by Associate Vice President O'Connor providing an update on minority contracting issues.

Senior Vice President Erickson led a discussion relating to the University's surplus property. He indicated that he would like guidance from the committee regarding a policy for disposal of surplus property. He introduced David Lilly, a member of the Campus Master Planning Committee, who presented his view about what should be done with surplus property. Mr. Lilly indicated that the first step should be to determine whether or not property can be enhanced and made more valuable. He stated that property should be categorized into two groups: 1) that which is not generating any income other than appreciating over the years, and 2) property that, if specific action were taken, would increase its value beyond what it would normally appreciate. In his view, the first category should be sold. The second category should be reevaluated to determine the best interests of the community and the University. He stated that Rosemount comes to mind as a property that would fit into the second category.

The committee engaged in discussion about the Rosemount property. Senior Vice President Erickson reported that several studies have been done regarding Rosemount and to date the property has not been ruled as surplus property. Half of the property is utilized by the Experiment Station and the other half has been held until a determination for its future use can be made.

The committee talked about responsibilities involved with selling property, such as hazardous waste cleanup, possibilities of engaging in the development of property, and other aspects that would affect the sale of property. It was noted that the Rosemount site has been considered for an airport.

Regent Perlman stated that the University ought to be aggressive in disposing of real estate that it is not using, and while it should not be in the

development business, there may be occasions in conjunction with private entities where it could be examined. He added, that in regard to Rosemount, the University needs to pay attention to its moral responsibility to the community.

The appointment of a committee to provide recommendations with regard to the real estate issue was discussed. Regent Perlman spoke in favor of appointing a committee indicating that a framework for approaching the issue needs to be established at the earliest possible time. The committee should be comprised of both internal and community membership with the goal of defining a systematic process for dealing with the issue of disposition of surplus property.

Regent Perlman moved that the administration be directed to bring to the Facilities Committee in February a proposal for a process to deal with University property that is not in use for educational purposes, including the Rosemount property.

The motion was seconded and the committee voted unanimously to recommend approval.

Individuals from the City of Shoreview spoke briefly to the committee regarding 200 acres of land owned by the University in Shoreview, requesting that the city be kept informed and involved in the future plans for the property.

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

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

AMENDMENTS, FY 1994 CAPITAL BUDGET

A motion was made and seconded to recommend approval of the following resolution relating to amendments to the FY 1994 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 projects:

- A. Facilities Improvement and Maintenance Program, 1994 Construction Season, Duluth Campus
Estimated cost of the project: \$1,520,000
Funding: UMD Plant Service Maintenance Operating Appropriation; UMD Repair and Replacement Operating Appropriation; Auxiliary Services; and Kirby Student Center Maintenance Reserve
Estimated completion date: August 1994
- B. Horticultural Therapy Lab and Clotilde, Irvine Sensory Garden, Minnesota Landscape Arboretum
Estimated cost of the project: \$390,190
Funding: Private funding
Estimated completion date: April 1994

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

- C. **Agricultural Engineering Building Repairs & Improvements, Scope/Budget Increase, Twin Cities Campus**
Original estimated cost of the project: \$200,000
Scope Increase: \$106,000
Total estimated cost of the project: \$306,000
Funding: Operating Appropriation: Program Accommodation Remodeling and Repair & Replacement; and Departmental Funds
Estimated completion date: August 1994

Linda McCracken-Hunt, Director of Project Development, reported that the scope/budget increase relating to the Agricultural Engineering Building was due to code and ADA improvements not included in the original proposal.

The committee voted unanimously to recommend approval of the resolution.

AMENDMENTS, FY 94 CAPITAL BUDGET

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

Middlebrook Hall Reroofing and Tuck pointing Twin Cities Campus

Director McCracken-Hunt presented information, indicating that the project was being requested in order to preserve and extend the asset value of the building. Estimated cost of the project would be \$489,500 for the roof replacement and \$141,500 for brick tuck pointing. Total estimated cost of the project is \$631,000 with funding provided from Auxiliary Services - Housing. Estimated completion date is August 1994.

North Hall Demolition Twin Cities Campus

It was reported that North Hall on the Twin Cities campus is no longer worthy of investment and is recommended for demolition. Estimated cost of the project is \$428,000 with funding provided from redirected unrestricted plant fund balances. Estimated completion of the demolition and site restoration is August 1994.

In response to a question, Associate Vice President Markham reported that this building was reviewed for historical preservation and it was determined that it should be recommended for demolition.

REAL ESTATE TRANSACTIONS FOR REVIEW

Easement for Improvements of Bavaria Road University of Minnesota Landscape Arboretum and Horticulture Research Center

The committee reviewed a proposed resolution authorizing the execution of the appropriate documents granting a permanent easement to the City of

Victoria that would encumber approximately one acre of land, and a temporary 18 month construction easement encumbering approximately .63 acre for the improvement of Bavaria Road adjacent to the Horticulture Research Center in Excelsior. Susan Weinberg, Real Estate Coordinator, reported that the City of Victoria proposed the donation of the required easements that would reduce the University's assessment for the Bavaria Road improvements from an estimated \$8,858 to \$3,650.

MORRIS CAMPUS HOUSING NEEDS

In response to a question raised at the December 7, 1993 meeting, Chancellor Johnson provided a response about residential overcrowding on the Morris campus.

Chancellor Johnson reported that due to continued increased enrollments since 1990, the College has faced a housing problem on campus. He stated that unusual housing actions over the past two years have resulted. In 1992, approximately 100 freshman students were housed in groups of five in campus apartments built for four persons and in 1993, 41 students were placed into a block of adjoining rooms at the Morris Sunwood Inn. He reported that in order to place freshmen into traditional residence halls in the future, the size of the entering classes will be reduced. In addition, the new five year plan for the Morris campus has stipulated investigation for construction of a new apartment-type residence hall.

Committee members expressed support for additional housing on the Morris campus. Regent Reagan urged consideration of facility linkages when plans are formulated.

In response to a question, Senior Vice President Erickson indicated that housing could conceivably be constructed and ready to be occupied in two years depending on funding. Until additional housing is constructed, Chancellor Johnson reported that enrollment will be decreased to accommodate the students. He indicated that the decreased enrollment will also accommodate the students better academically.

In answer to a question from Student Representative Rogers, Senior Vice President Erickson reported on student housing needs for the other campuses.

Regent Roshia urged Chancellor Johnson to proceed with the housing proposal as rapidly as possible.

QUARTERLY REPORT ON FY 94 CAPITAL BUDGET

Associate Vice President Markham presented a summary status report of the Capital Budget as of December 1993.

She reported that the summary indicates that 21 percent of the 287 line item projects that comprise the University approved Capital Budget have been completed; 63 percent are in process (planning, design, or construction); 3 percent are on hold; 1 percent are yet to be initiated; and 12 percent are to be deleted.

Associate Vice President Markham presented a resolution providing for an amendment to the 1994 Capital Budget. She reported that many of the projects identified in the 1994 Capital Budget were dependent on funding being

received. She stated that the resolution deletes projects listed where funding has not been provided or where projects have not been defined. She reported as programs or projects are defined and funding is available, they will be added back to the FY '94 Capital Budget by amendment or by incorporation into a subsequent Capital Budget on a project by project basis.

A motion was moved 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 Board of Regents approve the Quarterly Report on the FY '94 Capital Budget which report includes the deletion of the following line item projects from the FY '94 Capital Budget:

<u>Project</u>	<u>Reason</u>
Duluth Campus	
1. Coal Gasifier, Dismantle Facility-Phase I (\$100,000)	Unfunded
Morris Campus	
2. Replace Three Tennis Courts (\$90,000)	Unfunded
Twin Cities Campus	
3. Baseball Clubhouse Addition (\$40,000)	Unfunded
4. Program Accommodation Remodeling Fund (\$500,000)	Program Deficient*
5. Develop 7 Distant Learning Classrooms (\$700,000)	Unfunded
6. Remodel Laboratory, Itasca Biology Station (\$120,000)	Unfunded
7. Institute of Technology Program Accommodation Remodeling Fund (\$500,000)	Program Deficient*
8. University Hospital Phase II Remodeling \$22,980,000)	Managed by the Hospital-various smaller projects
9. Health Science Complex-Replace Signage \$250,000)	Unfunded
10. Health Science Complex-Update Equipment for Medical School (\$1,175,000)	Funded from various operating accounts/program deficient
11. Research Animal Buildings, Renovate Bldgs. & Replace Cages and Equipment (\$977,000)	Unfunded-Program is being revised for FY '95
12. Remodel Family Practice Clinics & Upgrade Equipment-Miscellaneous Facilities (\$3,717,000)	Funding is independent from the University's budget
13. Veterinary Teaching Hospital/Diagnostic Center, Remodel Office & Research Space (\$200,000)	Unfunded
14. Friedell Building (Rochester) Remodel Rm 195 (\$50,000)	Project terminated
15. Traffic Safety Fund (\$200,000)	Unfunded
16. Parking Facilities, Capital Improvements (\$780,000)	Program Deficient*
17. Parking Facilities, Equipment (\$669,000)	Program Deficient*
18. Parking Facilities, Major Maintenance (\$550,000)	Program Deficient*
19. East River Road Ramp, Install Emergency Generator (\$160,000)	Project Cancelled
20. Transit Services Facilities, Repair & Maintenance (\$18,000)	Program Deficient*
21. Install/Repair/Replace/Bike Racks (\$20,000)	Program Deficient*
22. Residence Halls, Upgrade Buildings (\$1,380,000)	Program Deficient*
23. Residence Halls, Equipment (\$589,000)	Program Deficient*
24. Residence Halls, Major Maintenance (\$1,964,000)	Program Deficient*


25. Campus Housing, Upgrade Buildings (\$160,000)	Program Deficient*
26. Campus Housing, Equipment (\$209,000)	Program Deficient*
27. Campus Housing, Major Maintenance (\$1,248,000)	Program Deficient*
28. Housing Facilities, Code & ADA Improvements (\$1,268,000)	Program Deficient*
29. Food Service Facilities, Upgrade Facilities (\$1,241,000)	Program Deficient*
30. Food Service Facilities, Code & ADA Improvements (\$70,000)	Program Deficient*
31. Food Service Facilities, Equipment (\$1,674,000)	Program Deficient*
32. Food Service Facilities, Major Maintenance (\$466,000)	Program Deficient*
33. University Services, Equipment (\$523,000)	Program Deficient*
34. University Services, Major Maintenance (\$3,039,000)	Program Deficient

*As the programs for the projects to be undertaken with these fund balances are developed and defined and as the planning for the execution of these projects begins, these fund balances shall be added back to the FY '94 Capital Budget by amendment or be incorporated into a subsequent Capital Budget on a project-by-project basis.

The committee voted unanimously to recommend approval of the resolution.

Associate Vice President Markham also updated the committee on approximately \$300,000 in state bond funds that had not been utilized for the University and had to be returned to the state. She said there are conflicting opinions regarding the funds being reprogrammed for fire and life safety. Efforts are underway to have the language of the statute clarified.

The meeting adjourned at 11:47 a.m.


BARBARA MUESING
 Executive Director and
 Corporate Secretary

UNIVERSITY OF MINNESOTA

BOARD OF REGENTS

Financial Operations & Legislative Committee

January 13, 1994

A meeting of the Financial Operations & Legislative Committee of the Board of Regents was held on Thursday, January 13, 1994, at 3:00 p.m., in Room 300, Morrill Hall.

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

Staff present: President Hasselmo; Senior Vice President Erickson; Vice Presidents Hopkins and Peterson; Executive Director Muesing; Associate Vice Presidents Markham, Paschke and Pfutzenreuter; State Relations Director Peterson; and Controller Lauritzen.

Student Representatives present: Tom Donarski and Sara Nienow.

SENIOR VICE PRESIDENT'S MONTHLY REPORT

Senior Vice President Erickson presented the Senior Vice President's Monthly Report for January 1994. A motion was made and seconded to recommend approval of the report.

Senior Vice President Erickson introduced Ronald Campbell, Assistant Vice President for Food Services & Housing and Controller Karen Lauritzen.

He also called attention to information in the docket material relating to a recommendation from the financial advising firm of Dougherty Dawkins that would reduce financing costs without the need for issuing new debt or refinancing existing debt. He reported that because the transaction would involve a relatively small financial benefit to the University, the transaction would be completed without a request for proposal process.

Regent Keffeler stated that it is important that all of the investment institutions in the community be aware that the University is open to recommendations and suggestions for reducing its financial costs.

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

REPORT ON PUBLIC RELATIONS PLANNING PROCESS

Marcia Fluor, Director of University Relations, presented a long-range strategic communication/marketing plan for the University of Minnesota. She reported that effectively communicating the value of the University of Minnesota is an ongoing challenge crucial to the continued success of the

institution. Current state budget problems and rising public expectations contribute to the challenge. She stated that President Hasselmo has charged University Relations with the task of developing a long-range plan to meet the challenge and the need for better ways to reach the various publics.

Director Fluor described the work plan for the project, identifying the goals, strategies, actions, and expected outcomes of the strategic communication/marketing planning process. She reported that the firm of Aronson Ward, Inc. will be assisting with the communications portion of the plan and the firm of Mona, Meyer, McGrath and Gavin has been retained for the marketing component.

The committee discussed the proposed plan. Regent Anderson stated that in general, public relations deals with controversial issues, indicating that he would like to see the University promoting the more positive issues. He suggested that the use of cable television might be an avenue to pursue.

Regent Perlman indicated he would like 10 or 12 points identified that would come to mind by the people of Minnesota when they think of the University and then focus on those messages.

Director Fluor responded that is precisely the intent of the plan.

Regent Keffeler stated that she wanted to address the issue of consistency of theme and communication, indicating that the Board of Regents needs to make sure it is well connected to the overall communication of the University. She stated that she plans to ensure adequate resources to support this Board initiative consistent with the plans of University Relations. She also asked that specific avenues for communication, such as the use of cable television, be addressed in the plan.

Student Representative Nienow noted the importance of students being included in the communication process, indicating that Internet is an excellent way to keep students informed.

It was noted that a draft of the Communication/Marketing Plan will go to the President in March, a final report issued in April, and the plan will be presented to the Board of Regents in June.

REPORT ON UNIVERSITY LEGISLATIVE PROGRAM

Donna Peterson, Director of State Relations, provided an update on legislative matters. She reported that the legislative session begins February 22. Currently, the Department of Finance is finalizing details of the Governor's recommended capital bonding bill. She reported that bonding bills tend to start small and grow as they move through the session. She indicated that a chart showing the history of bonding bills as they have proceeded through the process is being prepared and will be sent to members of the Board.

Director Peterson reported on issues being discussed with legislators including University 2000, Health Sciences issues, and task forces pertaining to financial aid, and future funding. She indicated with regard to University 2000 that legislators overall have been very supportive of the University looking at itself and discussing its future.

ANNUAL REPORT ON EASTCLIFF AND REVIEW OF EASTCLIFF COMMITTEES

Professor Thomas Meyer, Chair of the Regents' Technical Advisory Committee (TAC) on Eastcliff presented the Annual Report on Eastcliff and review of Eastcliff Committees for approval.

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

In presenting highlights from the report, Professor Meyer noted that TAC efforts during the 1992-93 year focused on: final planning and identification of funding options for window replacement in the main house; completion of maintenance and repair work; and updating information and revising priorities in the two-part renovation and maintenance planning document draft developed for Eastcliff in 1991-92.

He reported on fundraising during the year, indicating that under the leadership of Regent Sahlstrom and Mrs. Hasselmo, approximately \$130,000 was raised by the "Friends of Eastcliff".

Professor Meyer reported that possible future projects for Eastcliff include floor refinishing; acoustical improvements; providing for handicapped accessibility; and roof replacement.

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

RESOLVED, the Board of Regents approves the annual report on Eastcliff, appointments and responsibilities of the Eastcliff Technical Advisory Committee, and authorization of appointments and responsibilities/workplan of the Eastcliff Resource Committee/Friends of Eastcliff.

REGENTS' POLICY ON INVESTMENT GUIDELINES FOR ENDOWMENT FUNDS

A motion was made and seconded to recommend approval of the following resolution relating to the Regents' Policy on Investment Guidelines for Endowment Funds:

WHEREAS, the Board of Regents recognizes that a number of recent developments indicate that the Republic of South Africa is beginning to evolve away from a system of apartheid; and

WHEREAS, these developments include a request by the African National Congress (ANC) and its President, Nelson Mandela, that economic sanctions against South Africa be lifted, the policies of educational institutions and pension funds that prohibit investment in companies doing business in South Africa be rescinded, and that American business return to South Africa to facilitate the economic recovery; and

WHEREAS, a number of businesses have reentered the South African market and additional businesses appear likely to do so in the future; and

WHEREAS, free elections to include black and white South Africans have been scheduled in South Africa for April 1994; and

WHEREAS, the University of Minnesota has a policy that prohibits investments in companies with operations in South Africa; and

WHEREAS, the University of Minnesota wishes to support economic and political changes in South Africa that lead to equality of opportunity for all South Africans;

NOW, THEREFORE, BE IT RESOLVED, that:

- 1) the current policy prohibiting investments in companies with existing operations in South Africa is rescinded effective when free elections are held in South Africa in April 1994; and
- 2) to avoid a potentially adverse impact on investment performance due to companies reentering the South African market prior to the date for free elections, investments in companies entering the South African market after December 31, 1993 will no longer be prohibited.

BE IT FURTHER RESOLVED, that if, as determined by the African National Congress, elections are not conducted in a free, open, and appropriate manner, the University's original policy prohibiting investment in companies with operations in South Africa will remain in place until such time as free elections are held.

The committee voted unanimously to recommend approval of the resolution.

REPORT ON FISCAL YEAR END OPERATING BALANCES

Associate Vice President Pfitzenreuter presented a report on fiscal year end operating balances. He explained the importance of fiscal year end balances, indicating that they are a source of investment earnings for Central Reserves and are necessary to meet daily cash flows of the University. They are also an important financial indicator in the University's overall bond rating and serve as a critical source of funds for academic and administrative units. The balances also provide a primary financing method for major equipment and repair needs and provide an incentive to manage efficiently.

He reported that the University's policy on fiscal year end balances provides that:

- unexpended funds do not cancel to central accounts at fiscal year end;
- all balances remain in each of the 40,000 fund-area-orgs (accounts);
- balances are calculated at the close of each fiscal year for all fund-area-orgs; and
- interest earnings of 2.5 percent are paid on positive balances (except centrally allocated funds) and interest of 5.5 percent is charged on accounts with negative balances.

Associate Vice President Pfutzenreuter reported that as of June 30, 1993, fund balances were approximately \$1.9 billion and carryforward balances were approximately \$191 million. He provided information on the distribution of fund balances by category.

With regard to the Indirect Cost Recovery Fund, Regent Keffeler asked if a summary of sources and applications could be provided to the committee. Associate Vice President Pfutzenreuter responded that his staff is currently compiling this information and he will report back when a summary would be available.

Mr. Pfutzenreuter continued his presentation, indicating that it is anticipated that future budgeting processes will include all available resources for budgeting; that the principle of retaining appropriate levels of year end balances in academic and administrative units will be endorsed; there will be timely reporting of year end balances; improved CUPS reports; and clear policies established on the appropriate level of review of balances.

Regent Perlman stated that he would like this item scheduled on the agenda for further discussion, particularly as it relates to management implications.

ALG FORWARD

Senior Vice President Erickson presented a proposed resolution that would authorize an expenditure of an additional \$300,000 to operate the ALG until February 28, 1994 including the extension of the ALG retention incentive compensation plan. He reported that a definitive agreement for the purchase of ALG has not been reached.

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

Regent Keffeler expressed concern about the approach being taken on this issue, indicating that the University seems to be moving forward without any apparent investment by other parties.

Senior Vice President Erickson responded, indicating that he is also concerned and if substantial progress is not made in the near future, the issue will be reexamined.

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

WHEREAS, this Board of Regents on June 11, 1993, approved the University's expenditure of up to \$1.6 million for the period ending December 31, 1993, for the continued operation of ALG and authorized the creation of a retention incentive compensation plan for such period; and

WHEREAS, the University administration has solicited offers to purchase ALG so as to facilitate the return of ALG to the transplant community; and

WHEREAS, the Board of Regents on December 8, 1993 authorized an extension of the operation of ALG through January 31, 1994; and

WHEREAS, the University administration is continuing to negotiate an acceptable offer to purchase ALG, and believes such an agreement can be reached by February 28, 1994; and

WHEREAS, the University administration further believes that an additional extension of the operation of ALG, at an estimated cost of \$300,000, during February 1994 will enhance the marketability of ALG; and

WHEREAS, the University administration recommends that this Board of Regents authorize the expenditure of up to an additional \$300,000 to operate ALG through February 28, 1994, and the continuation of the retention incentive compensation plan through such date;

NOW, THEREFORE, BE IT RESOLVED, that an additional expenditure of up to \$300,000 is authorized to operate ALG for the period ending February 28, 1994.

BE IT FURTHER RESOLVED, that the extension through February 28, 1994, of the ALG retention incentive compensation plan is approved.

BE IT FURTHER RESOLVED, that the University administration shall take all steps necessary to negotiate the terms of an agreement and shall present this agreement to this Board of Regents at its February 1994 meeting.

The meeting adjourned at 4:40 p.m.


BARBARA MUESING
Executive Director and
Corporate Secretary

UNIVERSITY OF MINNESOTA

BOARD OF REGENTS

Faculty, Staff and Student Affairs Committee

January 13, 1994

A meeting of the Faculty, Staff and Student Affairs Committee of the Board of Regents was held on Thursday, January 13, 1994, at 10:30 a.m. in the Regents' Room, 238 Morrill Hall.

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

Staff present: Chancellor Ianni; Senior Vice President Infante; Vice Presidents Hopkins and Hughes; Executive Director Muesing; Associate Vice Presidents Carrier and Johnson; Director Mullen.

Student Representatives present: Tom Donarski and Rachel Paulose.

SENIOR VICE PRESIDENT'S MONTHLY REPORT

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

- Resignation of Dr. Stephen Joseph, Dean of the School of Public Health and Professor of Public Health and Pediatrics, effective December 31, 1993, to assume responsibility for Health Affairs at the Department of Defense in Washington, D.C.;
- Appointment of William M. Thompson, M.D., Professor and Head of the Department of Radiology, to the Vilhelmina and Eugene Gedgaudas Chair in Radiology;
- Appointment of Richard Latchaw, M.D., Professor and Director of the Division of Neuroradiology, to the H.O. and Margaret Peterson Research Chair in Neuroradiology;
- Appointment of Professor and Dean Emeritus Lawrence C. Weaver as Interim Dean of the College of Pharmacy from January 22, 1994 through June 30, 1994;
- Appointment of Edith Leyasmeyer as Acting Dean of the School of Public Health from January 1, 1994 through June 30, 1994;
- Appointment of H. Mitzi Doane as Dean of the College of Education and Human Service Professions, University of Minnesota, Duluth, effective January 3, 1994;
- Status report on the search for a Health Sciences Provost and Chief Financial Officer;

- Status report on the search for a Vice President for External Relations;
- Appointment of Professor Bill Seyfried as Head of the Department of Geology and Geophysics and the School of Earth Sciences in the Institute of Technology, Twin Cities campus, for the period September 16, 1993 to September 15, 1998;
- Appointment of Catherine Anderson to the staff in Campus Life, Office for Student Affairs;
- Appointment of Ronald E. Campbell as Assistant Vice President for Housing and Food Service, effective January 3, 1994;
- Promotions, honors, and awards received by University faculty and staff;
- Campus programs and events, including the successful "Thank 'U' Community Food Drive" sponsored by Student Affairs and the Minnesota Student Association, Twin Cities campus; and
- The Institute of Technology Bulletin is now available on the Gopher network.

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

Regent Neel introduced Ronald Campbell, the new Assistant Vice President for Housing and Food Service.

Regent Neel believes that the appointment of a Health Sciences Provost and Medical School Dean will be a major turning point for the Health Sciences, and stated that the searches must be thorough and include external candidates. Dr. Infante indicated that there are external candidates for the position of Health Sciences Provost, noting that the Chair of the search committee is pleased with the progress to date.

Regent Hogan reported on a meeting he and Regent Neel had with Medical School faculty, noting the need to improve trust, communication, and understanding. Regent Neel noted that although the Regents are willing to meet with faculty and listen to their concerns, the Board is not going to manage the Medical School. The new Provost and Dean will have to move the Health Sciences forward. Regent Hogan stated that the University and Health Sciences administration and the faculty themselves have to improve the situation, and the new leaders must be supported.

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

1993-95 CIVIL SERVICE SALARY PLAN

Senior Vice President Infante and Associate Vice President Carrier reviewed the proposed 1993-95 Civil Service Salary Plan and presented it to the committee for approval. Dr. Carrier noted that the administration and the Civil Service Committee worked together on the proposed plan.

Dr. Carrier noted that Mary Easterling, Chair of the Civil Service Committee, is leaving the University for the private sector, which is a great loss to the University. On

behalf of the committee, Regent Neel thanked Ms. Easterling for her service to the University.

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

WHEREAS, the parties have met and negotiated over the course of the past few weeks and have reached agreement regarding terms of the Civil Service salary plan; and

WHEREAS, the Civil Service Committee has ratified this 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 plan as outlined in the docket for January 13, 1994.

PLAN FOR MINORITY ADVISORY COMMITTEE REPORTS

Senior Vice President Infante presented for adoption the Regents' Policy on American Indian Advisory Boards, and presented for approval a proposed plan for reporting from the President's Minority Advisory Committees and the American Indian Advisory Boards. The proposed Regents' policy supersedes the previous Regents' Policy on American Indian Advisory Boards dated March 13, 1981.

A motion was made and seconded, and the committee voted unanimously to recommend adoption of the Regents' Policy on American Indian Advisory Boards and approval of the following plan for reporting from the President's Minority Advisory Committees and the American Indian Advisory Boards:

- The President meets with the minority advisory committees to seek their input, guidance, and advice in achieving the University of Minnesota's diversity goals.
- The President reviews the minority advisory committees' recommendations and instructs appropriate administrative units to address them.
- The administrative units advise the President which recommendations are implementable, how and when they will be implemented, and which recommendations require policy consideration by the Board of Regents.
- The President meets with the minority advisory committees again to update them on the status of their recommendations and to seek their feedback and further advice.
- The President directs the Office of the Associate Vice President and Associate Provost with Special Responsibility for Minority Affairs to prepare an annual report on the minority advisory committees'

recommendations and how various administrative units have implemented or acted on them.

- The President meets with the executive council of the minority advisory committee chairs to review the report and seek its final input and feedback.
- The Office of the Associate Vice President for Academic Affairs and Associate Provost with Special Responsibility for Minority Affairs incorporates the executive council's input and feedback into its annual report on the minority advisory committees' recommendations.
- The President submits the report to the Board of Regents at the July Regents' meeting.

UNIVERSITY OF MINNESOTA FACULTY AND STAFF REPORT: DIVERSITY IN THE WORK PLACE

Associate Vice President Carrier presented a report on diversity in the work place, noting that University of Minnesota Hospital & Clinic employees, graduate assistants, and undergraduate student employees are not included in the report. She indicated that the Office of Equal Opportunity & Affirmative Action, the Office of Human Resources, and the Office of the Associate Vice President for Academic Affairs collaborated on the report, and acknowledged the efforts of Miriam Ward, Nobuya Tsuchida, and John Felipe.

Dr. Carrier stated that the report provides a comprehensive examination of the University's efforts to recruit, retain, and provide a supportive environment for a diverse work force. She indicated that the presentation would focus on the composition of the University's work force; progress made toward achieving the University's 1989-94 diversity goals; major initiatives, incentives, and programs to promote diversity in the University's work force; and the major obstacles that still exist.

Dr. Carrier reported that about 50 percent of the University's employees are women, and people of color represent approximately 9 percent of the total work force. Regent Hogan asked if real progress has been made in increasing minority faculty, noting that traditionally underrepresented minority groups do not fare as well as Asian/Pacific Americans. Associate Vice President Johnson agreed that the largest increase has been among Asian/Pacific Americans, but noted an increase in the representation of minority tenured and tenure-track faculty across all minority groups. Regent Neel commented that the incremental increase has been significant.

Regent Anderson inquired if some groups within the Asian/Pacific American category do better than others, and specifically asked about Hmongs. Dr. Johnson and Nobuya Tsuchida, Director of the Office for Minority & Special Student Affairs, reported on the progress of Asian/Pacific Americans, including Hmongs. Mr. Tsuchida observed that Asian/Pacific Americans may perform better because they choose education for upward mobility. Dr. Johnson noted that the next stage is to analyze the data to provide information about improving faculty recruitment, retention, and balance across the University for all ethnic groups.

Regent Hogan expressed a concern regarding the rank distribution of the University's 277 minority tenured and tenure-track faculty members. Senior Vice President Infante agreed that the smaller ratio of full professors to assistant professors results in mentoring and retention problems.

Patricia Mullen, Director of the Office of Equal Opportunity and Affirmative Action, discussed goals that have been in place since the 1970's. She stated that the University's goals are determined by reviewing individual departments and national data on the number of people eligible for positions. She suggested that at some point the University must move beyond the goal of increasing the number of women and people of color to a goal of wide distribution across the institution. In response to Regent Neel, Director Mullen stated that regional factors are built into the goal-setting process.

In response to Regent Keffeler, Dr. Infante stated that for the past few years there have been budgetary incentives to improve progress toward diversity goals. He noted that Academic Affairs has provided departments with bridge funds to improve faculty diversity, stating that recruiting has been successful but retention has been poor. Dr. Johnson said that as part of the budget process each unit must provide evidence of its diversity efforts, and departments that have made positive efforts will be acknowledged and rewarded. In response to Regent Hogan, Dr. Johnson observed that the integration of diversity incentives into the budget process is a new procedure.

In response to Regent Page, Dr. Carrier stated the University community wants to do a better job on the diversity initiatives, and used the example of increased interest in presentations on diversity issues by Dr. Johnson and Director Mullen during orientation sessions for new department heads.

Director Mullen noted that substantial progress has been made hiring minority and female civil service and bargaining unit staff because of EEO mandates, and said the rate of progress in hiring minority and female faculty and professional/administrative staff will not change unless specific mandates are established. She emphasized the importance of changing the University climate, stating it will only change by establishing disincentives for those who do not do the right thing.

Dr. Johnson commented briefly on the recruitment, imbalanced distribution, and retention of tenured and tenure-track faculty and academic executives of color. She noted that the number of minority faculty members increased by 31 percent from 1988-1993, and reported on the results of a survey regarding faculty retention and improving the environment for minority faculty. Dr. Johnson noted the commitment of the Board and the administration to these issues, and reminded the committee that she will discuss this issue in greater depth at the Regents' retreat on February 19.

Student Representative Paulose expressed concern regarding the environment for women, stating that sexual harassment is a widespread problem within the University community. She noted that a friend recently had a strong case dismissed, and she asked about the process. Regent Hogan asked that a response be provided to Ms. Paulose.

Following the discussion, Regent Hogan stated he hopes the administration will come to the Regents' retreat with specific ideas for achieving the University's diversity initiatives.

The meeting adjourned at 12:05 p.m.


BARBARA MUESING
Executive Director and
Corporate Secretary

UNIVERSITY OF MINNESOTA

BOARD OF REGENTS

Educational Planning and Policy Committee

January 13, 1994

A meeting of the Educational Planning and Policy Committee of the Board of Regents was held on Thursday, January 13, 1994, at 3:05 p.m. in the Regents' Room, 238 Morrill Hall.

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

Staff present: Chancellors Johnson and Sargeant; Senior Vice President Infante; Vice Presidents Hopkins, Hughes, and Petersen; Associate Executive Director Janzen; Associate Vice Presidents Brenner, Fischer, and Johnson.

Student Representatives present: Narciso Aleman and Joan Jensch.

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:

- Minnesota Higher Education Coordinating Board (HECB) program approvals, including the proposed M.S./Ph.D. in Scientific Computation, University of Minnesota, Twin Cities;
- Name change of the Department of Civil and Mineral Engineering to the Department of Civil Engineering, effective July 1, 1994;
- Reaccreditation of the Master of Planning in Public Affairs degree program in the Humphrey Institute of Public Affairs, effective January 1, 1994 to December 31, 1998, which includes a condition that the program submit a progress report on September 1, 1995 on steps taken to increase racial, ethnic, and gender diversity in its faculty and students;
- Accreditation of the doctoral program in Counseling Psychology, Department of Educational Psychology, College of Education;
- Approval by the Graduate School Executive Committee of proposals to disestablish the designated M.S. degree in Anesthesiology; to discontinue the M.S. degree in Public Health and the M.A. degree in Religious Studies; and to offer the existing Ed.D. degree in Educational Administration in partnership with St. Cloud State University;
- The School of Social Work was ranked among the top ten leading social work/social welfare graduate programs in *The Gourman Report*;

- President Hasselmo appointed the Twin Cities Committee on Teaching and Learning to help set the future direction of teaching, with a final report due by December 15, 1994;
- Report on off-campus instructional activities of the other systems of higher education; and
- Regents' Policies on Founding Date, Corporate Seal and Incorporation have been merged into one comprehensive policy statement entitled "Founding Date, Corporate Name and Seal."

Regent Rosha requested that the Regents' Policy on Founding Date, Corporate Seal, and Incorporation be handled as a separate item. Senior Vice President Infante agreed.

Senior Vice President Infante responded to Regent Hogan's request for additional comments regarding cooperative efforts with other universities, noting the University is being extremely careful in pursuing areas that can enhance its programs. Regent Sahlstrom requested that Dr. Infante give a separate status report on all University collaborative programs at a later date, and he agreed to the request.

Vice President Anne Petersen responded to Regent Sahlstrom's request for comments on collaborative efforts in research, noting her support of the efforts. She noted that these efforts are an excellent way for the University to play a leadership role in graduate education in the state, meet existing demands, and provide a better use of state resources. Dr. Petersen suggested a report on this issue at a future meeting.

Mr. Aleman asked about the diversity composition of the Twin Cities Committee on Teaching and Learning. Vice President Hopkins stated that the committee includes a minority male and female, and efforts are underway to include student membership. In addition, Regent Rosha requested that the committee receive information about programs that by their structure prevent graduation in four years. Senior Vice President Infante responded that this would be possible.

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

A motion was made and seconded, and the committee voted unanimously to recommend adoption of the Regents' Policy on Founding Date, Corporate Name, and Seal. This policy supersedes and is a consolidation of three previous policies: Founding Date of the University (adopted October 14, 1939), "Regents of the University of Minnesota" as the Corporate Body of the University (adopted November 4, 1939), and Use of the Corporate Seal (adopted January 8, 1982).

MINNESOTA AVIATION TRAINING AND EDUCATION

Senior Vice President Infante discussed a proposal for the University to participate in the Minnesota Aviation Training and Education (MATE) consortium, and presented the MATE Joint Powers Agreement for review. This program is a cooperative effort.

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

MASTER OF LIBERAL STUDIES

Senior Vice President Infante and Vice President Petersen presented a proposed Master of Liberal Studies degree program to the committee for review. Dr. Infante

emphasized this is a joint program of the Graduate School and the College of Education. Dean Miller and Dr. Bales, Chair of the Committee for the Masters of Liberal Studies, reviewed the unique resources the University of Minnesota offers. This program is aimed at the part-time student and is unique in that it is an interdisciplinary program and will enhance the future role of the University College under University 2000.

Regent Sahlstrom noted this is an item for review, it will be presented for approval in January.

REGENTS' POLICY ON GIFTS AND FUND RAISING

Senior Vice President Infante and Associate Vice President Fischer presented a proposed Regents' Policy on Gift Solicitation and Acceptance to the committee for review. Dr. Infante reviewed the process leading up to acceptance. This policy is intended to make specific the responsibilities and oversight for gifts and fund raising. Dr. Infante reviewed the procedural guidelines, noting two changes relative to non-profit organizations. Mr. Fischer read an introductory statement that was not included in the materials, and a copy was made available. Mr. Fischer reviewed the key provisions of the proposed policy.

Regent Rosha indicated that he would support this as a policy if the resolution was changed to include the statement. Mr. Fischer agreed to do this.

Following the discussion, Regent Sahlstrom noted that the proposed policy will be presented for adoption at the February meeting.

REGENTS' POLICY ON FOUNDATIONS

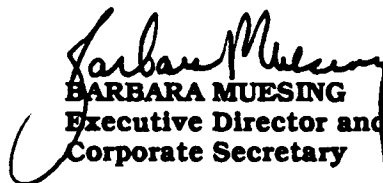
Senior Vice President Infante and Associate Vice President Fischer presented for review the proposed amendments to the Regents' Policy on the Relationships of the University of Minnesota to its Foundations.

Regent Hogan questioned whether an individual could form a foundation. Mr. Spellacy indicated this was aimed at individuals who would want to directly represent the University of Minnesota, not those associated with foundations that use their money as a gift to the University. Mr. Fischer described the benefits of this proposal, noting the success of fund raising is dependent upon the collegiate level, but the Foundation is concentrating on consolidating the effort.

Dr. Infante noted that the Memorandum of Understanding is meant to clarify the relationship between the University and the University of Minnesota Foundation, recognizing that although they are closely related, each is a separate, legal entity.

Following the discussion, Regent Sahlstrom noted that the proposed policy amendments will be presented for adoption at the February meeting.

The meeting adjourned at 4:15 p.m.


BARBARA MUESING
Executive Director and
Corporate Secretary

UNIVERSITY OF MINNESOTA

BOARD OF REGENTS

Committee of the Whole

January 13, 1994

A meeting of the Committee of the Whole of the Board of Regents was held on Thursday, January 13, 1994, at 1:00 p.m. in the Regents' Room, 238 Morrill Hall.

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

Staff present: President Hasselmo; Chancellor Johnson; Senior Vice Presidents Erickson and Infante; General Counsel Rotenberg; Deputy Vice Presidents Chou and Elzay; Executive Director Muesing; Associate Executive Director Janzen; Associate Vice President Perlmutter.

Student Representative present: Rachel Paulose.

Regent Keffeler noted that Regent Wynia would not be present at any of the meetings this month due to an illness in her family. On behalf of Regent Wynia, she expressed appreciation to B. Kristine Johnson for her service to the University.

RECOGNITION

On behalf of the Board, Regent Keffeler acknowledged the contributions of B. Kristine Johnson and presented her with a Certificate of Appreciation for her service to the University as a member and officer of the Board of Governors of the University of Minnesota Hospital and Clinic.

Ms. Johnson thanked the Board for the recognition. She stated that she regrets leaving the Board of Governors during this period of change, but expressed confidence in the abilities of the Board of Governors, Mr. Hart, and his staff.

SCHOOL OF DENTISTRY AND SCHOOL OF NURSING PRACTICE PLANS

Senior Vice President Infante and Deputy Vice President Elzay reviewed the proposed procedures and accounting practices established for the School of Dentistry and the School of Nursing private practice plans. The proposals are consistent with the policy adopted by the Board in November.

In response to Regent Page, Dr. Elzay indicated that clinical research grants are separate. In response to Regent Hogan, Dr. Elzay stated that the proposed 7 percent Dean's tax is consistent with other plans throughout the University.

Regents Page and Keffeler asked about the return of excess funds to the University. Dr. Elzay stated that funds in excess of the Dean's tax and practice-related expenses are returned to the unit. President Hasselmo noted that teaching and

research in clinical departments are financed through those funds labeled as excess funds.

Regent Keffeler noted that following the February meeting, the Board will have completed a full review and reform of Health Sciences practice plan activities from a policy standpoint.

Following the discussion, Regent Keffeler indicated that this item will be presented for approval at the February meeting.

STATUS REPORT ON MEDICAL SCHOOL PRIVATE PRACTICE PLANS

Senior Vice President Infante introduced the discussion regarding the Medical School private practice plans. He stated that the documents related to the Medical School private practice plans include the Regents' Policy on Medical School Private Practice Plans; "Template" to guide development of the Departmental Practice Group (DPG) Organizations; DPG Constitutive Agreement; Articles of Incorporation and Bylaws of the DPG; Individual Faculty Member Agreement with the DPG and Dean; contract between the DPG and University of Minnesota Clinical Associates (UMCA); and contract between UMCA and University of Minnesota Health System and the University.

Deputy Vice President Chou thanked the Regents who met with Medical School faculty. He stated that the visits have been productive, and the Regents' efforts are appreciated.

Dr. Chou discussed efforts to implement the Regents' Policy on Medical School Private Practice Plans, including development of a template to guide the organization of new practice entities and the creation of an Implementation Task Force. He stated that the template is a working document which has been approved by the administration, and it should evolve into a working manual with the assistance of the Task Force. He noted that all practice entities will submit legal corporate or partnership documents for review by the end of January.

Dr. Chou reported that he has determined that psychologists should be included in the practice entities along with physicians where they participate in the group practice. He also noted that separate practice entities will be permitted in Audiology and Oral Surgery. He stated that a Practice Plan Director will be hired to monitor the plans on an ongoing basis, and a Director of Finance has been hired to work on practice plan budgeting and reporting. After the reorganized plans have operated for a year, he has decided to request financial and compliance audits of all plans.

In summary, Dr. Chou thanked the Regents for their forbearance in allowing the time to complete the implementation process. He hopes to have a number of the practice plan documents available in the Board of Regents' Office by the end of February if the Regents wish to review them.

Regent Keffeler summarized her understanding within the context of the Board's July 9, 1993 resolution, noting that it included a provision that the Medical School practice plan contracts would be presented to the Board for review and approval. Dr. Chou clarified that if the individual contracts are consistent with the policy and the template, they will not be presented to the Board for approval and will be executed by the Medical School Dean. Regent Keffeler stated that change must be clear, and the Board has to be comfortable with that approach.

Regent Keffeler asked if the reduction in the number of practice plans will be reviewed when the UMCA contract is presented at the February meeting. Dr. Chou stated that issue is being addressed by the Transition Task Force, and noted the

development of a common data base and common procedures by UMCA is a step toward a group practice plan.

Regent Perlman stated he understands from Dr. Chou's comments that the objective is to eventually have a single practice plan, and he is comfortable that the approach being discussed is an interim step toward that objective. President Hasselmo stated that he will review and certify to the Board that all practice plan documents are in order, and the documents will be available for Board review. He noted that the Transition Task Force will continue to pursue the issue of reducing the number of practice plans.

Regent Keffeler noted the template provides that each department shall have a single Departmental Practice Group (DPG), unless otherwise approved by the Dean. If it is not possible to achieve a single DPG for a department, she asked that the administration report to the Board on the compelling issues that made it impossible. Dr. Chou stated that is a reasonable request, noting that his current position is that each department should have one practice plan.

President Hasselmo indicated that the docket included the history and current description of UMCA, noting that UMCA has an important role in the structure of the Health System and the management of the medical practice plans.

In summary, Regent Keffeler stated that the Board will not take additional action in the future on medical practice plan issues except when amendments to the Regents' policy are necessary or when there are significant deviations or difficulties encountered by the Dean and administration as they operationalize the policy. However, she indicated that the master contract between the University and UMCA will be presented to the Board for review in February.

AMENDED REGENTS' POLICY ON MEDICAL SCHOOL PRIVATE PRACTICE PLANS

Deputy Vice President Chou reviewed a proposed amendment to Section 4.03 of the Regents' Policy on Medical School Private Practice Plans. He stated that the amendment relates to selection and composition of the membership of the Committee on Private Practice, and clarifies the role of the committee.

Regent Keffeler stated the effect of the proposed amendment is to create a broader membership base beyond department heads for discussion and input regarding decisions. Dr. Chou agreed with Regent Perlman's assessment that ultimate authority for making decisions is the Provost, and the change would provide a broader advisory capacity for the Provost.

Following the discussion, Regent Keffeler noted that this item will be presented for adoption at the February meeting.

HEALTH SCIENCES - HEALTH SYSTEM BOARD OF GOVERNORS' AUTHORITY

Regent Keffeler introduced the discussion regarding the authority of the University of Minnesota Health System (UMHS) Board of Governors. She noted that materials, including a proposed resolution, were sent to the Board and President Hasselmo has asked that the Board take action on the resolution at this meeting.

Senior Vice President Infante discussed the proposed resolution and stated that if it is approved, a formal Delegation of Authority and Bylaws for the new UMHS Board of Governors consistent with the principles will be developed and presented to the

Board for action in February when the contract between UMCA and the University is presented.

Gregory Hart, President of the UMHS, presented the proposed principles for defining the role, structure, and responsibilities of the UMHS Board of Governors on behalf of Mr. Wallin and the Transition Task Force. He reviewed the principles, stating that the objectives are to maintain a strong and committed Board of Governors and to fulfill the expectations of the Provost position as the accountable officer for the Health Sciences.

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

WHEREAS, in October, 1993, the Board of Regents approved a plan for structuring the University of Minnesota Health Sciences; and

WHEREAS, in adopting the reorganization plan, the Board of Regents directed the administration to develop recommendations regarding the role, structure, and responsibilities of the Health System Board of Governors; and

WHEREAS, the administration has developed a set of principles that outline the proposed authority, activities, composition, and relationships of the Board of Governors, and that provide a basis for enacting formal bylaws and a delegation of authority to the new Board of Governors; and

WHEREAS, the principles are consistent with the current delegation of authority to the Hospital Board of Governors, reflect the additional responsibilities of a new Health System Board of Governors, and retain the ultimate authority of the Board of Regents;

THEREFORE, BE IT RESOLVED, that the Board of Regents endorses the above mentioned principles as a framework for defining the role, structure, and responsibilities of the Health System Board of Governors; and

BE IT FURTHER RESOLVED, that the Board of Regents directs the administration to present for Regental approval a formal delegation of authority and bylaws for the new Health System Board of Governors that are consistent with these principles; and

BE IT FURTHER RESOLVED, that the Board of Regents directs the administration to present a slate of candidates to serve on the new Health System Board of Governors and whose appointments require Regental approval; and

BE IT FURTHER RESOLVED, that the Board of Regents directs the administration to carry out these initiatives as expeditiously as possible, but not later than February 10, 1994.

Regent Bleyhl noted that the original contract between the University and UMCA will be approved by the Board of Regents, and she believes amendments to that contract should also be approved by the Regents. Regent Keffeler stated that the proposed principles provide for such action by the Regents on significant amendments to the contract, stating she believes the Board is going to have to feel its way on that contract.

In response to an issue raised by Regent Hogan regarding the UMHS relationship to the Provost, Regent Keffeler stated that the President would hold the Provost accountable for ensuring that matters that require the involvement of the Board of Regents would be brought to its attention. Regent Rosha stated that the Board of Governors or the Provost should be able to come to the Board of Regents. Regent Keffeler stated for the record that it is the Board of Regents' understanding that the Board of Governors has direct opportunity and responsibility to present any significant issues to the Board of Regents in the same fashion as the Provost has responsibility to bring issues through the chain of command within the University structure. If there is a judgment call to be made regarding appropriate issues for review by the Board of Regents, the Provost will be held accountable.

Regent Perlman stated the real issue is to provide the Provost with sufficient authority to run the Health Sciences organization. He noted that the proposed principles give the Provost very specific authority to come directly to the Board of Regents, and it is important to be clear that strong leadership is needed and the Board is giving the Provost significantly greater authority than was perceived in the past.

Regent Anderson concurred with Regent Perlman, stating that the proposed language is critical in the process of recruiting a Provost.

In response to Regent Reagan, Mr. Hart discussed the proposed composition of the UMHS Board of Governors and stated that qualifications for appointment are left to the discretion of the Nominating Committee. Regent Reagan noted some progress has been made toward improving geographical representation on the Board, and he understands that will not change. Mr. Hart stated that existing seniority of members of the current Board of Governors will roll forward.

Regent Keffeler noted that the resolution directs the administration to present a slate of candidates to serve on the new UMHS Board of Governors. Rather than asking the administration to submit a slate, she noted that she will appoint a Nominating Committee to submit a slate and suggested amending the proposed resolution accordingly. The maker and seconder of the motion accepted the amendment.

To guarantee statewide representation, Regent Bleyhl suggested that the 13 public members of the UMHS Board of Governors should include representatives of the state's eight congressional districts and five at-large representatives. Regent Anderson noted that the Regents' Nominating Committee carefully reviewed the nominees, stating he would not like the Board of Regents to be limited by such a formula. Regent Keffeler stated Regent Bleyhl could make a motion to amend the resolution. Alternatively, Regent Keffeler stated she would instruct the Nominating Committee to take that issue under advisement in determining the slate that is recommended.

In response to Regent Page, Mr. Hart noted that the University Health System is created through consolidation of UMHC and UMCA and the new Health System Board's responsibilities will include creation of an integrated health system and a relationship with the faculty through UMCA. He noted that the details of that relationship will be included in the proposed contract between UMCA and the University, which will be presented at the February meeting. Regent Keffeler stated she suggested this item be presented for approval at this time, but noted that action could be postponed until February if any Regents have concerns.

A brief discussion ensued regarding the composition of the new Board of Governors. Regent Rosha raised a concern about the possibility of public members being the minority at some meetings because of attendance, resulting in UMCA regulating itself. Regents Anderson and Perlman spoke in support of the proposed composition of the Board of Governors.

In response to Regent Hogan, Regent Keffeler suggested that the Board direct the administration to prepare the Delegation of Authority and Bylaws for the new Health System Board of Governors, consistent with the proposed principles, and present them for approval in February. She stated that the Regents will have an opportunity to raise any remaining concerns at that time.

In response to Regent Sahlstrom, Mr. Hart stated that he anticipates close interaction between the new governance structure of the Health System and the Board of Regents and continuous evaluation of progress being made by UMHS. President Hasselmo noted that the Hospital Board of Governors has reported regularly to the Board of Regents, and he assumes that a reporting mechanism will be specified in the UMHS Board's Bylaws. He stated it is important not to overload the UMHS Board with responsibilities that will be handled through other relationships between the Health Sciences and the University.

Regent Keffeler stated that if the proposed resolution is approved, the Board will endorse principles and a framework on the basis of which formal delegation documents will be prepared for approval in February. She indicated that a Nominating Committee will be appointed and a slate of candidates will be developed, taking into consideration the concerns that were raised.

Regent Page asked that the Nominating Committee review past participation of outstate members of the Board of Governors when the slate of candidates is developed.

Following the discussion, the committee voted unanimously to recommend approval of the following amended resolution:

WHEREAS, in October, 1993, the Board of Regents approved a plan for structuring the University of Minnesota Health Sciences; and

WHEREAS, in adopting the reorganization plan, the Board of Regents directed the administration to develop recommendations regarding the role, structure, and responsibilities of the Health System Board of Governors; and

WHEREAS, the administration has developed a set of principles that outline the proposed authority, activities, composition, and relationships of the Board of Governors, and that provide a basis for enacting formal bylaws and a delegation of authority to the new Board of Governors; and

WHEREAS, the principles are consistent with the current delegation of authority to the Hospital Board of Governors, reflect the additional responsibilities of a new Health System Board of Governors, and retain the ultimate authority of the Board of Regents;

THEREFORE, BE IT RESOLVED, that the Board of Regents endorses the above mentioned principles as a framework for defining the role, structure, and responsibilities of the Health System Board of Governors; and

BE IT FURTHER RESOLVED, that the Board of Regents directs the administration to present for Regental approval a formal delegation of authority and bylaws for the new Health System Board of Governors that are consistent with these principles; and

BE IT FURTHER RESOLVED, that the Board of Regents directs the administration to carry out these initiatives as expeditiously as possible, but not later than February 10, 1994.

Regent Keffeler asked the administration to provide a comparison between the old Board of Governors' Bylaws and the proposed Bylaws for the UMHS Board of Governors in February.

The meeting adjourned at 2:40 p.m.


BARBARA MUESING
Executive Director and
Corporate Secretary

UNIVERSITY OF MINNESOTA

BOARD OF REGENTS

January 13, 1994

A meeting of the Board of Regents of the University of Minnesota was held on Thursday, January 13, 1994, at 4:45 p.m. in the Regents' Room, 238 Morrill Hall.

Regents present: Bleyhl, Hogan, Keffeler, Page, Perlman, Peterson, Reagan, Rosh, and Sahlstrom. President Hasselmo presided.

Staff present: Chancellor Johnson; Senior Vice Presidents Erickson and Infante; Vice President Petersen; General Counsel Rotenberg; Executive Director Muesing; University Attorneys Bohnhorst, Brown, Donohue, Gildea, and Switzer; and Associate to the President O'Brien.

Others present: Jan Symchych, Dorsey and Whitney.

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

RESOLVED, that on the recommendation of the President and the General Counsel and as provided by Minnesota State Statute 471.705 Subd. 1d (e), a non-public meeting of the Board of Regents be held on Thursday, January 13, 1994, in the Regents' Room, 238 Morrill Hall, to discuss the quarterly report of the General Counsel on matters in litigation or matters in which litigation is threatened or imminent.

The Board of Regents voted unanimously to approve the resolution.

The meeting adjourned at 4:46 p.m.


BARBARA MUESING
Executive Director &
Corporate Secretary

UNIVERSITY OF MINNESOTA

BOARD OF REGENTS

Committee of the Whole

January 14, 1994

A meeting of the Committee of the Whole of the Board of Regents was held on Friday, January 14, 1994, at 8:35 a.m. in the Regents' Room, 238 Morrill Hall.

Regents present: Regent Keffeler, presiding; Regents Anderson, Hogan, Page, Perlman, Peterson, Reagan, Roshka, and Sahlstrom. Regent Neel participated in the meeting via telephone.

Staff present: President Hasselmo; Chancellors Ianni, Johnson, and Sargeant; Senior Vice Presidents Erickson and Infante; Vice Presidents Allen, Hopkins, Hughes, and Petersen; General Counsel Rotenberg; Deputy Vice Presidents Chou and Elzay; Executive Director Muesing; Associate Executive Director Janzen; Associate Vice Presidents Barbatsis, Markham, Perlmutter, Pfitzenreuter, and Tschida.

Student Representative present: Rachel Paulose.

Regent Keffeler noted, with the concurrence of the Board, that Regent Neel would participate in the Committee of the Whole and Board of Regents' meetings via telephone.

REPORT ON FACILITIES OPERATIONS AND RENEWAL

President Hasselmo introduced the discussion regarding the report on facilities operations and renewal, stating that this is a very important issue and he is pleased with the significant progress that has been made under the leadership of Senior Vice President Erickson and Associate Vice President Markham.

Associate Vice President Markham stated that the report would focus on stewardship of the University's facility assets, financing of facilities operations, and capital budgeting strategies. She noted that specific priorities by building and implementation timetables are part of the budgeting process, and stated that this issue is critically linked to the academic strategic planning process.

Ms. Markham reported that the University has 24 million total square feet system wide, and the deferred renewal is estimated at \$922 million. She stated that the current condition of the University's facilities has a negative impact on its ability to compete, and upgrading facilities is a critical element to the success of University 2000.

Ms. Markham discussed stewardship of the University's facility assets as the systematic, planned, and properly funded maintenance and renewal of University buildings. She reviewed the system wide breakdown of these stewardship responsibilities. Senior Vice President Erickson stated that he is assuming responsibility to ensure proper standards.

Ms. Markham discussed funding for facilities operations and renewal. Associate Vice President Pfutzenreuter reviewed the 1993-94 Facilities Management budget for the Twin Cities campus, and noted that one of the funding sources is prior year operating balances. He presented a four-year budget forecast for Facilities Management, and discussed the assumptions on which the forecast is based. He noted that there is a \$40 million gap between expenses and funding in inflated dollars and a \$25 million gap in constant dollars.

Ms. Markham defined deferred maintenance and facilities renewal, and reviewed a chart illustrating renewal components and a schedule. Mr. Erickson noted that the building systems of many of the 112 facilities constructed since 1970 are nearing the end of their useful life.

Ms. Markham summarized the renewal costs of facilities on each campus, stating that the current backlog is \$923 million. She indicated that 90 percent of current renewal costs are on the Twin Cities campus, and commented the Duluth campus has done the best job of renewing its facilities. She noted that the figures do not reflect adaptation of facilities for changing programmatic needs or compliance with regulatory changes. Ms. Markham indicated that \$20 million was designated for renewal purposes in the 1994 Capital Budget, and an additional \$20 million has been requested from the state.

Ms. Markham reported on significant progress that has been made in addressing renewal and operating issues. In conclusion, she stated that:

- Facilities renewal is a critical element of the University's strategic planning process;
- Consistent with the Resource Allocation Guidelines, the administration's operating budget recommendations for FY94-95 will reflect the need to stabilize funding for operation of University facilities;
- Consistent with the Capital Budgeting Principles, the University's FY95-2000 Capital Improvement Plan must continue to give priority to those projects which provide for renewal of existing facilities; and
- Responsible and cost-effective management of University facilities is dependent upon a clarification of accountability and authority for stewardship of University assets.

In response to Regent Hogan, Mr. Erickson stated that from a basic renewal concept, as opposed to operating funds, the University has an annual capital problem of approximately \$100 million. He discussed the funding gap for operating expenses, noting it will be addressed in the Operating Budget and that the administration is responsible for presenting proposals to the Board through the Capital Budget process.

Regent Keffeler emphasized that when the Capital Budget is presented, the Board has to gauge whether it is satisfied with the pace proposed for renewal. In addition, the Board has to make decisions related to the Operating Budget on how much should be allocated to close the funding gap that has been quantified in constant dollar terms as \$25 million.

Regent Peterson expressed concern regarding the decentralized stewardship responsibilities, and encouraged the administration to develop proper standards throughout the institution.

In response to Regent Sahlstrom, Ms. Markham stated that a system wide analysis of facility needs has begun, but it is not complete. Regent Sahlstrom stated it would be useful to receive a status report on the results of that analysis.

Regent Page reminded the Board of the intense competition for operating and capital funds. Regent Keffeler suggested that it would be helpful to receive an update on the University's bonding request.

Regent Rosha concurred with Regents Hogan and Page. He suggested that this will be an unpopular problem to address in light of competing interests, and stated the Board has to address the issues as fast as possible.

Following the discussion, Regent Keffeler expressed appreciation for the report. She stated that the Board looks forward to reviewing the implications carried out in the capital and operating budget plans.

**UNIVERSITY OF MINNESOTA MISSION STATEMENT,
UNIVERSITY 2000 STRATEGIC VISION/DIRECTIONS STATEMENT,
AND UNIVERSITY 2000 FINANCIAL ISSUES**

Regent Keffeler noted that Regent Bleyhl was absent because of a business conflict and Regent Wynia was absent due to a serious illness in her family. She indicated that both regret that they could not be present for this important discussion, and asked that the record reflect their support of University 2000 even though they could not participate in the official vote.

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

WHEREAS, the University of Minnesota is committed to continuing to be one of the premier land-grant, research universities of the nation and the world, providing educational, research, and outreach programs of outstanding quality;

WHEREAS, the University of Minnesota is committed to an open exchange of ideas in an environment that embodies the values of academic freedom, responsibility, integrity, and cooperation; that provides an atmosphere of mutual respect, free from racism, sexism, and other forms of prejudice and intolerance; and that inspires, sets high expectations for, and empowers the individuals within its community;

WHEREAS, the University of Minnesota is committed to responding to the needs of the many communities it serves; to assisting individuals, institutions, and communities in responding to a continuously changing world; and to creating and supporting partnerships within the University, with other educational systems and institutions, and with communities to achieve common goals;

WHEREAS, the University of Minnesota is committed to meeting the changing expectations of higher education; responding to changing demographics and to an increasingly diverse society; enhancing the social, cultural, economic, and intellectual health of Minnesota and the Upper Midwest; and responding to the shift of society and the economy from a local to a global scale, in a world that is increasingly interdependent—economically, politically, ecologically, and culturally;

AND WHEREAS, the University of Minnesota is committed to affordable higher education, with access unlimited by economic and social background;

NOW, THEREFORE, BE IT RESOLVED, that the Board of Regents adopts the following policy regarding the **mission** of the University of Minnesota:

The University of Minnesota, founded in the belief that all people are enriched by understanding, is dedicated to the advancement of learning and the search for truth; to the sharing of this knowledge through education for a diverse community; and to the application of this knowledge to benefit the people of the state, the nation, and the world.

The University's mission, carried out on multiple campuses and throughout the state, the nation, and the world, is threefold:

Research and Discovery

Generate and preserve knowledge, understanding, and creativity by conducting high-quality research, scholarship, and artistic activity that benefit students, scholars, and communities.

Teaching and Learning

Share that knowledge, understanding, and creativity by providing a broad range of educational programs in a strong and diverse community of learners and teachers, and prepare graduate, professional, and undergraduate students, as well as non-degree-seeking students interested in continuing education and lifelong learning, for active roles in a multiracial and multicultural world.

Outreach and Public Service

Extend, apply, and exchange knowledge between the University and society by applying scholarly expertise to community problems, by helping organizations and individuals respond to their changing environments, and by making the knowledge and resources created and preserved at the University accessible to the citizens of the state, the nation, and the world.

In all of its activities, the University strives to sustain an open exchange of ideas in an environment that embodies the values of academic freedom, responsibility, integrity, and cooperation; that provides an atmosphere of mutual respect, free from racism, sexism, and other forms of prejudice and intolerance; that assists individuals, institutions, and communities in responding to a continuously changing world; that is conscious of and responsive to the needs of the many communities it is committed to serving; that creates and supports partnerships within the University, with other educational systems and institutions, and with communities to achieve common goals; and that inspires, sets high expectations for, and empowers the individuals within its community.

BE IT FURTHER RESOLVED, that the University reaffirms its commitment to **achieving excellence through diversity**: to the recruitment and retention of world-class researchers, scholars, and artists who are effective teachers and who reflect the diversity of our

society; to the active recruitment, support, graduation, and placement of graduate and professional students from traditionally underrepresented populations; to the recruitment of a diverse population of undergraduate students who are academically prepared and motivated to enrich, and to profit from the richness of, the University experience; to a financial aid program that serves the needs of students and makes access and baccalaureate degree completion possible for students from all socioeconomic groups; and to a diverse and inclusive University community.

BE IT FURTHER RESOLVED, that to make the hard choices and decisions that will be required to implement this vision, the University reaffirms the **criteria** of quality, centrality to the state and academic disciplines, comparative advantage, efficiency/effectiveness, and future demand for setting priorities and focusing its efforts.

BE IT FURTHER RESOLVED, that to achieve its vision, the University will pursue **strategic directions** in which to focus and strengthen its efforts: (1) research, (2) graduate and professional education, (3) undergraduate education, (4) outreach and access to the University, and (5) a user-friendly University community; and that each campus and academic and support unit be directed to develop appropriate actions to implement these strategic directions, consistent with its own unique role.

The University approves, as its **strategic direction for research, scholarship, and artistic activity:**

A goal of sustaining and improving its position as one of the premier research universities in the country;

A commitment to foster the relationship of basic research to applied research, to undergraduate, graduate, professional, and continuing education, and to outreach; a commitment to interdisciplinary programs and initiatives; and a commitment to an appropriate balance of effort between basic and applied research, within and across the disciplines;

A strategy including recruitment, retention, and reward of world-class researchers, scholars, and artists who are effective teachers and who reflect the diversity of our society; promotion of basic research and maintenance and enhancement of the quality of the academic disciplines that are the core of a land-grant, research university; promotion of interdisciplinary activities; effective response to the demand for applied research; and enhancement of the research infrastructure.

That the University approves, as its **strategic direction for graduate and professional education:**

A goal of providing an appropriate range of graduate and professional education programs that are among the very best available in the world;

A commitment to graduate and professional education that is based on participation in the creation of knowledge;

A strategy including active recruitment, support, graduation, and placement of the best students from the state, the nation, and the world,

targeting members of traditionally underrepresented populations; maintenance and enhancement of the quality of core-discipline graduate and professional programs; improvement of access to interdisciplinary programs; and increased number and quality of practitioner-oriented/applied professional programs, especially at the master's level, in response to state and national needs.

That the University approves, as its strategic direction for undergraduate education:

A goal of improving the institutional climate and reinvigorating the education of undergraduate students at the University; providing a high-quality undergraduate education in a nurturing environment that fosters student success in an intense intellectual milieu; providing congenial support systems that help students move through their academic programs from admission, to orientation, to registration, to advising, to graduation, to placement;

A commitment to providing both a liberal education that introduces all students to modes of inquiry and the subject matter of the major branches of knowledge, and an in-depth study of a discipline or interdisciplinary field that is grounded in the research, scholarly, and artistic achievements of the faculty;

A strategy that includes giving emphasis to and rewarding excellence and creativity in undergraduate education; recruitment of a diverse population of students who are academically prepared and motivated to enrich, and to profit from the richness of, the University; setting of high expectations for students even before they enter the University; advising that takes each student's circumstances into account while encouraging them to take responsibility for their own learning and degree completion; for the Twin Cities campus, recruitment of a freshman student population of which approximately 80 percent graduated in the top 25 percent of their high school classes and 20 percent are chosen on the basis of special talents in areas such as mathematics, science, the arts, or athletics, with special provisions for identifying students with high potential from educationally disadvantaged backgrounds; increasing the range, quality, and number of students in special programming available to undergraduate students; provision of better student academic support, student development opportunities, and quality out-of-classroom experiences; and establishment of a strong and viable tuition policy and a unified financial aid program that serves the needs of students, making possible access and completion of baccalaureate education for students from all socioeconomic groups.

That the University approves, as its strategic direction for outreach and access to University programs:

A goal of increasing the exchange of knowledge and skills between the University and society to effectively respond to changing life-styles, the demands of a rapidly changing economy, advances in knowledge and technology, and an increasingly connected and multicultural world;

A commitment to address societal issues where the University's expertise can be brought to bear, employing a comprehensive perspective through cross-disciplinary efforts and partnerships with public and private organizations; and to promote and develop methods and delivery

of outreach to ensure that it is accessible and addresses diverse challenges;

A strategy based on the establishment of a new administrative unit, with the working title of "University College," to broaden access to traditional degree programs for talented and motivated part-time students, create new collaborative experimental programs that connect advanced education to emerging patterns of employment and connect the University's research and graduate programs to the teaching resources of other postsecondary institutions, offer a range of personal and professional continuing education opportunities, and explore distance education as a means of delivering programs to students throughout the state and beyond state and national borders.

That the University approves, as its **strategic direction for a user-friendly University community:**

A goal of building an environment that is inclusive, supportive, participatory, humane, and physically appropriate, where all members of the academic community can thrive and work to their fullest potentials;

A commitment to changing the culture of the University, to replacing bureaucracy and indifference with a user-friendly and customer-oriented approach to program and service delivery;

A strategy to enhance the human learning and working environment; enhance the physical environment; and establish measures of productivity, customer-service standards, and accountability for the quality, value, and cost of the services provided.

BE IT FURTHER RESOLVED, that the University approves the further development of the **planning process** on each campus, in consultation with units and governance organizations, to allow the University community, including faculty, students, and staff, to be directly involved in, help shape, and take ownership of the University 2000 plan, both now and on an ongoing basis; and directs the administration to report back on the results of this effort to the Board of Regents by the March 1994 meeting.

BE IT FURTHER RESOLVED, that the University approves the development, by the University's central and unit administrations and in consultation with University and unit governance organizations, of a strategic **financial plan** to acquire the necessary resources to achieve strategic goals; and directs the administration to bring this plan to the Board of Regents by the March 1994 meeting.

BE IT FURTHER RESOLVED, that the University approves the further refinement, by the University's central and unit administrations and in consultation with University and unit governance organizations, of the **strategic directions** in ways appropriate to the campuses and units within campuses and the incorporation of these into the academic plan, budget plan, and capital improvement plan and program; and directs the administration to bring back the results of this effort to the Board of Regents by the April 1994 meeting.

BE IT FURTHER RESOLVED, that the University approves the development, by the University's central and unit administrations and in consultation with University and unit governance organizations, of

critical measures and benchmarks for measuring institutional, campus, and unit performance in realizing the goals of University 2000; and directs the administration to bring back the results of this effort to the Board of Regents by the April 1994 meeting.

President Hasselmo introduced the discussion regarding University 2000. He stated that input received from participants in the 67 statewide stakeholder meetings and the 75 internal meetings helped shape the proposed documents and will have an impact on the development and implementation of specific plans. He noted that the University Senate and the Finance & Planning Committee passed resolutions in support of the University 2000 initiative, and urged further consultation as specific plans are developed. Students from the University of Minnesota, Duluth also submitted a resolution.

President Hasselmo discussed the process for implementation of University 2000, noting that the Board will have an opportunity to review and debate specific plans. He stated that a discussion regarding a specific financial strategy for University 2000 is scheduled in March, and a presentation will be made in April regarding benchmarks for teaching, research, and outreach activities. President Hasselmo noted that the University 2000 priorities are reflected in the proposed 1994-95 Resource Allocation Guidelines, and will be reflected in the Academic Plan, Capital Improvement Plan, and the 1995 Biennial Request.

Regent Keffeler suggested proceeding with the discussion by addressing each section of the proposed resolution.

In response to Regent Hogan, President Hasselmo discussed the changes in the proposed plan that resulted from the consultative process. He noted that consultation will continue with the network of stakeholder groups as specific plans are developed. Regent Hogan asked President Hasselmo if he believes he can make the statement "Access to the University is not limited by economic and social background" stand. President Hasselmo stated that is one of the essences of land grant, and noted that everyone must work together to ensure that statement is reflected in every single decision that is made.

Regent Anderson stated he intends to vote for the resolution, and asked if students who must attend part-time will have access to the same professors as full-time students. President Hasselmo responded that everyone will have to work together to ensure quality educational opportunities for all students. Regent Anderson asked if professors are committed to teaching evening courses, and who will be held accountable if that does not happen. President Hasselmo affirmed commitment to improve the current situation. Regent Keffeler stated her sense is that Regent Anderson's aspirations for the University are consistent with the proposed plan. She noted that if the plan is approved, the Board expects that there will be a single University of Minnesota of excellent quality, that the quality available to students will not be differentiated based upon their socio-economic circumstances, and that the very best professors will be as fully available to the teaching mission as they are to the research mission.

Regent Anderson again asked if distinguished professors will be teaching evening courses, and who will be held accountable. Vice President Allen noted that professorial faculty currently provide about 46 percent of instruction in Continuing Education & Extension and about 52 percent in day school. President Hasselmo noted that while he is fundamentally responsible and intends to ensure that University 2000 is implemented, the Regents, administration, faculty, staff, students, legislators, and stakeholders must make a concerted joint effort to implement University 2000.

Regent Perlman stated that University 2000 is an ambitious and innovative effort to broaden access to a traditional college degree. He noted that whether or not the plan works is a test of management, and stated that measures must be developed to determine whether or not those responsible for carrying it out have done so. He believes that unless there is a change in the way the University is managed, University 2000 cannot be implemented in a way that is reasonable.

Regent Sahlstrom stated that he has heard concerns regarding the impact of financial circumstances on access, and noted that the Legislature and the University of Minnesota Foundation must join in the effort to ensure that economic and social conditions do not limit access. He also emphasized the importance of communicating that the University is concerned about creating a customer-friendly environment.

In response to Regent Anderson's question, Regent Reagan stated that his answer is "Yes, the people in University College will be treated as people in the other school will be treated. They will have equal opportunity to the talented professors. They will have equal opportunities in all areas." He indicated that University 2000 will not do anything for this institution unless everyone, including the Board and President Hasselmo, can respond with an unqualified "yes."

Regent Keffeler stated that the Board has put a challenge on the table and is prepared to say with President Hasselmo that it will make strategic choices to ensure that quality will be equal for all students. President Hasselmo responded "yes."

Regent Hogan expressed his belief that the President said "yes" to the fact that access to the University will not be limited by economic and social background. Regent Keffeler responded that while the Board and President can say "yes" to this aspiration, the University does not have unilateral control to ensure achievement of that status without sufficient funding from the Legislature. She stated that all the Board and President can do is indicate the strength of their resolve and the need to work with the state and the generous private community to ensure that sufficient funds are available for students.

President Hasselmo emphasized that this is not just a management question, and he asked the Board to advise him if there is a better approach for addressing the issues facing the University.

Student Representative Paulose expressed concern regarding the University 2000 implementation process, and urged that the implementation committees be comprised of at least one-third students.

Regent Neel stated that University 2000 is the boldest strategic plan any university has undertaken, and emphasized the importance of establishing specific benchmarks and timelines to make sure the plan works. He noted that everyone will not agree with all elements of the plan, stating that it is important to do what is best for the state and the University.

Regent Page stated that the unqualified "yes" is a measurement question, noting that quality will have to be measured by more than the names of distinguished professors.

Regent Rosha stated for the record that he strongly supports the proposed plan. He noted that its strength is that it addresses the fundamental issue of delivering quality education to every student who attends the University, stating that the Board has ultimate responsibility to demand high quality. He indicated that the President and administration have shown strong leadership by developing an aggressive plan, and it is clear that the Board wants the information and action necessary to make it successful.

Regent Anderson acknowledged that the financial implications of University 2000 require a team effort, but stated that President Hasselmo and the administration can guarantee that the quality of University College will be the same as the Research University. He also stated that he wants a larger number of University students to study abroad, and suggested that students from other states should be admitted if their attendance adds to the strength of the institution.

Regent Perlman indicated that the delivery of quality education involves many faculty and staff and the University must make a commitment to provide fair pay, reasonable benefits, and a fulfilling work environment.

Regent Hogan suggested it is the Board's responsibility to work with the University of Minnesota Foundation to increase scholarship funds for students. He agreed that everyone must work together on the implementation of University 2000, but stated that President Hasselmo's leadership is necessary to make it successful.

In conclusion, President Hasselmo emphasized that University 2000 is a collective effort, stating that strong faculty leadership contributed to development of the plan. He acknowledged the tremendous contributions of faculty and staff. He thanked the Board for participating in an excellent discussion, and stated that together they can make the principles of University 2000 prevail.

Following the discussion, the committee voted by a roll call vote. The vote of committee members present was to unanimously recommend approval of the proposed resolution.

NEW BUSINESS

Regent Reagan introduced Ken Foxworth, Director of African American Student Services at the University of Minnesota, Duluth (UMD). He stated that beginning on March 7, 1994, Mr. Foxworth will run from St. Paul to UMD, and money pledged will be used for tuition for minority and disadvantaged students. Regent Reagan noted that Mr. Foxworth has been sponsored by a number of organizations and will be accompanied by other runners, and he would like to have some members of the Board participate.

Regent Keffeler challenged Board members to participate in the run or sponsor Mr. Foxworth's effort.

Mr. Foxworth stated that if he can run 154 miles in March, it will be an example to the students. He expressed appreciation for the opportunity to address the Board.

RESOURCE ALLOCATION GUIDELINES

Regent Keffeler introduced the discussion regarding the Resource Allocation Guidelines, noting that the proposed guidelines will be used as the working assumptions for the budget process.

President Hasselmo indicated that the 1994-95 Budget is intermediate between previous planning efforts and University 2000, and it will continue implementation of the undergraduate initiative and the restructuring and reallocation plan.

Senior Vice President Erickson indicated that the proposed Resource Allocation Guidelines are a prelude to the budget process. Pursuant to the Board's request, he noted that the guidelines are being presented early in the process so the administration can receive guidance and feedback from the Board before the budget is developed.

Associate Vice President Pfutzenreuter reviewed the updated fund forecast for centrally allocated funds. He reviewed nine potential revenue and expenditure scenarios, and presented the following resolution to the committee for approval:

WHEREAS, the University of Minnesota has embarked upon an ambitious institutional strategic plan to enhance our reputation as a global, land-grant, research University.

WHEREAS, the University of Minnesota faculty, staff and students are a valued human resource and have jointly contributed to prior budget shortfalls through multiple salary freezes and program reductions.

WHEREAS, for fiscal year 1995 the University's direct state appropriations enacted into law will total \$464,544,000 and represent an overall increase of \$17,301,000 or 3.9% compared to fiscal year 1994.

WHEREAS, for the past three years the University has engaged in a major restructuring and reallocation plan.

NOW THEREFORE, BE IT RESOLVED, that the Board of Regents of the University of Minnesota adopt the following resource allocation guidelines for preparation of the budget for fiscal year 1995 as follows:

1. The allocation of financial resources will be directed to programs and activities that support the accomplishment of institutional strategic directions in five major areas; (1) research, (2) graduate and professional education, (3) undergraduate education, (4) outreach and access to the University, and (5) a user-friendly University community.

2. The University will allocate \$19,313,000 for salary increases and \$3,900,000 for non-salary inflationary increases from the operations and maintenance fund. Pending contract negotiations, the budget presented to the Board of Regents will include salary and benefit cost increases. The salary and benefit adjustment principle will apply to all programs and activities of the University regardless of fund source.

3. The University will establish a strategic investment pool amounting to \$8,500,000, in addition to the \$3,582,500 proposed in the current restructuring and reallocation plan, for the purpose of advancing the institutional strategic plan. The strategic decisions embodied in the reallocation and restructuring plan will continue to be implemented for fiscal year 1995, the fourth year of the five year plan.

4. Revenue increases resulting from changes in tuition rates will average 5%, separate from enrollment changes. Tuition increases above the projected rate of inflation will be strictly targeted for quality improvements that affect students including but not limited to the availability of classes, instructional equipment, student services, facilities, libraries and curriculum and teaching innovations.

5. The allocation of resources shall consider the financial and programmatic consequences of the historical under-investment in infrastructure including such areas as facilities operation and maintenance, accessibility, staff enrichment and development, libraries, telecommunications, and computing.

6. The allocation of resources from central reserves shall insure a reasonable financial reserve necessary to protect the University from fluctuations in overall revenues and to provide funds for unforeseen financial needs.

7. The University will fully honor all of its contractual commitments.

8. The fiscal year 1995 operating budget presented to the Board of Regents for review in April 1994 and final approval in May 1994 will include revenue and expenditure budgets for all current, non-sponsored funds as well as projected expenditures for current, sponsored funds.

A motion was made and seconded to recommend approval of the proposed resolution.

Regent Perlman spoke in support of the proposed salary increases, and expressed concern regarding the proposal to increase tuition by 5 percent. For discussion purposes, Regent Perlman asked about the impact of reducing the proposed tuition increase from 5 percent to 3 percent. Mr. Pfitzenreuter stated that such a reduction would result in a net difference of approximately \$2.8 million.

Regent Reagan concurred with Regent Perlman's comments, and made a motion to amend the resolution by changing the proposed tuition increase to 3 percent. The motion was seconded.

Regent Roshia spoke in support of the amendment, but expressed frustration about the best way to proceed to get maximum support from the Legislature.

Student Representative Paulose believes that the proposed 5 percent tuition increase is too high as a planning principle, and asked about the impact of the proposed amendment to the resolution. Regent Keffeler stated that whatever number the Board agrees on is only a planning parameter for the eventual budget plan.

Regent Sahlstrom stated he is concerned about increasing tuition, but asked about the impact of a change from 5 percent to 3 percent on the Strategic Investment Pool. Mr. Pfitzenreuter stated that the effect of the amendment would be to increase the shortfall.

Regent Peterson spoke in support of the proposed amendment, citing the message from the Legislature that the University should hold tuition increases to 3 percent.

President Hasselmo stated that the administrative recommendation was made after looking at the total implications and determining the best scenario. He stated that the proposed 5 percent tuition increase was determined with great reluctance, but with the understanding that any amount above inflation would be targeted for educational improvements. He indicated that the administration has to present specific increases before a final decision can be made, and discussed the importance of the proposed 6 percent salary increases and the Strategic Investment Pool.

President Hasselmo stated that targeted reductions are being discussed, noting that the capacity to make such reductions is somewhat limited because the University is entering an aggressive new planning phase. He discussed the shortfall that would result from the recommendation, and stated that the administration would report on the implications of such shortfall.

Regardless of the Board's action today, Regent Keffeler stated that the administration will have the opportunity to develop a budget proposal. She noted that if the administration feels it is necessary to stay with its original recommendation, the Board would be able to see the choices that resulted in the proposed budget.

Regent Rosha stated that he supports the proposed amendment, but he wants to make it clear to the Legislature that any resulting budget reductions are a result of the University's legislative funding situation.

Regent Keffeler stated it is her understanding that the administration could propose a budget in April at different levels, but by acting on the proposed amendment the Board is requesting a review of the full array of choice to take it to the revenue envelope that would raise tuition by 3 percent. She noted that the Board would not expect the administration to come back in the interim. President Hasselmo stated that a budget shortfall in excess of \$14 million would require program reductions, and he feels it is necessary to have further discussions with the Board before the April meeting as to the scenario the administration will recommend. Regent Keffeler stated that at this point the Board is setting a planning assumption, and this item can be scheduled on the Board's agenda as needed.

Regent Hogan urged the administration to seriously consider limiting the tuition increase to 3 percent.

Senior Vice President Infante commented on the impact of changing the proposed tuition increase, stating that the Board needs to understand there will be consequences to these management challenges. Regent Keffeler stated that the Board would like to understand and discuss the consequences at that level of challenge before final action is taken on the budget.

The committee voted by a majority, with Regent Sahlstrom voting against the motion, to recommend approval of the amendment.

Regent Reagan made a motion to amend the second paragraph of the proposed resolution, the motion was seconded, and the committee members present voted unanimously to recommend approval of the following amendment:

WHEREAS, the University of Minnesota faculty, staff and students are a valued human resource and have jointly contributed to prior budget shortfalls through multiple salary freezes, tuition increases, and program reductions.

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

WHEREAS, the University of Minnesota has embarked upon an ambitious institutional strategic plan to enhance our reputation as a global, land-grant, research University.

WHEREAS, the University of Minnesota faculty, staff and students are a valued human resource and have jointly contributed to prior budget shortfalls through multiple salary freezes, tuition increases, and program reductions.

WHEREAS, for fiscal year 1995 the University's direct state appropriations enacted into law will total \$464,544,000 and represent an overall increase of \$17,301,000 or 3.9% compared to fiscal year 1994.

WHEREAS, for the past three years the University has engaged in a major restructuring and reallocation plan.

NOW THEREFORE, BE IT RESOLVED, that the Board of Regents of the University of Minnesota adopt the following resource allocation guidelines for preparation of the budget for fiscal year 1995 as follows:

1. The allocation of financial resources will be directed to programs and activities that support the accomplishment of institutional strategic directions in five major areas; (1) research, (2) graduate and professional education, (3) undergraduate education, (4) outreach and access to the University, and (5) a user-friendly University community.
2. The University will allocate \$19,313,000 for salary increases and \$3,900,000 for non-salary inflationary increases from the operations and maintenance fund. Pending contract negotiations, the budget presented to the Board of Regents will include salary and benefit cost increases. The salary and benefit adjustment principle will apply to all programs and activities of the University regardless of fund source.
3. The University will establish a strategic investment pool amounting to \$8,500,000, in addition to the \$3,582,500 proposed in the current restructuring and reallocation plan, for the purpose of advancing the institutional strategic plan. The strategic decisions embodied in the reallocation and restructuring plan will continue to be implemented for fiscal year 1995, the fourth year of the five year plan.
4. Revenue increases resulting from changes in tuition rates will average 3%, separate from enrollment changes. Tuition increases above the projected rate of inflation will be strictly targeted for quality improvements that affect students including but not limited to the availability of classes, instructional equipment, student services, facilities, libraries and curriculum and teaching innovations.
5. The allocation of resources shall consider the financial and programmatic consequences of the historical under-investment in infrastructure including such areas as facilities operation and maintenance, accessibility, staff enrichment and development, libraries, telecommunications, and computing.
6. The allocation of resources from central reserves shall insure a reasonable financial reserve necessary to protect the University from fluctuations in overall revenues and to provide funds for unforeseen financial needs.
7. The University will fully honor all of its contractual commitments.

8. The fiscal year 1995 operating budget presented to the Board of Regents for review in April 1994 and final approval in May 1994 will include revenue and expenditure budgets for all current, non-sponsored funds as well as projected expenditures for current, sponsored funds.

The meeting adjourned at 11:30 a.m.


BARBARA MUESING
Executive Director and
Corporate Secretary

UNIVERSITY OF MINNESOTA

BOARD OF REGENTS

January 14, 1993

A meeting of the Board of Regents of the University of Minnesota was held on Friday, January 14, 1994, at 11:32 a.m., in the Regents' Room, 238 Morrill Hall.

Regents present: Anderson, Keffeler, Hogan, Page, Perlman, Peterson, Reagan, Roshka, and Sahlstrom. Regent Neel participated in the meeting via telephone. President Hasselmo presided.

Staff present: Chancellors Ianni, Johnson, and Sargeant; Senior Vice Presidents Erickson and Infante; Vice Presidents Allen, Hopkins, Hughes, and Petersen; General Counsel Rotenberg; Deputy Vice Presidents Chou and Elzay; Executive Director Muesing; Associate Executive Director Janzen; and Associate Vice Presidents Barbatsis, Markham, Perlmutter, Pfutzenreuter, and Tschida.

APPROVAL OF MINUTES

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

Audit Committee - December 7, 1993
Facilities Committee - December 7, 1993
Financial Operations & Legislative Committee - December 7, 1993
Faculty, Staff & Student Affairs Committee - December 7, 1993
Educational Planning & Policy Committee - December 7, 1993
Committee of the Whole - December 8, 1993
Board of Regents - December 8, 1993
Board of Regents - December 8, 1993

REPORT OF THE PRESIDENT

President Hasselmo presented his monthly report, which pertained to University 2000 and Resource Allocation Guidelines; a meeting with Secretary of Education Richard Riley; Equity in Land Grant Status Act of 1993; Project Grow; the University's contract with the Minnesota Supercomputer Center, Inc.; Capital Bonding Priorities; the possibility of a supplemental legislative request; *Diversity in the Work Place*; the agenda of the Black Coaches Association; and an update on personnel searches.

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

In response to a request from Regent Keffeler, President Hasselmo reported on priorities contained in the University's bonding request which were outlined in his correspondence to the Board dated January 12, 1994.

Regent Keffeler stated this just brings into focus the discussions on facilities renewal and operating costs.

REPORT OF THE CHAIR

Chair Keffeler reported that an open forum will be held on the Morris campus on January 20 and that members of the Board of Regents will participate in a retreat on February 19. The retreat agenda will include minority issues, and organization structure issues. She also reported that the Board's Agenda Guidelines policy and Bylaws are being reviewed.

She reported that President Hasselmo has suggested that it would be helpful if the Board was involved in studying the issue of administrative compensation. She reported that Regent Neel will assume the responsibility on behalf of the Board.

RECEIVE AND FILE REPORTS

President Hasselmo noted the receipt and filing of the Quarterly Summary of Regents' Policy Review.

GIFTS

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

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

REPORT OF THE COMMITTEE OF THE WHOLE January 13, 1994

Chair Keffeler reported that the committee voted unanimously to recommend:

- a) Approval of resolution re Health System Board of Governors, as follows:

WHEREAS, in October, 1993, the Board of Regents approved a plan for structuring the University of Minnesota Health Sciences; and

WHEREAS, in adopting the reorganization plan, the Board of Regents directed the administration to develop recommendations regarding the role, structure, and responsibilities of the Health System Board of Governors; and

WHEREAS, the administration has developed a set of principles that outline the proposed authority, activities, composition, and relationships of the Board of Governors, and that provide a basis for enacting formal bylaws and a delegation of authority to the new Board of Governors; and

WHEREAS, the principles are consistent with the current delegation of authority to the Hospital Board of Governors, reflect the additional responsibilities of a new Health System Board of Governors, and retain the ultimate authority of the Board of Regents;

THEREFORE, BE IT RESOLVED, that the Board of Regents endorses the above mentioned principles as a framework for defining the role, structure, and responsibilities of the Health System Board of Governors; and

BE IT FURTHER RESOLVED, that the Board of Regents directs the administration to present for Regental approval a formal delegation of authority and bylaws for the new Health System Board of Governors that are consistent with these principles; and

BE IT FURTHER RESOLVED, that the Board of Regents directs the administration to carry out these initiatives as expeditiously as possible, but not later than February 10, 1994.

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

Chair Keffeler reported that the committee recognized B. Kristine Johnson for her service on the Hospital Board of Governors; reviewed proposed procedures and accounting practices established for the School of Dentistry and School of Nursing private practice plans; reviewed a status report on the Medical School Private Practice Plans; and reviewed a proposed amendment to the Regents' Policy on Medical School Private Practice Plans.

REPORT OF THE COMMITTEE OF THE WHOLE
January 14, 1994

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

- a) Approval of resolution re University of Minnesota Mission Statement, University 2000 Strategic Vision/Directions Statement, and University 2000 Financial Issues, as follows:

WHEREAS:

The University of Minnesota is committed to continuing to be one of the premier land-grant, research universities of the nation and the world, providing educational, research, and outreach programs of outstanding quality;

WHEREAS:

The University of Minnesota is committed to an open exchange of ideas in an environment that embodies the values of academic freedom, responsibility, integrity, and cooperation; that provides an atmosphere of mutual respect, free from racism, sexism, and other forms of prejudice and intolerance; and that inspires, sets high expectations for, and empowers the individuals within its community;

WHEREAS:

The University of Minnesota is committed to responding to the needs of the many communities it serves; to assisting

individuals, institutions, and communities in responding to a continuously changing world; and to creating and supporting partnerships within the University, with other educational systems and institutions, and with communities to achieve common goals;

WHEREAS:

The University of Minnesota is committed to meeting the changing expectations of higher education; responding to changing demographics and to an increasingly diverse society; enhancing the social, cultural, economic, and intellectual health of Minnesota and the Upper Midwest; and responding to the shift of society and the economy from a local to a global scale, in a world that is increasingly interdependent—economically, politically, ecologically, and culturally;

AND WHEREAS:

The University of Minnesota is committed to affordable higher education, with access unlimited by economic and social background;

NOW THEREFORE BE IT RESOLVED:

That the Board of Regents adopts the following policy regarding the **mission** of the University of Minnesota:

The University of Minnesota, founded in the belief that all people are enriched by understanding, is dedicated to the advancement of learning and the search for truth; to the sharing of this knowledge through education for a diverse community; and to the application of this knowledge to benefit the people of the state, the nation, and the world.

The University's mission, carried out on multiple campuses and throughout the state, the nation, and the world, is threefold:

Research and Discovery

Generate and preserve knowledge, understanding, and creativity by conducting high-quality research, scholarship, and artistic activity that benefit students, scholars, and communities.

Teaching and Learning

Share that knowledge, understanding, and creativity by providing a broad range of educational programs in a strong and diverse community of learners and teachers, and prepare graduate, professional, and undergraduate students, as well as non-degree-seeking students interested in continuing education and lifelong learning, for active roles in a multiracial and multicultural world.

Outreach and Public Service

Extend, apply, and exchange knowledge between the University and society by applying scholarly expertise to community problems, by helping organizations and individuals respond to their changing environments, and by making the knowledge and resources created and preserved at the University accessible to the citizens of the state, the nation, and the world.

In all of its activities, the University strives to sustain an open exchange of ideas in an environment that embodies the values of academic freedom, responsibility, integrity, and cooperation; that provides an atmosphere of mutual respect, free from racism, sexism, and other forms of prejudice and intolerance; that assists individuals, institutions, and communities in responding to a continuously changing world; that is conscious of and responsive to the needs of the many communities it is committed to serving; that creates and supports partnerships within the University, with other educational systems and institutions, and with communities to achieve common goals; and that inspires, sets high expectations for, and empowers the individuals within its community.

BE IT FURTHER RESOLVED:

That the University reaffirms its commitment to **achieving excellence through diversity**: to the recruitment and retention of world-class researchers, scholars, and artists who are effective teachers and who reflect the diversity of our society; to the active recruitment, support, graduation, and placement of graduate and professional students from traditionally underrepresented populations; to the recruitment of a diverse population of undergraduate students who are academically prepared and motivated to enrich, and to profit from the richness of, the University experience; to a financial aid program that serves the needs of students and makes access and baccalaureate degree completion possible for students from all socioeconomic groups; and to a diverse and inclusive University community.

BE IT FURTHER RESOLVED:

That, to make the hard choices and decisions that will be required to implement this vision, the University reaffirms the **criteria** of quality, centrality to the state and academic disciplines, comparative advantage, efficiency/effectiveness, and future demand for setting priorities and focusing its efforts.

BE IT FURTHER RESOLVED:

That, to achieve its vision, the University will pursue **strategic directions** in which to focus and strengthen its efforts: (1) research, (2) graduate and professional education, (3) undergraduate education, (4) outreach and access to the University, and (5) a user-friendly University community; and that each campus and academic and support unit be directed to develop appropriate actions to implement these strategic directions, consistent with its own unique role.

The University approves, as its **strategic direction for research, scholarship, and artistic activity:**

A goal of sustaining and improving its position as one of the premier research universities in the country;

A commitment to foster the relationship of basic research to applied research, to undergraduate, graduate, professional, and continuing education, and to outreach; a commitment to interdisciplinary programs and initiatives; and a commitment to an appropriate balance of effort between basic and applied research, within and across the disciplines;

A strategy including recruitment, retention, and reward of world-class researchers, scholars, and artists who are effective teachers and who reflect the diversity of our society; promotion of basic research and maintenance and enhancement of the quality of the academic disciplines that are the core of a land-grant, research university; promotion of interdisciplinary activities; effective response to the demand for applied research; and enhancement of the research infrastructure.

That the University approves, as its **strategic direction for graduate and professional education:**

A goal of providing an appropriate range of graduate and professional education programs that are among the very best available in the world;

A commitment to graduate and professional education that is based on participation in the creation of knowledge;

A strategy including active recruitment, support, graduation, and placement of the best students from the state, the nation, and the world, targeting members of traditionally underrepresented populations; maintenance and enhancement of the quality of core-discipline graduate and professional programs; improvement of access to interdisciplinary programs; and increased number and quality of practitioner-oriented/applied professional programs, especially at the master's level, in response to state and national needs.

That the University approves, as its **strategic direction for undergraduate education:**

A goal of improving the institutional climate and reinvigorating the education of undergraduate students at the University; providing a high-quality undergraduate education in a nurturing environment that fosters student success in an intense intellectual milieu; providing congenial support systems that help students move through their academic programs from admission, to orientation, to registration, to advising, to graduation, to placement;

A commitment to providing both a liberal education that introduces all students to modes of inquiry and the subject matter of the major branches of knowledge, and an in-depth study of a

discipline or interdisciplinary field that is grounded in the research, scholarly, and artistic achievements of the faculty;

A strategy that includes giving emphasis to and rewarding excellence and creativity in undergraduate education; recruitment of a diverse population of students who are academically prepared and motivated to enrich, and to profit from the richness of, the University; setting of high expectations for students even before they enter the University; advising that takes each student's circumstances into account while encouraging them to take responsibility for their own learning and degree completion; for the Twin Cities campus, recruitment of a freshman student population of which approximately 80 percent graduated in the top 25 percent of their high school classes and 20 percent are chosen on the basis of special talents in areas such as mathematics, science, the arts, or athletics, with special provisions for identifying students with high potential from educationally disadvantaged backgrounds; increasing the range, quality, and number of students in special programming available to undergraduate students; provision of better student academic support, student development opportunities, and quality out-of-classroom experiences; and establishment of a strong and viable tuition policy and a unified financial aid program that serves the needs of students, making possible access and completion of baccalaureate education for students from all socioeconomic groups.

That the University approves, as its **strategic direction for outreach and access to University programs:**

A goal of increasing the exchange of knowledge and skills between the University and society to effectively respond to changing life-styles, the demands of a rapidly changing economy, advances in knowledge and technology, and an increasingly connected and multicultural world;

A commitment to address societal issues where the University's expertise can be brought to bear, employing a comprehensive perspective through cross-disciplinary efforts and partnerships with public and private organizations; and to promote and develop methods and delivery of outreach to ensure that it is accessible and addresses diverse challenges;

A strategy based on the establishment of a new administrative unit, with the working title of "University College," to broaden access to traditional degree programs for talented and motivated part-time students, create new collaborative experimental programs that connect advanced education to emerging patterns of employment and connect the University's research and graduate programs to the teaching resources of other postsecondary institutions, offer a range of personal and professional continuing education opportunities, and explore distance education as a means of delivering programs to students throughout the state and beyond state and national borders.

That the University approves, as its **strategic direction for a user-friendly University community:**

A goal of building an environment that is inclusive, supportive, participatory, humane, and physically appropriate, where all members of the academic community can thrive and work to their fullest potentials;

A commitment to changing the culture of the University, to replacing bureaucracy and indifference with a user-friendly and customer-oriented approach to program and service delivery;

A strategy to enhance the human learning and working environment; enhance the physical environment; and establish measures of productivity, customer-service standards, and accountability for the quality, value, and cost of the services provided.

BE IT FURTHER RESOLVED:

That the University approves the further development of the **planning process** on each campus, in consultation with units and governance organizations, to allow the University community, including faculty, students, and staff, to be directly involved in, help shape, and take ownership of the University 2000 plan, both now and on an ongoing basis; and directs the administration to report back on the results of this effort to the Board of Regents by the March 1994 meeting.

BE IT FURTHER RESOLVED:

That the University approves the development, by the University's central and unit administrations and in consultation with University and unit governance organizations, of a strategic **financial plan** to acquire the necessary resources to achieve strategic goals; and directs the administration to bring this plan to the Board of Regents by the March 1994 meeting.

BE IT FURTHER RESOLVED:

That the University approves the further refinement, by the University's central and unit administrations and in consultation with University and unit governance organizations, of the **strategic directions** in ways appropriate to the campuses and units within campuses and the incorporation of these into the academic plan, budget plan, and capital improvement plan and program; and directs the administration to bring back the results of this effort to the Board of Regents by the April 1994 meeting.

BE IT FURTHER RESOLVED:

That the University approves the development, by the University's central and unit administrations and in consultation with University and unit governance organizations, of **critical measures and benchmarks** for measuring institutional, campus, and unit performance in realizing the goals of University 2000; and directs the administration to bring back the results of this effort to the Board of Regents by the April 1994 meeting.

- b) Approval of resolution re Resource Allocation Guidelines for Fiscal Year 1995, as follows:

WHEREAS, the University of Minnesota has embarked upon an ambitious institutional strategic plan to enhance our reputation as a global, land-grant, research University.

WHEREAS, the University of Minnesota faculty, staff and students are a valued human resource and have jointly contributed to prior budget shortfalls through multiple salary freezes, tuition increases, and program reductions.

WHEREAS, for fiscal year 1995 the University's direct state appropriations enacted into law will total \$464,544,000 and represent an overall increase of \$17,301,000 or 3.9% compared to fiscal year 1994.

WHEREAS, for the past three years the University has engaged in a major restructuring and reallocation plan.

NOW THEREFORE, BE IT RESOLVED, that the Board of Regents of the University of Minnesota adopt the following resource allocation guidelines for preparation of the budget for fiscal year 1995 as follows:

1. The allocation of financial resources will be directed to programs and activities that support the accomplishment of institutional strategic directions in five major areas: (1) research, (2) graduate and professional education, (3) undergraduate education, (4) outreach and access to the University, and (5) a user-friendly University community.
2. The University will allocate \$19,313,000 for salary increases and \$3,900,000 for non-salary inflationary increases from the operations and maintenance fund. Pending contract negotiations, the budget presented to the Board of Regents will include salary and benefit cost increases. The salary and benefit adjustment principle will apply to all programs and activities of the University regardless of fund source.
3. The University will establish a strategic investment pool amounting to \$8,500,000, in addition to the \$3,582,500 proposed in the current restructuring and reallocation plan, for the purpose of advancing the institutional strategic plan. The strategic decisions embodied in the reallocation and restructuring plan will continue to be implemented for fiscal year 1995, the fourth year of the five-year plan.
4. Revenue increases resulting from changes in tuition rates will average 3%, separate from enrollment changes. Tuition increases above the projected rate of inflation will be strictly targeted for quality improvements that affect students including but not limited to the availability of classes, instructional equipment, student services, facilities, libraries and curriculum and teaching innovations.

5. The allocation of resources shall consider the financial and programmatic consequences of the historical underinvestment in infrastructure including such areas as facilities operation and maintenance, accessibility, staff enrichment and development, libraries, telecommunications, and computing.
6. The allocation of resources from central reserves shall insure a reasonable financial reserve necessary to protect the University from fluctuations in overall revenues and to provide funds for unforeseen financial needs.
7. The University will fully honor all of its contractual commitments.
8. The fiscal year 1995 operating budget presented to the Board of Regents for review in April 1994 and final approval in May 1994 will include revenue and expenditure budgets for all current, non-sponsored funds as well as projected expenditures for current, sponsored funds.

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

Chair Keffeler reported that the committee also received a report on Facilities Operations and Renewal and acknowledged a March 7, 1994 run from St. Paul to the University of Minnesota Duluth to raise money for student aid.

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

Regent Anderson, reporting for the 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 presented to the committee and included in the docket material.
- b) Approval of resolution re 1993-95 Civil Service Salary Plan, as follows:

WHEREAS, the parties have met and negotiated over the course of the past few weeks and have reached agreement regarding terms of the Civil Service salary plan; and

WHEREAS, the Civil Service Committee has ratified this 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 plan as outlined in the docket for January 13, 1994.

- c) Adoption of Regents' Policy on American Indian Advisory Boards, as follows:

AMERICAN INDIAN ADVISORY BOARDS

The Board of Regents has directed that the University Administration establish an American Indian Advisory Board on each campus enrolling American Indian students. The Boards are to be advisory to the chief executive officer of each campus and are to be constituted to broadly reflect the relevant American Indian communities.

The Advisory Boards will serve as liaisons between the American Indian communities and the University of Minnesota. The Advisory Boards will consult with the chief executive officer of each campus on matters related to campus programs and services on behalf of American Indian students, interests and concerns of the immediate American Indian community, methods to encourage and foster the educational advancement of American Indian students in admissions, retention and achievement of educational objectives, and efforts to develop and increase support for American Indian educational advancement through public relations efforts at the community, state and federal levels.

The president will meet with representatives of the American Indian Advisory Boards to seek their input, guidance and advice concerning the educational advancement of American Indian students University-wide and the achievement of the University's diversity goals. The president will review the recommendations of the Advisory Boards and instruct appropriate administrative units to address them. The president will meet with the Advisory Boards again to update them on the status of their recommendations and to seek their feedback and further advice. The president will submit an annual report to the Board of Regents after consultation with the Advisory Board chairs.

This policy supersedes the previous policy on American Indian Advisory Board dated March 13, 1981.

- d) Approval of Plan for Reporting from the President's Minority Advisory Committees and the American Indian Advisory Boards, as follows:

- The President meets with the minority advisory committees to seek their input, guidance, and advice in achieving the University of Minnesota's diversity goals.
- The President reviews the minority advisory committees' recommendations and instructs appropriate administrative units to address them.
- The administrative units advise the President which recommendations are implementable, how and when

they will be implemented, and which recommendations require policy consideration by the Board of Regents.

- The President meets with the minority advisory committees again to update them on the status of their recommendations and to seek their feedback and further advice.
- The President directs the Office of the Associate Vice President and Associate Provost with Special Responsibility for Minority Affairs to prepare an annual report on the minority advisory committees' recommendations and how various administrative units have implemented or acted on them.
- The President meets with the executive council of the minority advisory committee chairs to review the report and seek its final input and feedback.
- The Office of the Associate Vice President for Academic Affairs and Associate Provost with Special Responsibility for Minority Affairs incorporates the executive council's input and feedback into its annual report on the minority advisory committees' recommendations.
- The President submits the report to the Board of Regents at the July Regents' meeting.

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

Regent Anderson reported that the committee also received a report on University of Minnesota Faculty and Staff: Diversity in the Work Place.

REPORT OF THE FACILITIES COMMITTEE

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

- a) Approval of resolution re Process for Dealing with University Property, as follows:

RESOLVED, that the administration is directed to bring to the Facilities Committee in February a proposal for a process to deal with University property that is not in use for educational purposes, including Rosemount.

- b) Approval of the Senior Vice President's Monthly Facilities Report as presented to the committee and contained in the docket material.
- c) Approval of resolution re Amendments to the FY 1994 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 projects:

- A. Facilities Improvement and Maintenance Program, 1994 Construction Season, Duluth Campus
 Estimated cost of the project: \$1,520,000
 Funding: UMD Plant Service Maintenance Operating Appropriation; UMD Repair and Replacement Operating Appropriation; Auxiliary Services; and Kirby Student Center Maintenance Reserve
 Estimated completion date: August 1994
- B. Horticultural Therapy Lab and Clotilde, Irvine Sensory Garden, Minnesota Landscape Arboretum
 Estimated cost of the project: \$390,190
 Funding: Private funding
 Estimated completion date: April 1994

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

- C. Agricultural Engineering Building Repairs & Improvements, Scope/Budget Increase, Twin Cities Campus
 Original estimated cost of the project: \$200,000
 Scope Increase: \$106,000
 Total estimated cost of the project: \$306,000
 Funding: Operating Appropriation: Program Accommodations Remodeling and Repair & Replacement; and Departmental Funds
 Estimated completion date: August 1994

- d) Approval of resolution re Quarterly Report on FY 1994 Capital Budget, as follows:

RESOLVED, that on the recommendation of the President and the Senior Vice President for Finance and Operations, the Board of Regents approve the Quarterly Report on the FY '94 Capital Budget which report includes the deletion of the following line item projects from the FY '94 Capital Budget:

<u>Project</u>	<u>Reason</u>
Duluth Campus	
1. Coal Gasifier, Dismantle Facility-Phase I (\$100,000)	Unfunded
Morris Campus	
2. Replace Three Tennis Courts (\$90,000)	Unfunded
Twin Cities Campus	
3. Baseball Clubhouse Addition (\$40,000)	Unfunded
4. Program Accommodation Remodeling Fund (\$500,000)	Program Deficient*
5. Develop 7 Distant Learning Classrooms (\$700,000)	Unfunded
6. Remodel Laboratory, Itasca Biology Station (\$120,000)	Unfunded
7. Institute of Technology Program Accommodation Remodeling Fund (\$500,000)	Program Deficient*

8	University Hospital Phase II Remodeling \$22,980,000)	Managed by the Hospital- various smaller projects
9	Health Science Complex-Replace Signage \$250,000)	Unfunded
10.	Health Science Complex-Update Equipment for Medical School (\$1,175,000)	Funded from various operating accounts/ program deficient
11.	Research Animal Buildings, Renovate Bldgs. & Replace Cages and Equipment (\$977,000)	Unfunded-Program is being revised for FY '95
12.	Remodel Family Practice Clinics & Upgrade Equipment-Miscellaneous Facilities (\$3,717,000)	Funding is independent from the University's budget
13.	Veterinary Teaching Hospital/Diagnostic Center, Remodel Office & Research Space (\$200,000)	Unfunded
14.	Friedell Building (Rochester) Remodel Rm 195 (\$50,000)	Project terminated
15.	Traffic Safety Fund (\$200,000)	Unfunded
16.	Parking Facilities, Capital Improvements (\$780,000)	Program Deficient*
17.	Parking Facilities, Equipment (\$669,000)	Program Deficient*
18.	Parking Facilities, Major Maintenance (\$550,000)	Program Deficient*
19.	East River Road Ramp, Install Emergency Generator (\$160,000)	Project Cancelled
20.	Transit Services Facilities, Repair & Maintenance (\$18,000)	Program Deficient*
21.	Install/Repair/Replace/Bike Racks (\$20,000)	Program Deficient*
22.	Residence Halls, Upgrade Buildings (\$1,380,000)	Program Deficient*
23.	Residence Halls, Equipment (\$589,000)	Program Deficient*
24.	Residence Halls, Major Maintenance (\$1,964,000)	Program Deficient*
25.	Campus Housing, Upgrade Buildings (\$160,000)	Program Deficient*
26.	Campus Housing, Equipment (\$209,000)	Program Deficient*
27.	Campus Housing, Major Maintenance (\$1,248,000)	Program Deficient*
28.	Housing Facilities, Code & ADA Improvements (\$1,268,000)	Program Deficient*
29.	Food Service Facilities, Upgrade Facilities (\$1,241,000)	Program Deficient*
30.	Food Service Facilities, Code & ADA Improvements (\$70,000)	Program Deficient*
31.	Food Service Facilities, Equipment (\$1,674,000)	Program Deficient*
32.	Food Service Facilities, Major Maintenance (\$466,000)	Program Deficient*
33.	University Services, Equipment (\$523,000)	Program Deficient*
34.	University Services, Major Maintenance \$3,039,000)	Program Deficient

*As the programs for the projects to be undertaken with these fund balances are developed and defined and as the planning for the execution of these projects begins, these fund balances shall be added back to the FY '94 Capital Budget by amendment or be incorporated into a subsequent Capital Budget on a project-by-project basis.

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

Chair Rosha reported that the committee reviewed two proposed amendments to the FY 94 Capital Budget: 1) Middlebrook Hall Reroofing and Tuck pointing, Twin Cities Campus; and 2) North Hall Demolition on the Twin Cities Campus. The committee also received a proposed real estate transaction for an easement for Improvements of Bavaria Road at the University of Minnesota Landscape Arboretum and Horticulture Research Center. In addition, the committee received an update on Morris campus housing needs.

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 re Annual Report on Eastcliff and Review of Eastcliff Committees, as follows:

RESOLVED, the Board of Regents approves the annual report on Eastcliff, appointments and responsibilities of the Eastcliff Technical Advisory Committee, and authorization of appointments and responsibilities/workplan of the Eastcliff Resource Committee/Friends of Eastcliff.

- c) Approval of resolution re Regents' Policy on Investment Guidelines for Endowment Funds:

WHEREAS, the Board of Regents recognizes that a number of recent developments indicate that the Republic of South Africa is beginning to evolve away from a system of apartheid; and

WHEREAS, these developments include a request by the African National Congress (ANC) and its President, Nelson Mandela, that economic sanctions against South Africa be lifted, the policies of educational institutions and pension funds that prohibit investment in companies doing business in South Africa be rescinded, and that American business return to South Africa to facilitate the economic recovery; and

WHEREAS, a number of businesses have reentered the South African market and additional businesses appear likely to do so in the future; and

WHEREAS, free elections to include black and white South Africans have been scheduled in South Africa for April 1994; and

WHEREAS, the University of Minnesota has a policy that prohibits investments in companies with operations in South Africa; and

WHEREAS, the University of Minnesota wishes to support economic and political changes in South Africa that lead to equality of opportunity for all South Africans;

NOW, THEREFORE, BE IT RESOLVED, that:

- 1) the current policy prohibiting investments in companies with existing operations in South Africa is rescinded effective when free elections are held in South Africa in April 1994; and

- 2) to avoid a potentially adverse impact on investment performance due to companies reentering the South African market prior to the date for free elections, investments in companies entering the South African market after December 31, 1993 will no longer be prohibited.

BE IT FURTHER RESOLVED, that if, as determined by the African National Congress, elections are not conducted in a free, open, and appropriate manner, the University's original policy prohibiting investment in companies with operations in South Africa will remain in place until such time as free elections are held.

- d) Adoption of amended Regents' Policy on Investment Guidelines for Endowment Funds, as follows:

INVESTMENTS

Investment Policy Guidelines for Endowment Funds

1. The maximum investment in equities and equity-related alternatives (defined as domestic and international stocks, equity mutual funds, and venture capital, real estate, and other equity-limited partnerships) for University endowments shall be 80 percent of the market value of the endowment funds. Any remaining amounts shall be invested in fixed income securities, including mortgages and mortgage-related securities.
2. 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.
3. No investments are allowed for the purpose of exercising management control.
4. 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.
5. 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.
6. 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. (Applies to both endowment and non-endowment funds.)
7. Up to 10 percent of the endowment funds may be invested in venture capital investments or venture related limited partnerships and up to 10 percent may be invested in real

estate investments, with each new investment reported to the regents.

8. Calculations of all percentage limitations shall be done on a market value basis.

e) Approval of resolution re ALG Forward, as follows:

WHEREAS, this Board of Regents on June 11, 1993, approved the University's expenditure of up to \$1.6 million for the period ending December 31, 1993, for the continued operation of ALG and authorized the creation of a retention incentive compensation plan for such period; and

WHEREAS, the University administration has solicited offers to purchase ALG so as to facilitate the return of ALG to the transplant community; and

WHEREAS, the Board of Regents on December 8, 1993 authorized an extension of the operation of ALG through January 31, 1994; and

WHEREAS, the University administration is continuing to negotiate an acceptable offer to purchase ALG, and believes such an agreement can be reached by February 28, 1994; and

WHEREAS, the University administration further believes that an additional extension of the operation of ALG, at an estimated cost of \$300,000, during February 1994 will enhance the marketability of ALG; and

WHEREAS, the University administration recommends that this Board of Regents authorize the expenditure of up to an additional \$300,000 to operate ALG through February 28, 1994, and the continuation of the retention incentive compensation plan through such date;

NOW, THEREFORE, BE IT RESOLVED, that an additional expenditure of up to \$300,000 is authorized to operate ALG for the period ending February 28, 1994.

BE IT FURTHER RESOLVED, that the extension through February 28, 1994, of the ALG retention incentive compensation plan is approved.

BE IT FURTHER RESOLVED, that the university administration shall take all steps necessary to negotiate the terms of an agreement and shall present this agreement to this Board of Regents at its February 1994 meeting.

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

Chair Page reported that the committee also received a presentation on a long-range strategic communication/marketing plan for the University of Minnesota and a report on fiscal year end operating balances.

Regent Keffeler reiterated comments that she made at the Financial Operations & Legislative Committee, indicating the importance of consistency of theme and communication with regard to the proposed marketing plan. She stated she plans to ensure adequate resources to support the Board's initiative, consistent with the plans of University Relations.

Chair Page reported the committee also received an update on legislative matters.

**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) Adoption of Regents' Policy on Founding Date, Corporate Name, and Seal, as follows:

BOARD OF REGENTS

Founding Date, Corporate Name, and Seal

Founding Date

The Laws of 1851, Chapter 3, establish the University of Minnesota, vest its government in a Board of Regents, and remain the charter under which the University has since been governed. This statute was approved on February 25, 1851, and that date shall be used on all occasions and instances that require an indication of the founding date of the University.

Corporate Name

Pursuant to and in conformity with Chapter 3, Laws of 1851, and the Constitution of the State of Minnesota this corporate body shall be known and designated as "Regents of the University of Minnesota," and not otherwise. All its business shall be carried on and written instruments be executed in this corporate name by its proper officers and agents, and authenticated, when necessary, by affixing its corporate seal bearing the name "Regents of the University of Minnesota."

All grants, gifts, bequests of devises, made in trust or otherwise, in the name of the University of Minnesota, or in the name of any school, college, department or agency of the University, shall be and are grants, gifts, or devises, each according to its terms, to the "Regents of the University of Minnesota." The acts of the "Regents of the University of Minnesota" done in the management of the grants, gifts, bequests, or devises meant and intended for the said corporation are ratified, approved and confirmed.

Corporate Seal

The present seal of the Regents of the University of Minnesota was adopted by the Board of Regents on May 9, 1939. The customary use of a seal is to signify authenticity of legal documents of the corporate body; however, it is recognized that the University is a source of pride to many people and that there is an understandable desire to display the seal as a symbol of the institution. The use of the corporate seal of the University is therefore established within the following guidelines.

The embossed corporate seal is the corporate mark of identification signifying authenticity of contracts, agreements, and other documents executed in the name of the corporation, and its use is limited to that purpose. The instrument of the seal and any replicas shall be in the custody of the secretary of the corporation.

A reproduction of the corporate seal, while unofficial, may be used within the University for purposes authorized by the president or a designated representative of the president.

Reproduction of the seal in any form for purposes not related to a University activity is subject to a license agreement with the University. The seal has been registered with the U.S. Patent and Trademark Office for the purpose of controlling commercial use.

Information concerning the implementation of this policy may be obtained from the secretary of the Board of Regents.

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

Regent Sahlstrom reported that the committee reviewed a proposal for the University to participate in the Minnesota Aviation Training and Education consortium and reviewed a proposed Master of Liberal Studies degree program. Proposed Regents' Policies on Gifts & Fund Raising and Foundations were also reviewed by the committee

REPORT OF THE AUDIT COMMITTEE

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

- a) Approval of the Senior Vice President's Quarterly Report as presented to the committee and contained in the docket material.
- b) Approval of the Director of Audits Status Report as presented to the committee and contained in the docket material.

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

Chair Hogan reported that the committee received a report on the survey of revenue-generating units and reviewed the External Auditor's Report to Management for Fiscal year 1993 Financial Statement Audit.

The meeting adjourned at 12:02 p.m.


BARBARA MUESING
Executive Director &
Corporate Secretary