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**UNIVERSITY OF MINNESOTA  
BOARD OF REGENTS**

**MINUTES**

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

**February 10-12, 1983**

**Office of the Board of Regents  
220 Morrill Hall**

## UNIVERSITY OF MINNESOTA

## BOARD OF REGENTS

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

February 10-12, 1993

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UNIVERSITY OF MINNESOTA

BOARD OF REGENTS

February 5, 1993

A special meeting of the Board of Regents of the University of Minnesota was held on Friday, February 5, 1993, at 7:00 a.m. in the Regents' Room, 238 Morrill Hall.

Regents present: Anderson, Craig, Keffeler, Kuderer, Page, Perlman, and Rosha. Regents Neel, Reagan, Roe, Sahlstrom and Wynia participated by telephone. President Hasselmo presided.

Staff present: Senior Vice Presidents Erickson and Infante; Vice President Anderson; General Counsel Rotenberg; Executive Director Muesing; Associate to the President O'Brien.

Others present: Jan Symchych, Dorsey & Whitney.

The meeting was called to order and a motion was moved and seconded that the following resolution be approved:

RESOLVED, that on the recommendation of the President and as provided by Minnesota State Statute 471.705 Subd. 1d, a non-public meeting of the Board of Regents be held at 7:00 a.m. on Friday, February 5, 1993, in Room 238, Morrill Hall, for the purpose of discussing attorney-client privileged matters.

The Board of Regents voted unanimously to approve the resolution.

The meeting adjourned at 7:05 a.m.

  
**BARBARA MUESING**  
Executive Director &  
Corporate Secretary

**UNIVERSITY OF MINNESOTA**

**BOARD OF REGENTS**

**Audit Committee**

**February 10, 1993**

A meeting of the Audit Committee of the Board of Regents was held on Wednesday, February 10, 1993, at 2:00 p.m. in Room 300, Morrill Hall.

Regents present: Regent Page, presiding; Regents Keffeler and Kuderer. Regent Craig participated by telephone.

Staff present: Senior Vice President Erickson; Executive Director Muesing; Associate Executive Director Janzen; Associate Vice Presidents Paschke and Pfitzenreuter; Assistant Vice President O'Connor; Director of Audits Patrick Spellacy; and University Attorney Brown.

Student Representatives present: Andrew Kuehnel and Brian Swanson.

Others present: Mark Chronister, Robert Forrester, John Kilmer, and Michael McGuire, from the firm of Coopers & Lybrand.

The committee voted unanimously to approve Regent Craig's participation in the meeting by telephone.

**SENIOR VICE PRESIDENT'S REPORT**

Regent Keffeler moved to recommend approval of the Senior Vice President's Report and the motion was seconded.

Senior Vice President Erickson presented the report which included a summary from Coopers & Lybrand of additional services related to non-recurring accounting matters incurred in connection with the preparation of the University's 1992 financial statements. The summary reported an additional 1,495 hours incurred, totaling \$139,275. Mr. Mark Chronister, Coopers & Lybrand, reviewed the areas where additional hours were required, explaining that the conversion to the CUFS systems was a contributing factor. Mr. Chronister responded to questions by committee members.

Senior Vice President Erickson reported that the issues which contributed to the additional services are being addressed by administration so these expenditures will not occur in the future.

Senior Vice President Erickson then called on Associate Vice President Pfitzenreuter and Assistant Vice President O'Connor to present an update on the CUFS status and direction.

Assistant Vice President O'Connor addressed the committee, reporting on the current status of the system, the focus for proceeding, and a proposed timetable for achieving a desired level of reports from the CUFS system.

Mr. O'Connor reported that the mechanics of the CUFFS system are improving, and the focus is now shifting to managerial problems. He described a detailed approach to these problems and provided target dates for completion. He noted that focus has been placed on building an internal team of expertise, providing more help to departments, and simplifying financial transaction processes before responsibility is transferred to departments and colleges.

Assistant Vice President O'Connor responded to questions from committee members, indicating that in April he will present: 1) project plans and resource estimates; 2) preliminary priorities as defined by collegiate, departmental, and central customers; 3) preliminary assessment of how much of the backlog can be addressed in the upcoming fiscal year; and 4) progress reports on initiatives already underway.

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

### **AUGMENTATION OF THE AUDIT PLAN**

The committee reviewed a proposed resolution and plan for augmenting audit activities at the University of Minnesota in the area of revenue-producing departments. Senior Vice President Erickson reported that the plan, designed by Coopers & Lybrand, is the result of many joint discussions with administration and extensive input from the Director of Audits, Patrick Spellacy.

Mr. Mark Chronister, Coopers & Lybrand, reported that the resolution passed at the January 1993 Audit Committee meeting requested a plan, including the financial consequences of augmenting the University's audit activity. The plan was to include a broader assessment of the potential risk in revenue-producing departments, especially where employees can get compensation over and above that received directly from the University. Mr. Chronister discussed the proposed audit timeline and estimated fees.

In response to a question, Senior Vice President Erickson reported that Coopers & Lybrand was asked to assist in the design of this plan because of limited resources in the Internal Audit Department.

Regent Kuderer moved to recommend approval of the following resolution:

**RESOLVED**, that the Board of Regents approve the plan to augment audit activity to complete an assessment of revenue-producing units as presented to the Audit Committee on February 10, 1993.

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

The presentation continued with Mr. Robert Forrester and Mr. Michael McGuire, from Coopers & Lybrand's Boston office, presenting information on national clinical practice plans, with a comparison to the University of Minnesota practice plans. The presentation included information on the risks of clinical practice plans, and the proposed process to be used to evaluate the University's clinical practice plans.

The committee engaged in a lengthy discussion with Messrs. Forrester and McGuire responding to questions.

In answer to a question from Regent Keffeler, Mr. McGuire stated that an evaluation of the clinical practice plans at the University of Minnesota might take approximately six months to complete.

In response to Regent Kuderer, Mr. Forrester indicated that one reason for auditing practice plans is to determine if the allocation of costs is fair between the clinical income, appropriated income and federal grant income.

At the conclusion of the discussion, Senior Vice President Erickson reported that this presentation was prepared strictly for informational purposes with no specific action requested at this time.

The meeting adjourned at 4:50 p.m.

  
**BARBARA MUESING**  
Executive Director and  
Corporate Secretary



**UNIVERSITY OF MINNESOTA**

**BOARD OF REGENTS**

**February 11, 1993**

A special meeting of the Board of Regents of the University of Minnesota was held on Thursday, February 11, 1993, at 2:30 p.m. in the Regents' Room, 238 Morrill Hall.

Regents present: Anderson, Craig, Keffeler, Kuderer, Neel, Page, Periman, Reagan, Roe, Rosh, Sahlstrom, and Wynia. President Hasselmo presided.

Staff present: Senior Vice Presidents Erickson and Infante; Vice Presidents Anderson and Petersen; General Counsel Rotenberg; Executive Director Muesing; University Attorney Bohnhorst; Associate to the President O'Brien; and University Relations Director Fluor.

Others present: Jan Symchych, Dorsey & Whitney and Colleen Martin, Hogan & Hartson.

The meeting was called to order and a motion was moved and seconded that the following resolution be approved:

RESOLVED, that on the recommendation of the President and as provided by Minnesota State Statute 471.705 Subd. 1d, a non-public meeting of the Board of Regents be held at 2:30 p.m. on Thursday, February 11, 1993, in Room 238, Morrill Hall, for the purpose of discussing attorney-client privileged matters.

The Board of Regents voted unanimously to approve the resolution.

The meeting adjourned at 2:32 p.m.

  
**BARBARA MUESING**  
Executive Director &  
Corporate Secretary

**UNIVERSITY OF MINNESOTA**

**BOARD OF REGENTS**

**February 11, 1993**

A special meeting of the Board of Regents of the University of Minnesota was held on Thursday, February 11, 1993, at 4:00 p.m. in the Regents' Room, 238 Morrill Hall.

Regents present: Anderson, Craig, Keffeler, Kuderer, Neel, Page, Perlman, Reagan, Roe, Roshia, Sahlstrom, and Wynia. President Hasselmo presided.

Staff present: Senior Vice Presidents Erickson and Infante; Vice Presidents Anderson and Petersen; General Counsel Rotenberg; Executive Director Muesing; University Attorney Bohnhorst; Associate to the President O'Brien; and University Relations Director Fluor.

Others present: Jan Symchych, Dorsey & Whitney and Colleen Martin, Hogan & Hartson.

President Hasselmo called the meeting to order, stating that the purpose for the meeting was to report on actions he is taking relating to the Minnesota Anti-Lymphocyte Globulin (MALG) program.

He made the following statement:

I am announcing today five management actions regarding the Minnesota Anti-Lymphocyte Globulin program, popularly known as MALG.

The independent investigation that I asked the General Counsel to conduct has not yet been completed. But the very serious charges already made by the Government, and the documents that we have reviewed so far, confirm that there have been serious management problems in the MALG Program for a long period of time.

Because of the duration and severity of those problems, I am taking the following actions:

1. I am confirming that the University remains vigorously committed to making ALG available for transplant patients by fully complying with FDA regulations, obtaining FDA approval of the drug, and making ALG more marketable.
2. Effective immediately, the MALG Program will be removed from the Department of Surgery and will report directly to Robert Erickson, Senior Vice President for Finance and Operations, who has retained Dr. Pradip Banarjee to serve as interim director of the MALG Program. Dr. Banarjee has his Ph.D. in Pharmacy from the University of Wisconsin and twelve years of experience in management consulting.

3. Senior Vice President Robert Erickson is now in the process of appointing a senior advisory panel to assist him in developing a strategic business plan for the placement of the ALG Program into the hands of pharmaceutical experts. As I stated in November, this may well result in the creation of a separate business entity or the eventual sale of MALG assets.
4. After discussions with me, Dr. John Najarian has resigned, effective immediately, from his position as Chair of the Department of Surgery and, thus, from his supervisory responsibilities as principal investigator for the ALG Program. A search for a successor as Chair of this most distinguished department will begin immediately.

Dr. Najarian is a world-renowned scientist and surgeon, one of the best-known faculty members the University has ever had. We all value his contributions, and he continues to serve the University community as a most distinguished scientist, surgeon, teacher, and a leader in his field.

5. I am also announcing that a thorough review of the management structure and management practices of the Medical School will be conducted by an outside team, under my direction. This outside team will provide a comprehensive report to me, including recommendations on how the management accountability of our Medical School may be strengthened.

The actions that I have announced today will, I hope, make it dramatically clear that we are addressing this situation with vigor.

Accountability is Rule #1 for this administration, and will so remain.

Chair Kuderer moved that the Board of Regents support the actions of President Hasselmo. Regent Sahlstrom seconded the motion.

Chair Kuderer spoke to the motion, indicating that the actions taken by President Hasselmo demonstrate commitment to accountability and that when problems are found, they are vigorously and forcefully addressed.

In answer to a question by Regent Wynia, President Hasselmo reported that updates on this issue will be provided monthly.

The Board of Regents voted unanimously to support the actions of President Hasselmo.

The meeting adjourned at 4:20 p.m.

  
**BARBARA MUESING**  
Executive Director &  
Corporate Secretary

**UNIVERSITY OF MINNESOTA**

**BOARD OF REGENTS**

**Facilities Committee**

**February 11, 1993**

A meeting of the Facilities Committee of the Board of Regents was held on Thursday, February 11, 1993, at 8:30 a.m. in the Regents' Room, 238 Morrill Hall.

Regents present: Regent Roe, Chair; Regents Anderson, Kuderer, Neel, and Wynia.

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

Student Representatives present: Corey Mitteness and Brian Swanson.

**SENIOR VICE PRESIDENT'S MONTHLY REPORT**

Senior Vice President Erickson presented the Senior Vice President's Monthly Report for February 1993.

Senior Vice President Erickson called upon Mary Vogel, Assistant Director of the Building Energy Efficiency Project (UBEEP), who provided information regarding Conservation Days being observed at the University of Minnesota during the month of February.

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

**PROJECTS PREVIOUSLY SUBMITTED FOR REVIEW**

The committee considered the following projects previously submitted for review to be recommended for approval:

- a. Repair and Replacement Projects Program  
Twin Cities Campus  
Estimated cost of the projects:
- |   |             |
|---|-------------|
| Buildings/Systems Needs Assessment            | \$1,270,000 |
| Heating, Ventilation, Air Conditioning (HVAC) | \$ 477,000  |
| Roof Repair/Replacement                       | \$ 572,000  |
| Water System                                  | \$ 550,000  |
| Law School                                    | \$2,600,000 |
| Wilson Library                                | \$2,390,000 |
| Borlaug Hall Electrical Deficiencies          | \$ 50,000   |
| South Tower Shaft of Memorial Stadium         |             |
| Asbestos Abatement                            | \$ 17,000   |
| Lind Hall Replace Entry Door                  | \$ 16,000   |
| Hydraulic Lab Window Replacement              | \$ 210,000  |

Central Chilled Water System Analysis	\$ 100,000
Infrastructure Repair	\$ 171,000
Emergency Items Unspecified	\$ 500,000
Total estimated costs for projects	\$8,923,000

Funding: Operating and Maintenance State Appropriation for Repairs and Replacement

Estimated completion date: Project expenditures will occur throughout Fiscal Years 1993 and 1994 as the projects are completed.

The committee voted unanimously to recommend approval of the projects program.

- b. Raze 2100 and 2122/2124 Riverside Avenue South, 527 21st Avenue South and 512 22nd Avenue South  
Twin Cities Campus  
Estimated cost of the project: \$185,000  
Funding: Housing Services  
Estimated completion date: July 1993

The committee voted unanimously to recommend approval of the project.

- c. Washington Avenue Replacement Ramp, Scope Increase  
Twin Cities Campus  
Original estimated cost of the project: \$10,200,000  
Scope Increase: \$2,100,000  
Total estimated cost of the project: \$12,300,000  
Funding: Combination Internal Loan (repaid by Parking revenues) and available Parking Services Revenue Funds; Center for Transportation Studies (CTS) Funds and U.S. Department of Transportation Federal Highway Funds  
Estimated completion date: July 1994

Ms. Linda McCracken-Hunt, Program Director in Facilities Management, addressed the changes in project scope. She reported that the increase resulted with the addition of a third level to the office space portion of the project, consistent with the objective of expanding the project to accommodate skyway and concourse connections established by the Board when the project was originally approved in October 1992. She reported that the second level of the space is designed to accommodate office space for the Center of Transportation Studies (CTS) and the Guidestar Intelligent Vehicle Highway Systems Research and Training Laboratory, noting that \$1,180,000 of the funding for this increase is provided from CTS funds and the U.S. Department of Transportation Federal Highway Funds. The remaining increase in scope of \$920,000 being provided by Parking Services will be used for removal of asbestos found in the concrete of the existing ramp.

Ms. McCracken-Hunt reported that Mr. Richard Braun, Director of the Center for Transportation Studies, was scheduled to speak to the committee, but was unable to attend until later in the meeting. It was noted that Mr. Braun would be able to speak when he arrived.

The committee voted unanimously to recommend approval of the project scope increase.

- d. **Recreational Sports Facilities - Phase IB, Scope Increase**  
**Twin Cities Campus**  
**Estimated cost of the project: \$9,100,000**  
**Funding: 1990 Legislative Appropriation; Student Services Fees;**  
**and Recreational Sports Departmental Funds**  
**Estimated completion date: March 1993**

Ms. McCracken-Hunt provided details regarding the scope increase, indicating that the increase is due to the completion of a tunnel link to Williams Arena. She reported that the original tunnel link to Williams Arena was severed during Phase IA of the project to accommodate locker room construction. Completion of the tunnel link at this time will enable a coordination of effort with the current remodeling of Williams Arena and stadium demolition projects. In addition, it will provide economy of construction prior to the installation of final landscape planting and paving.

The committee engaged in a lengthy discussion regarding expansion of the tunnel to accommodate public pedestrian traffic. Regent Anderson asked about the cost of an expansion, indicating that this might be the time to consider such expansion.

Senior Vice President Erickson responded that to expand this tunnel to accommodate pedestrian traffic would cost considerably more than is available at this time. Ms. McCracken-Hunt stated that further analysis would need to be completed to determine cost and the best location for a pedestrian tunnel.

Regent Kuderer concurred with Regent Anderson about the need for a pedestrian tunnel to Williams Arena. He moved approval of the scope increase with the understanding that further analysis for the construction of a pedestrian tunnel be referred to the appropriate administrative officers.

The committee voted unanimously to recommend approval of the project scope increase.

- e. **Stadium Apartments, Building 1330 Upgrade Project**  
**Duluth Campus**  
**Estimated cost of the project: \$392,000**  
**Funding: Duluth Housing Services**  
**Estimated completion date: September 1993**

The committee voted unanimously to recommend approval of the project.

#### **PROJECT PRESENTED FOR REVIEW**

#### **Mayo 4th Floor Neurosurgery Departmental Offices Remodeling Project** **Twin Cities Campus**

The committee reviewed a proposed project to convert vacated neonatal and pediatric intensive care unit space on the fourth floor of the Mayo Building into an office suite for neurosurgeons and their support staff. Mark Koenig, Associate Director, University Hospital and Clinic provided information, indicating that the project provides for eight private offices, six multi-person offices, nine clerical spaces, a conference room, a waiting room and a

storage/workroom. Estimated cost of the project was reported to be \$991,500 with funding provided from the following funds: 1) Medical School Dean's Office, Private Practice Funds; 2) Neurosurgery Department, Private Practice Funds; 3) Neurosurgery Department, Gift Funds; and 4) University of Minnesota Hospital and Clinic Funds. Estimated completion is November 1993.

Regent Anderson asked when the Urology Department is scheduled for remodeling, indicating that those facilities are also in dire need of renovation.

Mr. Koenig responded that renovation of the Urology Department is part of a long-range plan involving several components: expansion of operating rooms, transfer of ambulatory operating suites, and renovation of the Urology Department. He reported that the long-range plan, including funding, has been approved by the Hospital Board of Governors and it is estimated that the Urology portion will be completed in 12-16 months. Regent Anderson asked if that schedule might be accelerated and requested that the item be brought back to the committee in nine months for an update.

Regents Roe and Neel concurred with Regent Anderson's comments. Regent Neel stated that the most important aspect of the project is the patient care areas, indicating if there is a process of setting priorities in the project, patient care areas should be first.

Regent Wynia raised questions about the process for bringing projects to the Board, asking if health sciences projects are totally separate from other physical planning projects and if the capital budgeting process will encompass health sciences.

Senior Vice President Erickson reported that this particular project was part of the University Hospital & Clinic Long-Range Plan, noting that, under the delegation of authority, the Hospital and Clinic has its own capital and operating budgets that are approved by the Board of Regents. He responded to concerns about having separate management of facilities projects for the University and the Hospital and Clinic by stating that the capital budgeting process will be used as the mechanism to bring all projects together.

Dr. Robert Heros, Professor and Head of the Department of Neurosurgery, briefly addressed the committee on the renovation needs of the Department of Neurology.

Following the discussion, it was reported that the item will be on the agenda in March for approval.

#### **REAL ESTATE TRANSACTIONS PRESENTED FOR REVIEW**

##### **Purchase of Burlington Northern Railroad Right-of-Way 15th to 18th Avenue SE, Minneapolis Twin Cities Campus**

The committee reviewed a proposal to authorize negotiations for the purchase of approximately 1.5 acres of land owned by Burlington Northern Railroad and located adjacent to two University facilities. Associate Vice President Hewitt reported that this property extends through two city blocks and lies adjacent to two University facilities on Fourth Street SE and the McLaughlin Gormley and King Company property on 5th Street SE. He noted that the Board of Regents authorized negotiations for purchase of the McLaughlin Gormley and King Company property in January 1991.

Regent Neel suggested that during the negotiations, the administration explore the possibility of Burlington Northern donating the land to the University.

**Sale of Limnological Research Center, Duluth  
to Izaak Walton League**

The committee reviewed a proposal to sell the Limnological Research Center property located in Duluth to the Izaak Walton League of America. Associate Vice President Hewitt reviewed details of the proposed sale, indicating that some University activities currently conducted at the Center would be continued under a lease arrangement. The sale price, to be determined by appraisal, would be reduced by the University's rent obligation under the lease-back. The property contains four buildings situated on approximately 3.5 acres of land, and is the site of the former Lester River fish hatchery.

**Sale of Four Acres of Land at West Central Experiment Station  
Morris, Minnesota**

The committee reviewed a proposal for the sale of approximately four acres of land located at the West Central Experiment Station in Morris to an adjoining landowner. Associate Vice President Hewitt reported that the land is a portion of former Burlington Northern Railroad right-of-way acquired by the University in 1987. The property is a narrow strip which abuts a rapidly-growing residential area in Morris, making it difficult to access with farm machinery. He reported that due to the property's location and shape, it is not presently being used for research purposes, and the Superintendent of the West Central Experiment Station has recommended the sale of the land by public bid. The funds received from the sale would be utilized to purchase land in the future for the West Central Experiment Station.

**REPORT ON ENCLOSED PEDESTRIAN LINKS**

Associate Vice President Hewitt presented a report on enclosed pedestrian links on the Twin Cities campus. He noted that this report is the result of a request from the October 1992 meeting of the Facilities Committee to provide information on the existing tunnel and skyway system and to suggest plans for possible future connections.

Through the use of visual aids, Mr. Hewitt reviewed current locations of skyways and tunnel connections on the Twin Cities campus as well as opportunities for future connections. He noted at the beginning of his presentation that costs and funding for any future connections or renovations have not been included at this time. He also noted that both Minneapolis and St. Paul Long-Range Master Plans have specific statements with respect to the University taking advantage of any opportunity to connect buildings on campus.

Regent Wynla asked if the linkages between buildings are made more publicly accessible, would the University incur additional obligations under the American Disabilities Act (ADA). Mr. Hewitt responded that the University would have an obligation to comply with ADA requirements.

Regent Anderson complimented Mr. Hewitt on his presentation and requested that the administration come back to the committee with a plan that would include estimated costs and financing for proposed links.



**MEMORIAL ARCH, TWIN CITIES CAMPUS**

This item was delayed due to time constraints.

**Continuation of Agenda Item relating to Washington Avenue Replacement Ramp, Scope Increase, Twin Cities Campus**

Mr. Richard Braun, Director of the Center for Transportation Studies, reported briefly on funding being provided for the Washington Avenue Replacement Ramp and proposed staffing increases for the Center for Transportation Studies that will be housed in the ramp.

The meeting adjourned at 10:40 a.m.

  
**BARBARA MUESING**  
Executive Director and  
Corporate Secretary

**UNIVERSITY OF MINNESOTA**

**BOARD OF REGENTS**

**Financial Operations & Legislative Committee**

**February 11, 1993**

A meeting of the Financial Operations & Legislative Committee of the Board of Regents was held on Thursday, February 11, 1993 at 10:50 a.m. in the Regents' Room, 238 Morrill Hall.

Regents present: Regent Anderson, Chair; Regents Kuderer, Page, Rosha, Sahlstrom, and Wynia.

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

Student Representatives present: Courtney Jaren and Rachel Paulose.

**SENIOR VICE PRESIDENT'S MONTHLY REPORT**

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

Senior Vice President Erickson presented a brief update on personnel items, indicating that Katherine Cram has resigned her position as Assistant Vice President for Business Services and that Mike O'Connor has agreed to help administer the functions on an interim basis. He also reported that a search committee has been formed for the position of Associate Vice President for Operations Development and Administrative Information Services. Applications for the position were accepted through January 29, 1993.

The committee voted unanimously to recommend approval of the Senior Vice President's Monthly Report for February 1993.

**PURCHASE OF GOODS/SERVICES OVER \$250,000  
(Athletic Scoreboards)**

The committee voted unanimously to recommend approval of a proposed resolution to authorize the appropriate administrative officers to proceed with the purchase of scoreboards for the Athletic Facilities Project from White Way Sign Company at a cost not to exceed \$1 million for equipment, installation, and related costs.

**PURCHASE OF GOODS/SERVICES OVER \$250,000**

The committee voted unanimously to recommend approval of a resolution authorizing the appropriate staff to award pending purchase/contracts over \$250,000 to the following:

- To award the 2nd year of a potential 5-year contract to Costar for lab equipment and supplies for distribution through University Stores from January 1, 1993 to January 1, 1994 at an estimated annual volume of \$300,000.

#### **MODIFICATION TO RESERVE SPENDING PLAN**

The committee reviewed a proposed resolution that would authorize the transfer of \$2.5 million from Central Reserves to the General Contingency.

Senior Vice President Erickson reported that approximately \$2.5 million of the original \$3.5 million allocation to the General Contingency has been committed and it is anticipated that more than the \$1 million currently remaining in the General Contingency will be needed to provide for additional items throughout the balance of the year. A Central Reserves Summary was provided indicating that, with approval of this item, there would be a projected balance as of June 30, 1993 of \$23,876,000. A summary of 1992-93 General Contingency expenditures was also provided, indicating that the fund balance as of January 25, 1993 was \$1,001,004.

In answer to a question from Regent Kuderer, Senior Vice President Erickson reported that this request falls within the guidelines for Central Reserve expenditures.

#### **REGENTS' POLICY ON DEBT GUIDELINES**

The committee reviewed proposed changes to the Regents' Policy on Debt Guidelines that was adopted January 13, 1989. Associate Vice President Paschke reported that the proposed changes formalize the Debt Guidelines to conform to the Capital Budget Calendar and the Capital Budget Principles which were approved by the Board of Regents in January 1993.

#### **REGENTS' POLICY ON CENTRAL RESERVES EXPENDITURES**

The committee reviewed proposed changes to the Regents' Policy on Central Reserves Expenditures.

Senior Vice President Erickson indicated that one substantive change would be that "Central Reserves will include funds previously allocated to an academic or administrative unit that are no longer required for purposes consistent with the original allocation." This change would specify if funds are not going to be used for the purpose for which they were appropriated, the funds would come back to Central Reserves and require approval of the Board of Regents for reallocation. Senior Vice President Erickson stated that this proposed change is not intended to "sweep balances" at the end of a fiscal year. The intent is for administration to meet with departments at the beginning of a budgeting cycle to determine the need for funds that may be available and not allocated for use.

The committee engaged in a discussion relating to the various reserve funds throughout the entire University. Regent Sahlstrom stated that control of reserve funds over the years has become more decentralized and asked if anything is proposed to have more centralized control over reserve funds. Senior Vice President Erickson responded that an Operations Steering Committee has been appointed to study this issue, indicating, however, that this will be a multi-year process.

Regent Kuderer requested that the Senate Finance Committee review the proposed changes in Central Reserves Expenditure Policy before it returns for action.

Senior Vice President Erickson reported that another change in the proposed policy pertained to the establishment of a contingency fund as part of the annual reserve spending plan for unplanned or unexpected financial needs. Expenditures from the contingency fund would not require Board approval, but would be reported to the Board. Regent Kuderer expressed concern that expenditures over \$100,000 from this contingency fund would not require Board approval.

Regent Rosha stated that it would be helpful if the policy would reference the fact that there are other reserve funds in existence.

Following the discussion, it was noted that this item will be on the agenda in March for further review and action.

#### **QUARTERLY MANAGEMENT REPORT**

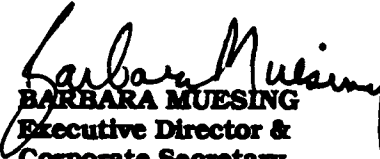
Senior Vice President Erickson reported the quarterly management report as of December 31, 1992 was included in the docket materials. Three schedules were included in the quarterly report: 1) a balance sheet as of December 31, 1992 for all funds, both current and noncurrent, including data for the comparable period last year; 2) a statement of changes in fund balances for the period ending December 31, 1992, including data for the comparable period last year; and 3) budget status reports as of December 31, 1992 for the collegiate units.

The Chair noted time constraints for the committee. The report did not require approval and it was suggested that if Regents had questions relating to the report, they could be discussed at the March meeting. No questions were raised.

#### **LEGISLATIVE STRATEGY**

Chair Anderson announced that the legislative update would be postponed until the March meeting.

The meeting adjourned at 11:35 a.m.

  
**BARBARA MUESING**  
Executive Director &  
Corporate Secretary

**UNIVERSITY OF MINNESOTA**

**BOARD OF REGENTS**

**Faculty, Staff and Student Affairs Committee**

**February 11, 1993**

A meeting of the Faculty, Staff and Student Affairs Committee of the Board of Regents was held on Thursday, February 11, 1993, at 8:40 a.m. in Room 300, Morrill Hall.

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

Staff present: Senior Vice President Infante; Vice Presidents Allen and Petersen; Executive Director Muesing; Associate Vice President Barbatsis.

Student Representatives present: Joe Errington and Courtney Jaren.

Regent Sahlstrom welcomed Regent Lawrence Perlman to the Faculty, Staff and Student Affairs Committee.

**SENIOR VICE PRESIDENT'S MONTHLY REPORT**

Senior Vice President Infante presented the report, which was included in the docket materials. He noted the following items:

- Appointment of Dr. Alfred D. Sullivan as Dean of the College of Natural Resources
- Search for the Dean of the Institute of Technology is progressing, and a recommendation may be presented at the March meeting
- Appointment of Susan Montagne as Head Coach of the Women's Soccer Team, which is a new initiative toward achieving gender equity
- Appointment of Albert J. Miller as Director of Budget and Human Resources/EEO in Student Affairs
- Appointments within the reorganized Office of Human Resources of Jim Johnsen as Assistant Director of Employee Relations and Miriam Ward as Director of Human Resources Information Services
- Continuation in Winter and Spring Quarters 1993 of the Strategic Issues Seminar Series for University Senior Administrators

Regent Keffeler moved approval of the Senior Vice President's Monthly Report, and the motion was seconded by Regent Rosha.

In response to Regent Sahlstrom, Vice President Allen discussed the background of Dr. Alfred Sullivan, stating that his appointment as Dean of the College of Natural Resources will begin in May.

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

**UNIT 2 COLLECTIVE BARGAINING AGREEMENT  
WITH THE BUILDING AND CONSTRUCTION TRADES COUNCIL**

John Erickson, Director of Employee Relations, presented the Unit 2 Collective Bargaining Agreement between the University and the Minnesota State Building and Construction Trades Council to the committee for approval.

In response to Regent Keffeler, Mr. Erickson discussed the scope of the contract negotiations, and stated that the process resulted in more scheduling flexibility for the University. He also reported that the University has requested the Bureau of Mediation Services to oversee a process to mediate resolution of jurisdiction and work rule issues between employee groups within the University.

Regent Perlman noted that the proposed agreement includes a Substance Abuse Program, and he asked if similar programs exist for other work groups. Mr. Erickson stated that this is the first time such a provision has been attached to a collective bargaining agreement, and noted that the program was included in the agreement at the request of the council.

Regent Keffeler moved approval of a resolution regarding the proposed collective bargaining agreement, the motion was seconded by Regent Perlman, 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 four months and have reached agreement regarding terms and conditions of employment for the employees of this bargaining unit; and

WHEREAS, the respective Minnesota State Building and Construction Trades Locals have ratified the agreement (a complete copy of which is available in the Board of Regents' Office); and

WHEREAS, according to the Board of Regents' Policy on Board Operation and Agenda Guidelines, regental approval is required before the contract can be implemented;

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 proposed collective bargaining agreement between the Minnesota State Building and Construction Trades Council and the University of Minnesota is hereby approved.

**REVISION OF TUITION REFUND POLICY**

Senior Vice President Infante presented for adoption a proposed revision of the section of the Regents' Policy on Tuition pertaining to tuition refunds. He noted that the revision is required to comply with the Higher Education Amendments of 1992.

Regent Keffeler noted that Regents received a letter from a faculty member who was concerned about the revision, and asked if the University has any discretion in how to comply with the federal mandate. Dr. Infante expressed concern that the letter sent to the Regents was based on misinformation, and stated that the only option would be to reduce the amount of the refund from 100 percent to 90 percent for the first week. In response to Regent Roshka, he noted that the proposed changes apply only to students who are attending the University for the first time.

Regent Page moved adoption of the Regents' Policy on Tuition pertaining to tuition refunds, and the motion was seconded by Regent Perlman.

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

#### **REGENTS' POLICY ON TENURE (STOPPING THE TENURE CLOCK)**

Senior Vice President Infante reviewed proposed amendments to the Regents' Policy on Tenure, which would allow a probationary faculty member who becomes a new parent to extend the probationary period for up to two years while retaining a full-time appointment.

Regent Perlman spoke in support of the proposal to revise the policy, stating that it is consistent with policies in the private sector. Regent Sahlstrom noted that the revised policy will be presented for adoption at the March meeting.

#### **QUARTERLY REPORT ON ACADEMIC PERSONNEL ACTIONS**

Senior Vice President Infante led the discussion regarding the quarterly report on academic personnel actions. He noted that statistics on professional/administrative staff appointments are inflated because they include post-doctoral students, research associates, and fellows.

Dr. Infante questioned the value of the quarterly reports on academic personnel actions, and recommended that they be discontinued. He stated that the annual report would then be expanded to include a complete analysis and meaningful information regarding appointments and attrition within the University.

Regent Keffeler concurred with Dr. Infante's recommendation to discontinue the quarterly reports and to provide an annual report which includes a statistical analysis and meaningful information on appointments. However, she requested assurance that the administration will continue to diligently monitor efforts to develop an excellent and diverse faculty, and asked that the Board be notified early about any problems so corrective action can be taken to stimulate hiring behaviors.

Following a brief discussion, Regent Sahlstrom stated that he will convey to the full Board that it is the consensus of the committee to discontinue quarterly reports on academic personnel actions and increase the scope of the annual report.

The meeting adjourned at 9:25 a.m.

  
**BARBARA MUESING**  
Executive Director and  
Corporate Secretary

**UNIVERSITY OF MINNESOTA**

**BOARD OF REGENTS**

**Educational Planning and Policy Committee**

**February 11, 1993**

A meeting of the Educational Planning and Policy Committee of the Board of Regents was held on Thursday, February 11, 1993, at 10:45 a.m. in Room 300, Morrill Hall.

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

Staff present: Senior Vice President Infante; Vice Presidents Hopkins and Petersen; Executive Director Muesing; Associate Vice President Barbatsis.

Student Representatives present: Darius Casey and Andrew Kuehnel.

Regent Neel welcomed Regent Lawrence Perlman to the Educational Planning and Policy Committee.

**SENIOR VICE PRESIDENT'S MONTHLY REPORT**

Regent Roe moved to recommend approval of the Senior Vice President's Monthly Report, and the motion was seconded by Regent Keffeler.

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

- Merger of the Departments of Child and Family Development and Instructional Science at the University of Minnesota, Duluth into a new Department of Education, effective September 1, 1993
- The decision not to move to the semester system at this time
- Three new quality improvement projects -- Campus-Wide Fire and Life Safety Program, Payroll Task Force, and Patient Flow Improvement (Community University Health Care Center)
- Continued progress on institutional strategic planning, including receipt of the interim report of the Distance Education Planning and Policy Committee and consultation regarding the Phase One Report of the Outreach Council
- Approval of accreditation status of the Dental Education program, Dental Hygiene Education Program, and advanced education programs in Oral Pathology, Orthodontics, Pediatric Dentistry, Periodontics, Combined Prosthodontics, General Practice Residency, General Dentistry, and Oral and Maxillofacial Surgery, with the



stipulation that enrollment in Oral and Maxillofacial Surgery be limited to three residents per year

- Conditional approval of accreditation status of the Endodontics program, with a progress report requested in late 1993
- Reaffirmation of accreditation of the baccalaureate programs within the Department of Forest Products

Dr. Infante reviewed recent actions by the Higher Education Coordinating Board. He also noted that a document entitled "Twin Cities Higher Education Partnership" was included in the docket, and reported on recent planning efforts with the vocational technical institutes and the community colleges.

Vice President Petersen presented an update on U.S. Army grants related to the MALG program. She noted that a \$2.4 million contract was awarded in August, and stated that a decision has been made from a business perspective to proceed with that contract at this time. However, she noted that the funds will not be released until issues related to the MALG program investigation are resolved.

Dr. Petersen concurred with Regent Keffeler's assessment that there is no immediate operating impact of the business decision, except that current employees will remain on the payroll. She also noted that if the Regents are comfortable with the judgment of the administration, the U.S. Army will be informed of the decision. Regent Keffeler asked if the University would then have an obligation to the U.S. Army if a decision is made in the future to sell the program or divest the assets. Dr. Petersen stated it is her understanding that the work required by the contract could be completed in a short period of time.

In response to Regent Reagan, Dr. Infante noted that although the MALG program is not generating any income because the drug cannot be produced at this time, its employees are working to establish certain protocols and manufacturing practices while awaiting Food & Drug Administration (FDA) approval. Dr. Petersen agreed with Regent Keffeler that the University is willing to incur expenses for the program in order to protect its potential value once all regulatory approvals are received.

In response to Regent Neel, Dr. Petersen stated that the University has provided information to the FDA regarding the MALG program and a response from the FDA is anticipated soon. Dr. Infante noted that a conversation took place among U.S. Army, FDA, and University representatives, and stated that he believes a full report will be presented to the Board in the immediate future.

In response to Student Representatives Darius Casey and Andrew Kuehnel, Dr. Infante explained the rationale behind President Hasselmo's suggestion for a five-year moratorium on any proposals to change to a semester system.

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

**BACHELOR OF SCIENCE DEGREE IN BIOCHEMISTRY AND MOLECULAR BIOLOGY,  
UNIVERSITY OF MINNESOTA, DULUTH**

Regent Keffeler moved approval of the following resolution, and the motion was seconded by Regent Roe:

RESOLVED, on the recommendation of the President and Senior Vice President for Academic Affairs, the proposal for a Bachelor of Science (B.S.) Degree in Biochemistry and Molecular Biology at the University of Minnesota, Duluth (UMD) is hereby approved.

The committee voted unanimously to recommend approval of the resolution.


**MASTER OF SCIENCE DEGREE IN LANDSCAPE ARCHITECTURE**

Regent Reagan moved approval of the following resolution, and the motion was seconded by Regent Keffeler:

RESOLVED, on the recommendation of the President and the Senior Vice President for Academic Affairs, the proposal for a Master of Science (M.S.) Degree in Landscape Architecture is hereby approved.

The committee voted unanimously to recommend approval of the resolution.

The meeting adjourned at 11:15 a.m.

  
**BARBARA MUESING**  
Executive Director and  
Corporate Secretary

**UNIVERSITY OF MINNESOTA**

**BOARD OF REGENTS**

**Committee of the Whole**

**February 12, 1993**

A meeting of the Committee of the Whole of the Board of Regents was held on Friday, February 12, 1993, at 8:30 a.m. in the Regents' Room, 238 Morrill Hall.

Regents present: Regent Kuderer, presiding; Regents Anderson, Craig, Keffeler, Neel, Page, Perlman, Reagan, Roe, Rosha, Sahlstrom, and Wynia.

Staff present: President Hasselmo; Chancellors Johnson and Sargeant; Senior Vice Presidents Erickson and Infante; Vice Presidents Allen, Hopkins, and Petersen; General Counsel Rotenberg; Executive Director Muesing; Associate Executive Director Janzen; Associate Vice Presidents Barbatsis, Fischer, Hewitt, Markham, Paschke, and Potami; Assistant Vice President Lawrence.

Student Representative present: Rachel Paulose.

**OATH OF OFFICE TO REGENT PERLMAN**

President Hasselmo administered the oath of office to Lawrence Perlman from Minneapolis, Minnesota, who was appointed by Governor Carlson on January 4, 1993, to fill an at-large position on the Board of Regents. Mr. Perlman is filling the vacancy created by the resignation of Regent Alan C. Page.

Regent Kuderer welcomed Mr. Perlman to the Board of Regents.

**RECOGNITION OF McKNIGHT-LAND GRANT PROFESSORS**

Vice President Petersen commented briefly on the McKnight-Land Grant Professorship Program. She noted that Associate Professor David Bernlohr, chair of the Selection Committee, was in the first class of McKnight Professors, and acknowledged the efforts of Myrna Smith. Dr. Petersen introduced the following 1993-95 McKnight-Land Grant Professors:

Amy E. Alving  
Department of Aerospace Engineering and Mechanics

Gary J. Balas  
Department of Aerospace Engineering and Mechanics

Andrew Elfenbein  
Department of English

Gregg B. Fields  
Department of Laboratory Medicine and Pathology

Lorraine Falter Francis  
Department of Chemical Engineering and Materials

Alan Kilpatrick  
Department of American Studies

Karin Musier-Forsyth  
Department of Chemistry

Lisa A. Norling  
Department of History

Jeffrey A. Simon  
Department of Biochemistry

Jian-Gang Zhu  
Department of Electrical Engineering

### **SUMMARY OF EXPENDITURES**

Regent Keffeler moved approval of the following resolution, and the motion was seconded by Regent Roe:

RESOLVED, that the Summary of Expenditures for the Office of the President, Eastcliff Maintenance, and the Board of Regents' Office for the period July 1, 1992 through December 31, 1992, is hereby approved.

The committee voted unanimously to recommend approval of the resolution.

### **REPORT ON MASTER PLANNING**

Senior Vice President Erickson led the discussion regarding the draft report on Campus Master Plan Policy, Principles and Procedure. He stated that consultation regarding the draft report will occur throughout the University, noting that the master planning process is critically important to all campuses. Mr. Erickson introduced Dr. Harrison Fraker, Dean of the College of Architecture & Landscape Architecture, and Chair of the Master Plan Steering Committee.

Dr. Fraker stated that the committee's charge was to design and recommend a set of principles to discipline and inspire the development of a master planning process. The principles are to be developed specifically and individually for each campus. He reviewed the following principles, which were developed to guide the preparation of a master plan for each University campus:

- The Principle of Creating and Maintaining a Distinctive and Aspiring Vision for the Physical Development of Each Campus
- The Principle of Enriching the Experience of All Who Come to the Campus
- The Principle of Maximizing the Value of Existing Physical Assets While Responding to Emerging/Changing Physical Needs
- The Principle of an Inclusive, Accountable, and Timely Process for Creating and Implementing the Master Plan Vision

Dr. Fraker reviewed an 11-step procedure recommended by the committee for preparing, appointing, implementing, and amending the campus plan. He stated that the procedure is intended to provide a simple and flexible guide for pursuing the principles. Dr. Fraker discussed the process that would be followed once the campus master plan has been completed and approved for each campus, including the role of the Board of Regents.

In response to Student Representative Paulose, Mr. Erickson stated that the master planning effort will be connected to the capital budgeting process and noted that the issue of funding the implementation of the plan will be addressed during the consultative process. President Hasselmo stated that a broader question relates to the way campuses function within the system, noting that an appropriate level of autonomy will be encouraged so each campus can capitalize on its strengths.

Mr. Erickson acknowledged the efforts of Associate Vice President Hewitt, Richard P. Dober, the project consultant, and the other members of the Master Plan Steering Committee. He stressed the importance of the master planning process and stated that a number of issues must be addressed, including preservation of green space.

Regent Kuderer thanked Associate Vice President Hewitt for his contributions to the master planning effort, stating that the institutional history that he brings to this project is valuable. In response to Regent Kuderer, Regent Sahlstrom commented on the work of the Master Plan Steering Committee, and expressed commitment to the process that has been developed to ensure that the University has a coherent plan for the future. Regent Anderson concurred with Regent Sahlstrom's comments.

Regent Page expressed a concern about funding for on-going maintenance of buildings on campus. Mr. Erickson stated that a six-year capital plan will enable the University to establish priorities to meet needs on all campuses. By adding a master planning component to the capital budgeting process, Dr. Fraker stated that the University will be able to identify projects that meet its overall priorities and contribute to the whole institution.

Regent Keffeler stated that the principles developed by the committee are very appropriate, but she is concerned that the procedures recommended create extra steps and do not result in a streamlined or focused process. In addition to the capital budgeting process, she suggested that the Board adopt the proposed principles to ensure that the University's capital priorities are consistent, and then set forth on a single integrated priority-setting and resource allocation process. Dr. Fraker stated that the proposed procedures for developing a master plan for each campus are detailed and committee-intensive because the steering committee felt it should be an inclusive process so everyone involved has a clear sense of ownership. He noted that the procedures are intended to get to the point of having a master plan, and once in place, the master plan will be woven into the resource allocation and capital budgeting process.

Regent Keffeler stated it would be appropriate for the Board to adopt a set of principles to guide the development of a master plan, and suggested that the development should be left to the discretion of the President and senior officers. She conveyed a concern that many planning activities are underway, and that the imperative of bringing those processes together at the front end, rather than intersecting, is a key principle to streamlining. Regent Keffeler stated that the process of developing consensus and ownership through a complex arrangement of committee work is too slow and does not guarantee consensus at the end. She suggested finding a different way of making decisions and developing plans.

In response to Regent Wynia, Mr. Erickson stated that after the document has gone through the consultative process, the principles will be presented to the Board of Regents for review and approval. He indicated that although plans are already in place on some campuses, it will not be possible to have the master plans for all campuses available prior to the next capital budgeting process. Regent Wynia concurred with Mr. Erickson's comments regarding the need to preserve green space on campus, and expressed concern that there will be a building on the green space near Williams Arena by the time this process is complete.

Regent Rosha suggested that the Board of Regents has a responsibility to provide administrators with clear expectations, and then empower them to carry out those policy directives without having to go through a complex process.

Regent Perlman asked if it would be possible for the Board to establish specific dates for completion of the master plan and other aspects of this project. Regent Kuderer suggested that the administration recommend a timetable for review and approval by the Board. Regent Neel concurred with Regent Perlman's comments, and stated he hopes the Master Plan Steering Committee will recommend specific timelines. He endorsed the report, but suggested that efforts be made toward general campus clean-up and maintenance as the plans are developed.

Regent Kuderer noted that the report includes safeguards to insure implementation of the master plan, including a recommendation that the President present an Annual Report to the Board of Regents outlining the progress made toward implementing the master plan. In addition, it is recommended that an evaluation of progress toward implementing the master plan should be included in the President's annual appraisal by the Board.

President Hasselmo concurred with the sense of urgency expressed by the Regents regarding the master planning process, and he discussed the impact of the University's financial situation on this project. He stated that the administration is combining all elements and processes that are in place into a coherent framework, noting that consultation and building a sense of common purpose among faculty, staff, students, and other constituencies is important. President Hasselmo stated that the Regents' participation in the discussion was very helpful.

Following the discussion, Regent Kuderer expressed appreciation for the presentation, and he wished Dean Fraker and his committee well as they continue their work.

#### **ANNUAL REPORT ON THE STATUS OF THE UNIVERSITY'S RESEARCH**

Vice President Petersen led the discussion regarding the annual report on the status of the University's research. She stated that research is a core part of the work of the University's faculty, and there is integration of their teaching and research roles. She also reported that a significant amount of unfunded research is conducted at the University.

Dr. Petersen indicated that the Quarterly Report of Grant and Contract Activity for the period October-December 1992 was included in the docket materials. She noted a decrease in the number and amount of awards, but assured the Board that the January awards are equal to last year, although the dollar amount is down about 5 percent.

Dr. Petersen reported that the University ranked third nationally in overall research funding in fiscal year 1991, and noted that it has been ranked in the top ten for the past decade. She reviewed the distribution of \$239.1 million in sponsored expenditures by college and by sponsoring agency for fiscal year 1992. She stated that the work of her office is very dependent on Associate Vice President Potami and his staff in the Office of Research and Technology Transfer Administration, and noted the significant role of Associate Vice President Brenner.

Dr. Petersen reviewed charts to illustrate trends for the past ten years in research proposals submitted, awards received, awards processed, and industry-sponsored research. She reported on trends in patent and licensing activity, noting that the University ranked sixth nationally in patenting for the period 1986-91. She noted that some investment is required by the University to file patents, stating that funding reductions in the University have had an impact on this activity.

In response to Regent Kuderer, Dr. Petersen discussed the faculty time and costs required to prepare a research proposal for submission. She noted that the University's rate for receiving funding the first time a proposal is submitted is approximately 40 percent, which is significantly higher than the national average.

In response to Regent Wynia, Dr. Petersen stated that the increased trend in industry-sponsored research at the University is similar to other major research institutions. She noted that there has been much more collaboration between universities and industry in recent years, particularly in the areas of computer technology and biotechnology. Dr. Petersen and Associate Vice President Potami concurred with Regent Wynia's assessment that one factor contributing to this trend is an attempt by some companies to reduce research and development costs.

In response to Regent Sahlstrom, Dr. Petersen and Mr. Potami stated that the U.S. Army has made some reductions in its computing grant award. As a result, the Army High Performance Computer Center has had to reduce some programs.

Dr. Petersen reported on the University's activities to address issues concerning relationships with private industry, including the appointment of a Task Force on Public-Private Partnerships. She stated that she is serving as co-chair of the Task Force with Winston Wallin, Chairman of the Board of Medtronic, and its charge is to develop guidelines for these interactions. Dr. Petersen also reported that she appointed a Committee on Academic Integrity to review the University's policies in these areas and draft any necessary revisions.

Dr. Petersen stated that to continue as an important research institution, the University must focus on research in its strategic planning process. In addition, she feels that collaborative, cross-disciplinary opportunities must be pursued and fostered. In summary, Dr. Petersen stated that the University is well-positioned to vigorously pursue the challenges in these areas.

In response to Student Representative Paulose, Dr. Petersen stated that the guidelines on public-private partnerships are currently being developed, along with a policy statement regarding such interactions.

In response to Regent Craig, Dr. Petersen commented on the importance of collaborative research arrangements within the University and with private entities.

Regent Keffeler offered Dr. Petersen encouragement on the task of defining the University's research priorities, which will differentiate the University in a competitive way. She stated that this effort will provide a framework to evaluate the University's capital program, and will have a tremendous impact on the future direction of the University. Dr. Petersen thanked Regent Keffeler for her support, and stated that it is challenging to say that some things are better than others.

Regent Page suggested that Dr. Petersen provide copies of the tapes of the recent conference on public-private partnerships to Regents who were unable to attend. Regent Kuderer noted that the speeches presented at the conference were published in a recent Office of Research & Technology Transfer Administration (ORTTA) newsletter. In response to Regent Page, Dr. Petersen discussed the review of policies pertaining to public-private partnerships and stated that when a specific question is raised, a comparison is made of the University's policy with those of other comparable institutions.

Several Regents expressed support for the University's research activities, noting the impact that such research has had on the economy. Regent Neel suggested that the figures on the chart should be adjusted for inflation to give a more accurate picture. He also stressed the importance of explaining to the public the relationship between teaching and research, stating that some of the most intensive teaching occurs in the laboratory.

Dr. Petersen introduced Dr. Daniel Joseph, Professor of Aerospace Engineering, who was elected to the National Academy of Sciences and the National Academy of Engineering. She stated that Dr. Joseph is known for his ingenious and novel experiments in fluid mechanics and is an inspiration to all of his students, noting that the principles of his lab are to "have some fun, tell the truth, and do good research."

Professor Joseph introduced two of his students -- Sarah Braasch, a freshman working in his lab through the Undergraduate Research Opportunities Program (UROP), and Todd Hesla, who is a graduate student. Dr. Joseph made a presentation regarding the relationship between research and education. He noted that undergraduate students who are involved in programs like this get an exceptional educational experience. Dr. Joseph thanked the Regents for their recognition of the value of research to the University.

Regent Anderson noted that Karen Schlangen, an undergraduate student in the Institute of Technology, recently received a national award from *USA Today*. He suggested that more should be done to recognize the efforts of the University's outstanding students.

Following the presentation, Regent Kuderer thanked Dr. Petersen for her excellent presentation. He expressed appreciation to Dr. Joseph for providing the Board with insight into the world of research at the University, and to Ms. Braasch and Mr. Hesla for their participation.

President Hasselmo stated he was delighted that the Board had an opportunity to thoroughly discuss the University's research activities and the impact of those activities on the state. He noted that Dr. Joseph's report illustrates the integration between research and undergraduate and graduate education. President Hasselmo stated that Dr. Petersen is the University's first Vice President for Research, and she is leading an integrated effort to do a comprehensive review of the University's research priorities. He noted that these activities are part of the University's contract with the state of Minnesota, and the state cannot continue reducing its investment in the University and expect these highly productive activities to continue.



President Hasselmo indicated that the University is involved in a number of collaborative research activities with other institutions around the world, and those activities must continue.

The meeting adjourned at 11:00 a.m.

  
**BARBARA MUESING**  
Executive Director and  
Corporate Secretary

**UNIVERSITY OF MINNESOTA**

**BOARD OF REGENTS**

**February 12, 1993**

A meeting of the Board of Regents of the University of Minnesota was held on Friday, February 12, 1993, at 11:20 a.m. in the Regents' Room, 238 Morrill Hall.

Regents present: Anderson, Craig, Keffeler, Kuderer, Neel, Page, Perlman, Rosha, Sahlstrom, and Wynia. President Hasselmo presided.

Staff present: Chancellor Sargeant; Senior Vice Presidents Erickson and Infante; Vice Presidents Allen, Hopkins, and Petersen; Executive Director Muesing; Associate Executive Director Janzen; and Associate Vice Presidents Barbatsis and Fischer.

**APPROVAL OF MINUTES**

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

Audit Committee - January 4, 1993  
Board of Regents - January 7, 1993  
Facilities Committee - January 7, 1993  
Financial Operations & Legislative Committee - January 7, 1993  
Faculty, Staff & Student Affairs Committee - January 7, 1993  
Educational Planning & Policy Committee - January 7, 1993  
Committee of the Whole - January 8, 1993  
Board of Regents - January 8, 1993

**REPORT OF THE PRESIDENT**

President Hasselmo presented his monthly report which pertained to the Governor's Budget Recommendations; the Twin Cities Higher Education Partnership; visits with various constituencies in St. Paul; *USA Today* Academic All-Americans; the Bell Museum "Webster Collection" of wildlife art; personnel items; a progress report on gender equity in intercollegiate athletics; and a copy of the President's statement on the Minnesota ALG Program.

A discussion ensued with regard to the progress report on gender equity in intercollegiate athletics. President Hasselmo reported that it had been expected that the National Collegiate Athletic Association (NCAA) would be addressing gender equity issues at its 1993 Convention in January. He stated that was not the case, reporting that the NCAA determined the gender equity issues should be delayed until the 1994 convention.

Board members expressed disappointment with that decision. Regent Keffeler stated that the Board might want to reevaluate the University's plan for advancing gender equity that was discussed at the October 1992 meeting.

President Hasselmo responded that the plan presented in October 1992 provided the following:

- 1) established a five-year goal of achieving a 60:40 male/female participation rate in the Gopher athletic programs;
- 2) recommended a strategy of increasing the number of female athletes by approximately 43, and of reducing the number of male athletes by approximately 63; and
- 3) outlined a series of planning assumptions and external factors that required continued consideration in implementing and financing the initiatives.

He stated this is the University of Minnesota's agenda with the hope of being aided by legislation from the Big 10 and NCAA, however, the 60:40 ratio is the University's commitment regardless of other legislation. He further stated he would hesitate to lay out a more specific scenario for the next five years at this time with the existing financial parameters.

Regent Kuderer stated that it should be noted that the speed by which the University moves in the area of gender equity is not delayed by lack of desire, but by lack of resources.

Regent Rosha stated that he would like to see the University's plan for gender equity augmented further, sending a message that the University of Minnesota is willing to take a leadership position on this issue.

President Hasselmo thanked Board members for their comments. He noted the presence of the athletic directors in the audience, acknowledging their leadership on this issue.

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

#### **REPORT OF THE CHAIR**

Chair Kuderer called on Regent Sahlstrom who reported briefly on a conference he recently attended hosted by the Association of Governing Boards of Colleges and Universities relating to "Strategic Responses to Financial Realities for Public and Multi-Campus Institutions".

Chair Kuderer reported that Vice Chair Keffeler and he recently met with the chair of the Faculty Consultative Committee and the chair of the Faculty Senate Finance Committee to discuss the resolution passed at the January meeting relating to tuition.

The Board of Regents' Retreat will be held on Saturday, February 20 at Eastcliff.

#### **RECEIVE AND FILE REPORTS QUARTERLY REPORT ON GRANTS AND CONTRACTS**

President Hasselmo noted the receipt and filing of the Quarterly Report on Grants and Contracts included in the docket materials.

#### **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.

The Board of Regents voted unanimously to approve the gifts as presented.

**REPORT OF THE COMMITTEE OF THE WHOLE**  
**February 12, 1993**

Regent Kuderer, 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 Office of the President, Eastcliff Maintenance, and the Board of Regents' Office for the period July 1, 1992 through December 31, 1992, is hereby approved.

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

Chair Kuderer reported that the Oath of Office was administered to Regent Perlman and recognition was given to the 1993-95 McKnight-Land Grant Professors. He further reported that the committee received a report on Master Planning and reviewed the Annual Report on the Status of the University's Research.

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

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

- a) Approval of the Senior Vice President's Monthly Faculty, Staff and Student Affairs Report as presented in the docket material.
- b) Approval of resolution re Collective Bargaining Agreement between the University of Minnesota and the Building and Construction Trades Council, as follows:

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

WHEREAS, the respective Minnesota State Building and Construction Trades Locals have ratified the agreement (a complete copy of which is available in the Board of Regents' office); and

WHEREAS, according to the Board of Regents' Policy on Board Operation and Agenda Guidelines, regental approval is required before the contract can be implemented;

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 proposed collective bargaining agreement

between the Minnesota State Building and Construction Trades Council and the University of Minnesota is hereby approved.

Documentation is filed supplement to the minutes, No. 22,321.

- c) Approval of amendment to Tuition Refunds section of the Regents' Tuition Policy.

Regent Sahlstrom distributed a copy of the proposed amendment reflecting a language change from the amendment originally recommended for approval by the committee. A motion was made and seconded to approve the following amended Tuition Refunds section of the Regents' Tuition Policy:

#### **Tuition 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

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

Chair Sahlstrom reported that the committee also reviewed proposed amendment to the Regents' Policy on Tenure and reviewed the Quarterly Report on Academic Personnel Actions.

#### **REPORT OF THE FACILITIES COMMITTEE**

Regent Wynia, in the absence of Chair Roe, presented the Report of the Facilities Committee, reporting that the committee voted unanimously to recommend:

- a) Approval of the Senior Vice President's Monthly Facilities Report which included reports pertaining to purchasing, project status, property accounting, and miscellaneous items as presented in the docket material and filed in the Regents' Office.
- b) Approval of resolution regarding projects previously submitted for review, as follows:

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

1. **Repair and Replacement Projects Program**  
**Twin Cities Campus**  
Estimated cost of the projects:

Buildings/Systems Needs Assessment	\$1,270,000
Heating, Ventilation, Air Conditioning	\$ 477,000
Roof Repair/Replacement	\$ 572,000
Water System	\$ 550,000
Law School	\$2,600,000
Wilson Library	\$2,390,000
Borlaug Hall Electrical Deficiencies	\$ 50,000
South Tower Shaft of Memorial	
Stadium Asbestos Abatement	\$ 17,000
Lind Hall Replace Entry Door	\$ 16,000
Hydraulic Lab Window Replacement	\$ 210,000
Central Chilled Water System Analysis	\$ 100,000
Infrastructure Repair	\$ 171,000
Emergency Items Unspecified	\$ 500,000
Total estimated costs for projects	\$8,923,000

Funding: Operating and Maintenance State  
Appropriation for Repairs and Replacement  
Estimated completion date: Project expenditures will occur throughout Fiscal Years 1993 and 1994 as the projects are completed.
2. **Raze 2100 and 2122/2124 Riverside Avenue South, 527 21st Avenue South and 512 22nd Avenue South**  
**Twin Cities Campus**  
Estimated cost of the project: \$185,000  
Funding: Housing Services  
Estimated completion date: July 1993
3. **Washington Avenue Replacement Ramp, Scope Increase**  
**Twin Cities Campus**  
Original estimated cost of the project: \$10,200,000  
Scope Increase: \$2,100,000  
Total estimated cost of the project: \$12,300,000  
Funding: Combination Internal Loan (repaid by Parking revenues) and available Parking Services Revenue Funds; Center for Transportation Studies (CTS) Funds and U.S. Department of Transportation Federal Highway Funds  
Estimated completion date: July 1994
4. **Recreational Sports Facilities - Phase 1B, Scope Increase**  
**Twin Cities Campus**  
Original estimated cost of the project: \$9,000,000  
Scope Increase: \$100,000  
Total estimated cost of the project: \$9,100,000  
Funding: 1990 Legislative Appropriation; Student Services Fees; and Recreational Sports Departmental Funds  
Estimated completion date: March 1993

5. **Stadium Apartments Building 1330 Upgrade Project  
Duluth Campus**  
Estimated cost of the project: \$392,000  
Funding: Duluth Housing Services  
Estimated completion date: September 1993

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

Regent Wynia reported that the committee also reviewed a proposed remodeling project for Neurosurgery Departmental Offices located on the 4th floor of the Mayo Building and reviewed several proposed real estate transactions relating to the following: 1) purchase of Burlington Northern Railroad right-of-way on 15th and 18th Avenues SE in Minneapolis; 2) sale of Limnological Research Center in Duluth; and 3) sale of land at West Central Experiment Station in Morris.

Regent Wynia reported that the committee also received a report on enclosed pedestrian links on the Twin Cities campus. She stated that a request was also made that an update on the remodeling of the Urology Department be scheduled for the committee's review in nine months.

The agenda item relating to the Memorial Arch on the Twin Cities campus was delayed due to time constraints.

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

Regent Anderson, 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 including accounts receivable, central reserves, debt management, and miscellaneous items as presented in the docket material and filed in the Regents' Office.
- b) Approval of resolution re Purchase of Goods/Services Over \$250,000 (Athletic Scoreboards) as follows:

RESOLVED, that on the recommendation of the President and Senior Vice President for Finance and Operations, the appropriate administrative officers are authorized to proceed with the purchase of scoreboards for the Athletic Facilities Project from White Way Sign Co. at a cost not to exceed \$1 million for equipment, installation and any related costs.

- c) Approval of resolution re Purchase of Goods/Services over \$250,000, as follows:

RESOLVED, that on 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 award the 2nd year of a potential 5-year contract to Costar for lab equipment and supplies for distribution through University Stores from January 1, 1993 to January 1, 1994 at an estimated annual volume of \$300,000.

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

Regent Anderson reported that the committee also reviewed proposed changes to the Regents' Policy on Central Reserves Expenditures and the Regents' Policy on Debt Guidelines. The committee also reviewed the Quarterly Management Report. The Legislative Strategy update was postponed until the March meeting.

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

Regent Neel, 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 to the committee in the docket material.
- b) Approval of resolution re Bachelor of Science Degree in Biochemistry and Molecular Biology, University of Minnesota, Duluth, as follows:

RESOLVED, on the recommendation of the President and Senior Vice President for Academic Affairs, the proposal for a Bachelor of Science (B.S.) Degree in Biochemistry and Molecular Biology at the University of Minnesota, Duluth (UMD) is hereby approved.

- c) Approval of resolution re Master of Science Degree in Landscape Architecture, as follows:

RESOLVED, on the recommendation of the President and the Senior Vice President for Academic Affairs, the proposal for a Master of Science (M.S.) Degree in Landscape Architecture is hereby approved.

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

#### **REPORT OF THE AUDIT COMMITTEE**

Regent M. Page, Chair of the committee, reported that the committee voted unanimously to recommend approval of the following actions:

- a) Approval of the Senior Vice President's Report as presented to the committee.
- b) Approval of resolution re Augmentation of the Audit Plan, as follows:

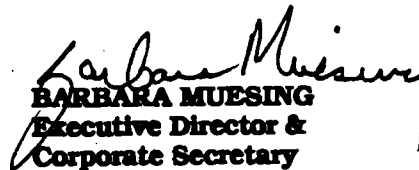
RESOLVED, that the Board of Regents approve the plan to augment audit activity to complete an assessment of revenue-producing units as presented to the Audit Committee on February 10, 1993.



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

Chair Page noted that the committee also received a Practice Plan Overview presented by representatives from Coopers & Lybrand.

The meeting adjourned at 11:55 a.m.

  
**BARBARA MUESING**  
Executive Director &  
Corporate Secretary

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**UNIVERSITY OF MINNESOTA  
BOARD OF REGENTS**

**MINUTES**

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

**March 11-12, 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

March 11-12, 1993

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**UNIVERSITY OF MINNESOTA**

**BOARD OF REGENTS**

**March 11, 1993**

A special meeting of the Board of Regents of the University of Minnesota was held on Thursday, March 11, 1993, at 10:00 a.m. in the Regents' Room, 238 Morrill Hall.

Regents present: Anderson, Craig, Keffeler, Kuderer, Neel, Page, Perlman, Reagan, Roe, Roshia, Sahlstrom, and Wynia. President Hasselmo presided.

Staff present: Senior Vice Presidents Erickson and Infante; Vice Presidents Anderson and Petersen; General Counsel Rotenberg; Executive Director Muesing; University Attorney Bohnhorst; Associate to the President O'Brien; and University Relations Director Fluor.

The meeting was called to order and a motion was moved and seconded that the following resolution be approved:

**RESOLVED**, that on the recommendation of the President and as provided by Minnesota State Statute 471.705 Subd. 1d, a non-public meeting of the Board of Regents be held at 10:00 a.m. on Thursday, March 11, 1993, in Room 238, Morrill Hall, for the purpose of discussing attorney-client privileged matters.

The Board of Regents voted unanimously to approve the resolution.

The meeting adjourned at 10:05 a.m.

  
**BARBARA MUESING**  
**EXECUTIVE DIRECTOR**

**UNIVERSITY OF MINNESOTA**

**BOARD OF REGENTS**

**Facilities Committee**

**March 11, 1993**

A meeting of the Facilities Committee of the Board of Regents was held on Thursday, March 11, 1993, at 4:10 p.m. in Room 300, Morrill Hall.

Regents present: Regent Roe, Chair; Regents Craig, Kuderer, Neel, and Wynia.

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

Student Representatives present: Paul Carrier and Brian Swanson.

**SENIOR VICE PRESIDENT'S MONTHLY REPORT**

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

An update on the status of the closure of the Waseca campus was included in the report.

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

**PROJECTS PREVIOUSLY SUBMITTED FOR REVIEW**

The committee considered projects previously submitted for review. Recommended approval of the following projects was moved and seconded:

- a. Mayo Building Fourth Floor  
Neurosurgery Departmental Offices Remodeling Project  
Twin Cities Campus  
Estimated cost of the project: \$991,500  
Funding: Medical School Dean's Office - Private Practice Funds;  
Neurosurgery Department - Private Practice Funds; Neurosurgery  
Department - Privately-Derived Funds; and University of  
Minnesota Hospital and Clinic Funds  
Estimated completion date: November 1993

The committee voted unanimously to recommend approval of the project.

- b. **Waste Management Remodeling and Expansion Scope Increase  
Duluth Campus**  
Original estimated cost of the project: \$450,000  
Scope Increase: \$134,000  
Total estimated cost of the project: \$584,000  
Funding for increase: General Contingency Fund  
Estimated completion date: July 1993

The committee voted unanimously to recommend approval of the project scope increase.

#### **REAL ESTATE TRANSACTION**

##### **Acquisition by Eminent Domain of Portion of Vacated Fourth Street South, Minneapolis, Twin Cities Campus**

A motion was made and seconded to recommend approval of the following resolution relating to the acquisition by eminent domain of land at Fourth Street South and Riverside Avenue in Minneapolis:

RESOLVED, that on the recommendation of the President and the Senior Vice President for Finance and Operations, the appropriate administrative officers are authorized to commence eminent domain proceedings for the purpose of acquiring fee simple absolute title to, and possession of, prior to the making of any award by the court-appointed commissioners and as soon as may be allowed by law, the following-described property:

Commencing at the intersection of the north line of Lot 2, Block 179, Town of Minneapolis, according to the recorded plat thereof, with the northeasterly side line of Riverside Avenue, thence northerly and parallel to the east line of said Lot 2 to the centerline of Fourth Street South, thence westerly along the centerline of Fourth Street South to the northeasterly side line of Riverside Avenue, thence southeasterly along the northeasterly side line of Riverside Avenue to the point of beginning.

Associate Vice President Hewitt provided details of the proposed acquisition and the committee voted unanimously to recommend approval the resolution.

#### **PROJECT SUBMITTED FOR REVIEW AND ACTION**

##### **Old Main Fire Clean-up/Demolition/Site Restoration Duluth Campus**

Vice Chancellor Fox reported that a fire on February 23, 1993 destroyed the Old Main building on the Duluth campus. He reported that due to the emergency nature of the project, work required to eliminate the public hazard and secure the building site has proceeded. The site will be restored to green space.

Vice Chancellor Fox submitted the following resolution for approval:

**BE IT RESOLVED**, that the Board of Regents, with regard to the Old Main Fire Clean-up/Demolition/Site Restoration Project on the Duluth campus, authorize the appropriate administrative officers to proceed with the completion of the project within a total project budget not to exceed \$1,030,000 funded from insurance reimbursement.

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

**PROJECT PRESENTED FOR REVIEW**

**Bailey Hall Lounge Window Replacement Project  
Twin Cities, St. Paul Campus**

The committee reviewed a proposed project to replace existing lounge windows in Bailey Hall on the St. Paul campus. Estimated cost of the project is \$165,000, with funding to be provided by Housing Services Deferred Maintenance. Estimated completion is August 1993.

**REAL ESTATE TRANSACTIONS PRESENTED FOR REVIEW**

**Five-Year Lease to Agricultural Utilization Research Institute  
Southern Experiment Station, Waseca**

The committee reviewed a proposal to execute a 5-year lease with the Agricultural Utilization Research Institute (AURI) for use of space in the Southern Experiment Station Annex at the Southern Experiment Station in Waseca. The leased space will be used by AURI for agricultural and waste management research and rent will be \$6 per square foot plus annual Consumer Price Index increases. It was reported that the University is currently remodeling the Southern Experiment Station Annex and AURI will contribute up to \$50,000 for the remodeling project.

**Purchase of 40 Acres in Isanti County  
(Cedar Creek Natural History Area)**

Associate Vice President Hewitt reported that this item is not ready to proceed at this time and requested that it be deferred.

**Sale of 1,300 Square Feet of Land at Rear of Washburn Hall  
Lower Duluth Campus**

The committee reviewed a proposal for the sale of approximately 1,300 square feet of land at the University of Minnesota, Duluth (UMD) lower campus. Associate Vice President Hewitt reported that the University received the request from an adjoining property owner for the purchase. The property will be offered for sale by public bid and the results of the bid process will be submitted to the Board of Regents for approval of the high bid. He further reported that sale of this property is recommended by UMD's Vice Chancellor for Finance and Operations. Proceeds from the sale will be deposited into the Duluth Campus Land Purchase Account to be used for acquisition of other lands located within the boundaries of the UMD campus.

In answer to a question from Regent Craig, Vice Chancellor Fox indicated that this property does not fit into a long-range plan for property at UMD. Questions were raised about sale of surplus University-owned land, and Senior



Vice President Erickson stated that it is the intent of administration to accelerate sale of excess land not included in the University's Long-Range Plan.

**Acquisition by Eminent Domain of Portion of Vacated  
19th Avenue SE, Minneapolis**

Associate Vice President Hewitt reported that the University plans to develop a pedestrian plaza along 19th Avenue SE between University Avenue and Fourth Street SE in conjunction with the entrance to the Women's Sports Pavilion in renovated Mariucci Arena. The University owns all property on either side of the one-block section of 19th Avenue SE except the Zeta Psi Fraternity House located at 1829 University Avenue SE, the Chi Phi Fraternity House at 315-19th Avenue SE, and a small portion of 19th Avenue that ownership is unknown.

Associate Vice President Hewitt reported that the Chi Phi Fraternity has indicated support for the development of the pedestrian plaza and the city of Minneapolis has indicated agreement to vacate this section of 19th Avenue SE. The University has been working with the owner of the Zeta Psi Fraternity House property since fall 1991 to try and reach an agreement for the University's acquisition of the property, however, an agreement has not been reached. The schedule for development of the pedestrian mall now requires the University to pursue acquisition of this section of 19th Avenue SE by condemnation. Associate Vice President Hewitt noted that negotiations with the owner will continue in the hope that a direct purchase transaction can be completed.

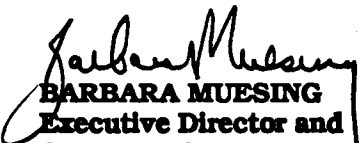
**MEMORIAL ARCH, TWIN CITIES CAMPUS**

Associate Vice President Hewitt reported on background information for this item, indicating that the March 1988 resolution approved by the Board of Regents authorizing the demolition of Memorial Stadium required that the University preserve an appropriate memorial of the stadium. The memorial is to reflect the statement that was engraved on the arch of the entrance to the stadium -- "In memory of the sons and daughters of the University of Minnesota who served in the wars of the Republic".

Through the use of visual aids, Associate Vice President Hewitt reviewed two concepts under consideration for placement of the memorial arch. Committee members expressed interest in the concept of a free-standing memorial that would be located on the same general site where it was set as part of Memorial Stadium. It was noted that there have been discussions regarding locating the memorial as part of the proposed gateway center and committee members indicated that the free-standing concept was preferable. Committee members also expressed a desire to proceed on this project as soon as possible and asked if the item could be scheduled for action at the April meeting. In answer to a question, Associate Vice President Hewitt reported that a preliminary estimate of the cost for the project is \$300,000. Senior Vice President Erickson added that \$100,000 has been designated from the Athletic Facilities project for this project.

Chair Roe requested that the item be placed on the April agenda.

The meeting adjourned at 5:00 p.m.

  
**BARBARA MUESING**  
Executive Director and  
Corporate Secretary

**UNIVERSITY OF MINNESOTA**

**BOARD OF REGENTS**

**Financial Operations & Legislative Committee**

**March 11, 1993**

A meeting of the Financial Operations & Legislative Committee of the Board of Regents was held on Thursday, March 11, 1993 at 2:00 p.m. in Room 300, Morrill Hall.

Regents present: Regent Anderson, Chair; Regents Kuderer, Page, Roshia, Sahlstrom, and Wynia.

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

Student Representatives present: Courtney Jaren and Rachel Paulose.

**SENIOR VICE PRESIDENT'S MONTHLY REPORT**

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

Senior Vice President Erickson responded to a question regarding cancellation of past due receivables, indicating that all avenues of collection are exhausted before cancellation is requested.

Associate Vice President Paschke provided a brief explanation of the Central Reserves Summary.

The committee voted unanimously to recommend approval of the Senior Vice President's Monthly Report for March 1993.

**PURCHASE OF GOODS & SERVICES OVER \$250,000**

Senior Vice President Erickson presented a resolution authorizing the appropriate administrative officers to enter into an arrangement with Deloitte & Touche Management Consulting Group to participate in the conduct of a management review of the Medical School.

Associate Vice President Paschke reviewed background information for the committee, indicating that the Board of Regents approved actions proposed by President Hasselmo on February 11, 1993, which included a thorough review be conducted of the management structure and practices of the Medical School by an external group. He reported that Deloitte & Touche Management Consulting Group was selected to conduct the review, and provided a summary of the selection process.

Student Representative Jaren expressed a concern about the selection of Deloitte & Touche. She stated that Deloitte & Touche had performed a similar

study in 1990 of the Department of Medicine and that a previous employee of Deloitte & Touche currently holds an administrative position in that department. She asked if that might be considered a conflict of interest.

Mr. Paschke responded that he was not aware of the study. Mr. David Brainer, from the firm of Deloitte & Touche, was present and indicated that he also was not aware of that particular study. The committee engaged in a discussion regarding the possibility of a conflict of interest and it was the consensus of the committee that the issue be put on the agenda of the Committee of the Whole on Friday for further review. Mr. Paschke indicated that information relating to any previous audits or reviews conducted by Deloitte & Touche for the University of Minnesota could be available at that time.

Mr. Brainer then reviewed the approach Deloitte & Touche proposes to take with regard to the review, indicating that the project focus would be to review the Medical School's organizational structure, decision-making process, oversight and controls framework, and roles and responsibilities of principal managers. The goal of the project is to identify deficiencies in management practices and controls and develop recommendations for change. This will be done in three phases, with a target of 90 days for completion.

Committee members engaged in discussion regarding the project. With regard to the summary report, Regent Page stated she feels it is equally important for the study to identify the strengths in the current management processes. She also stated for the record that she is not interested in knowing details of a doctor's private practice, but rather, is interested in the control environment and oversight.

Regent Anderson referred to the page numbered 14 in the material distributed by Deloitte & Touche and indicated his strong belief that competing effectively for patients is the most important of the strategic risks in Medical School management. That fact is not listed with "competing effectively for top faculty, students, and funding," and Regent Anderson wanted the representatives of Deloitte & Touche to understand that it should be included in their plan.

In response to a question from Regent Page, Mr. Brainer indicated that representatives from Deloitte & Touche will be reviewing the Hospital's Strategic Plan as part of the project.

#### **MODIFICATION OF RESERVE SPENDING PLAN**

A motion was made and seconded to recommend approval of the following resolution relating to modification of the Reserve Spending Plan:

**RESOLVED**, that on the recommendation of the President and the Senior Vice President for Finance and Operations, the appropriate staff are authorized to transfer \$2.5 million from Central Reserves to the General Contingency.

The committee voted unanimously to recommend approval of the resolution.

#### **REGENTS' POLICY ON DEBT GUIDELINES**

Associate Vice President Paschke presented the revised Regents' Policy on Debt Guidelines for adoption. A motion was made and seconded to adopt the revised policy.

Regent Page asked if adoption of the policy would preclude discussion in the future of whether the bond rating is less important than bond indebtedness for such issues as cogeneration. Senior Vice President Erickson responded that adoption of this policy is meant to set guidelines, however, if an issue such as additional bond debt for cogeneration arises, the Board will have an opportunity to discuss the financial impact on the University. The Board can then decide if changes need to be made in the policy.

The committee voted unanimously to recommend adoption of the revised Regents' Policy on Debt Guidelines.

#### **REGENTS' POLICY ON CENTRAL RESERVES EXPENDITURES**

Senior Vice President Erickson presented the revised Regents' Policy on Central Reserves Administration for adoption. He reviewed modifications to the policy since the initial review in February, indicating that the major modification requires that contingency expenditures of \$250,000 or more receive prior approval by the Board of Regents. Expenditures of less than \$250,000 will be approved by the President and Senior Vice Presidents, and reported quarterly to the Board of Regents.

A motion was made and seconded to adopt the revised policy. The committee voted unanimously to recommend adoption of the revised Regents' Policy on Central Reserves Administration.

#### **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 December 31, 1992 was included in the report:

- Endowments and reserves on December 31, 1992 were \$954.7 million for the University and \$290.3 million for the University Foundation.
- The Permanent University Fund (PUF) is valued at \$126.4 million and is included in the endowment assets of the University.
- The Consolidated Endowment Fund returned 5.8 percent and 7.0 percent for the past quarter and 12 months respectively vs. the benchmark returns of 3.3 percent and 7.6 percent (65 percent equities/35 percent fixed income), and 3.8 percent and 7.3 percent returns for the composite index of endowment and Foundation funds.
- Performance of University Equity Managers for the past 12 months ranged from 8.6 percent to 5.8 percent compared to the Standard and Poors 500 return of 7.6 percent.
- Performance of University Fixed Income Managers for the past 12 months ranged from 19.8 percent to 7.1 percent compared to the Lehman Brothers Government Corporate Index return of 7.6 percent.
- The performance of the Long-Term Reserves was 7.8 percent for the past 12 months compared to the fixed income

benchmark return of 6.2 percent. For all periods, the performance of the long-term reserves exceeded the benchmark returns.

- The average yield for the Short-Term Reserves was 6.6 percent for the past 12 months vs. 3.5 percent for Treasury Bills and 3.6 percent for Money Market Funds.

Associate Vice President Paschke noted the change of money managers for international equities in the Consolidated Endowment Fund.

#### **QUARTERLY PURCHASING REPORT**

The committee reviewed the Quarterly Purchasing Report. Karen Triplett, Director of Purchasing, reviewed highlights of the report which included the following:

- A total of 89,630 transactions were processed for a value of \$65,875,142. From this total, 26 were justified sole source awards totaling \$1,362,872.
- There was one Regents' policy violation.
- Eight change orders exceeded \$100,000.
- 13 purchase awards were made that were over \$100,000 and under \$250,000.

Director Triplett also provided the committee with a report on the University's Small Business Procurement Program performance against goal for the period July through December 1992.

#### **LEGISLATIVE STRATEGY**

Chair Anderson announced that the legislative update would be delayed.

The meeting adjourned at 3:40 p.m.

  
**BARBARA MUESING**  
Executive Director &  
Corporate Secretary

**UNIVERSITY OF MINNESOTA**

**BOARD OF REGENTS**

**Faculty, Staff and Student Affairs Committee**

**March 11, 1993**

A meeting of the Faculty, Staff and Student Affairs Committee of the Board of Regents was held on Thursday, March 11, 1993, at 4:10 p.m. in Regents' Room, 238 Morrill Hall.

Regents present: Regent Sahlstrom, presiding; Regents Keffeler, Page, Perlman, Reagan, and Rosha.

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

Student Representative present: Courtney Jaren.

**SENIOR VICE PRESIDENT'S MONTHLY REPORT**

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

Senior Vice President Infante reviewed the report, which was included in the docket materials. He presented a supplementary item relating to the proposed appointment of Dr. Francis A. Kulacki as Dean of the Institute of Technology, effective August 1, 1993. Vice President Hopkins discussed the search process, and reviewed Dr. Kulacki's background.

Dr. Infante noted the following items which were included in the report:

- Appointment of Mike Rollefson as Associate to the Vice President for Research and Dean of the Graduate School
- Appointment of Cathleen Brannen as Vice Chancellor for Finance at the University of Minnesota, Morris
- Activities of the Twin Cities Campus Smoke-Free Indoor Air Policy Committee
- Efforts in the area of University community building
- Opening of the Minnesota Women's Center and the University Recreation Center
- Status report on administrative searches

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

## **REGENTS' POLICY ON TENURE (STOPPING THE TENURE CLOCK)**

A motion was made and seconded to adopt the revised Regents' Policy on Tenure.

Senior Vice President Infante noted that the proposed revision would allow a probationary faculty member who becomes a new parent to extend the probationary period for up to two years while retaining full-time employment.

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

## **REGENTS' POLICY ON GRIEVANCE PROCEDURE**

Senior Vice President Infante led the discussion regarding the proposed Regents' Policy on Grievance Procedure. He introduced Professor Mario Bognanno, Chair of the Faculty Consultative Committee (FCC), Professor Judith Garrard, Vice Chair of the FCC, and Mary Easterling, Vice Chair of the Civil Service Committee, who were members of the Grievance Committee.

Dr. Infante stated that the proposed policy is a significant improvement over the current policy. He noted that the policy would apply to all University employees, except bargaining unit and University Hospital & Clinic employees, on all matters related to employment. Dr. Infante discussed the four phases of the grievance procedure. He noted that if an employee chooses to proceed to the fourth phase of binding arbitration, the employee will be responsible for one-half of the arbitration expenses and shall waive all rights to pursue the same claim in another forum.

Dr. Infante stated that the administration strongly supports the proposed policy. He noted that it provides a system of oversight which does not exist under the current procedure, whereby the administration will be alerted at the beginning of the process. He indicated that the General Counsel may recommend minor changes before the policy is presented to the committee for adoption at the April meeting.

Professors Bognanno and Garrard discussed the process followed by the committee, and reviewed the proposed policy. Ms. Easterling stated that the Civil Service Committee supports adoption of the proposed policy.

Regent Page asked if the Board of Regents will be provided with a copy of the annual report of the University Grievance Officer. Dr. Infante stated that the Board of Regents will be added to the list of recipients which is included in the policy. In response to Regent Page, Dr. Bognanno explained the complexities of the University's current grievance structure and procedures.

Student Representative Courtney Jaren expressed appreciation to the Grievance Committee for being responsive to students' concerns regarding portions of the proposed policy.

In response to Regent Perlman, Dr. Infante stated that the proposed policy will be applied system wide and that the needs of the coordinate campuses will be facilitated by the new University Grievance Office. Dr. Bognanno discussed the resources that are currently devoted to grievances, and suggested that the new system could be facilitated by the new University Grievance Office with half of the current resources. In response to Regent Perlman, Dr. Bognanno stated that the University Grievance Officer will report directly to President Hasselmo. He concurred with Regent Perlman's assessment that recommending this reporting relationship, rather than making the University Grievance Officer part of the Human Resources function, is to maintain objectivity.

Regent Keffeler stated that she respects the work of the Grievance Committee, but she feels that the proposed process is cumbersome. She asked for assurance that the proposed policy is fair to employees, while fully protecting the ability of the University to be agile, and assurance that the interests of the institution are appropriately reflected. Dr. Bognanno stated that the Grievance Committee worked with the University administration to develop an internal grievance resolution process that is balanced, understandable, and ensures that decisions are made on the merits of the case.

Regent Keffeler asked how the proposed policy could be improved. Professor Bognanno stated that although the proposed policy is a significant improvement over the current procedure, it has been suggested that the University should bear the entire cost of arbitration and the University Grievance Officer should prepare a pamphlet interpreting the policy. General Counsel Rotenberg credited the Grievance Committee for attempting to balance the complex pressures and interests of the University's workforce. He further stated that the administration's objectives are satisfied because due process for grievants is assured, while also assuring that decisions regarding employees are defensible. He noted several areas where improvements may be made in the proposed policy before it is presented for approval at the April meeting, but stated that he does not want to diminish the significance of what has been achieved from a management perspective. Mr. Rotenberg stated that implementation of the proposed policy will result in a decline in the cost of adjudicating employee grievances against the University.

Regent Periman commended the Grievance Committee for its efforts. He suggested that the timelines included in the policy should be firm, and asked the administration to explore ways to provide employees with access to arbitration without removing the objective of disincentive.

In response to Regent Page, Dr. Bognanno stated that the proposed policy will only apply to grievances related to employment. He noted that other issues will be addressed under other University policies and procedures.

Following the discussion, Regent Sahlstrom expressed appreciation to everyone for participating in the discussion and noted that the proposed policy will be presented for adoption at the April meeting.

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**

**March 11, 1993**

A meeting of the Educational Planning and Policy Committee of the Board of Regents was held on Thursday, March 11, 1993, at 2:00 p.m. in the Regents' Room, 238 Morrill Hall.

Regents present: Regent Craig, presiding; Regents Keffeler, Neel, Perlman, Reagan, and Roe.

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

Student Representatives present: Darius Casey and Andrew Kuehnel.

**SENIOR VICE PRESIDENT'S MONTHLY REPORT**

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

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

- Name change of the Human Relationships undergraduate major to Family Social Science in the College of Human Ecology
- Report on progress by the Council on Liberal Education
- Progress report on the Quality Improvement Initiative
- Recent planning activities related to distance education in Rochester
- Report on strategies and programs to retain students of color being administered by Associate Vice President Johnson
- Report on Commiversity Personnel Grants awarded by the Center for Urban and Regional Affairs (CURA), through which University faculty and staff work with members of the community to address problems
- Recent actions taken by the Higher Education Coordinating Board (HECB), including program approvals and adoption of the following reports: 1) The 1992 Intersystem Plan; 2) Review and Comment on System Plans; 3) Review and Comment on Faculty Workload Reports; and 4) Recommendation on Linking Funding and Outcomes

Dr. Infante stated that a copy of the Legislative Auditor's February 26, 1993 report on program duplication within public education was included in the docket materials. He noted that the Legislative Auditor recognized the University's strategic planning efforts and budget reallocation process in the report summary.

In response to Regent Neel, Dr. Infante discussed the figures contained in the report relating to cost per student for programs. He noted that he also addressed that issue when he appeared before the Legislative Audit Commission.

In response to Regent Craig, Dr. Infante discussed the issue of program review. He stated that the report contains recommendations regarding the types of program review that are appropriate for institutions, systems, and the HECB.

With regard to implementation of the recommendations of the Task Force on Liberal Education, Student Representative Andrew Kuehnel asked if training will be available for those faculty members who have traditionally not taught in the undergraduate liberal education curriculum and who are now being urged to do so. Vice President Hopkins discussed efforts to encourage faculty from a broad range of disciplines to participate in the new general education curriculum, noting that all have teaching experience.

Regent Perlman stressed the significance of creating a core liberal education curriculum, and commended the administration for the efforts on this initiative. In response to Regent Craig, Dr. Hopkins indicated that there will be no financial remuneration for faculty who participate in this initiative.

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

#### **REPORT ON GRADUATE EDUCATION**

Vice President Petersen led the discussion regarding the Report on Graduate Education. She recognized her colleague, Myrna Smith, for her many contributions.

Dr. Petersen presented a brief history of graduate education at the University of Minnesota, noting that it plays a central role. She stated there are 170 programs in the Graduate School and 9 post-baccalaureate programs in the professional schools, which involve over 12,000 students from around the world. Dr. Petersen discussed the national ranking of graduate programs, and noted there is a continual internal review process of programs, faculty, and students.

Dr. Petersen discussed the current organization of graduate programs and the governance structure of the Graduate School. She stressed the importance of interdisciplinary research and instruction, and discussed regional collaborative arrangements.

Dr. Petersen reported that the primary source of graduate student support is through teaching and research assistantships and fellowships. She indicated that a committee of graduate faculty and students recently completed a review of the Graduate School, noting that the goal of the review was to improve graduate education. Implementation will begin in Spring 1993.

Dr. Petersen reviewed admission and enrollment trends, and noted that the University awards more than 600 doctorates and 1,600 masters degrees annually. She reported on faculty development opportunities within the Graduate School.

In summary, Dr. Petersen stated that graduate programs are the heart and soul of a strong research institution. She is confident that the University's tradition of graduate education will continue and increase in the future.

Dr. Petersen introduced Jim Landman, a doctoral student in English who studies medieval literature and its ties to early English law. She noted that Mr. Landman was recently awarded a Fulbright Scholarship to England.

Mr. Landman discussed his educational background and his Graduate School experiences at the University. He stated that his coursework and research focus on the late Middle Ages, noting that the proposed subject of his Fulbright research and doctoral thesis is the overlap between literary and legal practice during this period.

Regent Craig expressed appreciation to Dr. Petersen and Mr. Landman for their presentations, and wished Mr. Landman well in his future studies.

**REPORT ON U.S. ARMY MEDICAL RESEARCH ACQUISITION ACTIVITY:  
PRODUCTION OF ANTITOXIN (EQUINE)/AKA: ARMY 2**

Vice President Petersen led the discussion regarding the U.S. Army Medical Research Acquisition Activity. She introduced Dr. Pradip Banarjee, who was hired to oversee activities of the Minnesota Anti-Lymphocyte Globulin Program (MALG). In compliance with criteria approved by the Board, Dr. Petersen reported on the submission of three large contract proposals, noting that they are consistent with the mission of the University.

In response to Regent Keffeler, Dr. Banarjee explained the procedures required under the contract with the U.S. Army for "Production of Antitoxin from Government-Provided Horse Plasma" (also known as "Army 1") and the pending contract for the "Production of Antitoxin (Equine)" (also known as "Army 2"). Dr. Petersen reported that during a recent telephone conversation with the U.S. Army, a decision was made to fold Army 1 into Army 2, primarily because of timing.

In response to Regent Perlman, General Counsel Rotenberg reported that a letter from the Food & Drug Administration (FDA) addresses the concern that has emerged from the MALG investigation that cost recovery may not be obtained for products produced in the ALG facility. He stated that the letter alleviates the principle problem of moving forward in that it states that the University is not subject to cost recovery limitations because the U.S. Army will be the subject of FDA regulation and as a subcontractor, the University can be compensated for its manufacturing services. Regent Perlman expressed concerns regarding protecting the University from liability for compliance with fundamental regulatory issues. Mr. Rotenberg concurred with those concerns, noting that he is insisting that everything is clear so there are no mistakes about what is being approved and what regulatory controls must be in place before production begins in the ALG facility. Dr. Banarjee supported Mr. Rotenberg's comments, and discussed the regulatory responsibilities of the University and the U.S. Army under the terms of the contracts.

In response to a concern raised by Regent Craig, Dr. Banarjee stated that the University is only providing a manufacturing service under the terms of the contract with the U.S. Army and noted that the ALG facility will be in compliance with good manufacturing practices (GMP) before production activities begin. In response to Regent Neel, Dr. Banarjee stated MALG is a pharmaceutical operation and it is the University's responsibility to ensure that the facility meets all FDA regulations and that it is in GMP compliance.

Regent Keffeler asked the administration to focus on several issues regarding MALG during the presentation to the Committee of the Whole, including whether the University should proceed with the contracts with the U.S. Army. Senior Vice President Infante stated that the administration has concluded that the University should not be in the pharmaceutical business and the intention is to separate MALG from the University in the best possible way. Mr. Rotenberg concurred with Regent Keffeler's assessment that from an FDA perspective, the legal barriers to beginning production have been substantially resolved.

Dr. Petersen noted that the proposed contracts with the U.S. Army call for production of a product and not research, and she feels that care must be taken not to compromise the integrity of the University's research program.

Following the discussion, Regent Craig expressed appreciation to everyone who participated in the presentation.

### **UNIVERSITY OF MINNESOTA, CROOKSTON BACCALAUREATE PROGRAMS**

Senior Vice President Infante led the discussion regarding the baccalaureate program proposals at the University of Minnesota, Crookston. He stated that as a result of consultation, the administration is now recommending several revisions to the original proposal.

A motion was made and seconded to recommend approval of a resolution regarding the revised proposal.

Chancellor Sargeant discussed the review to date of UMC 2002 -- A Strategic Plan by the Higher Education Coordinating Board (HECB), and noted that the plan was approved by a majority of the Intersystem Program Advisory Committee. He stated that the administration has been responsive to all issues raised, and reviewed proposed revisions to the plan. Dr. Sargeant indicated that it has been difficult to convey that the plan proposes creation of a new institution with an applied mission that would be different than other higher education institutions.

In response to a suggestion by Regent Keffeler, Dr. Infante stated that it would be helpful to add language to the proposed resolution that reinforces the Board of Regents' support of the proposed baccalaureate programs in the context of UMC 2002 -- A Strategic Plan. He stated that the proposed modifications are an attempt to accommodate concerns that have been raised regarding the plan.

The committee voted unanimously to recommend approval of the proposed resolution in principle, with the understanding that the administration will draft the language suggested by Regent Keffeler before it is presented to the full Board for approval.

### **REPORT ON DISTANCE LEARNING INITIATIVE**

Senior Vice President Infante led the discussion regarding the Report on the Distance Learning Initiative. He stated that the University's UNITE program was one of the first distance learning programs in the country, and noted that a decision was made last year to provide distance learning opportunities in cooperation with other institutions.

Dr. Patricia Kovel-Jarboe stated that the University has a long tradition of delivering education to the citizens of the state away from campus locations through Continuing Education & Extension (CEE) and the Minnesota Extension Service (MES).

She discussed the distance learning opportunities that are available through the UNITE program and through a satellite delivery system operated by the MES. She also stated that in 1991, the University established a compressed video system for distance education that links its campuses.

Dr. Kovel-Jarboe discussed the preliminary goals and recommendations of the Planning and Policy Committee on Distance Education, and she suggested that it would be appropriate to present the final report to the Board when the committee completes its work. She noted that it appears the University's distance learning initiative may receive legislative funding.

Dr. Kovel-Jarboe noted that a number of discussions regarding distance learning are taking place among the higher education systems in the state, stating that the University has been a leader in voicing the perspective that distance learning is more than interactive television. She indicated that difficult issues related to distance learning involve curriculum, faculty and organizational development, and student support.

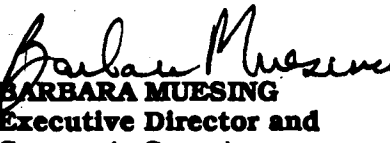
Regent Neel stated that distance learning is a very important dimension of the University system, and indicated that the University should focus on investment in the infrastructure and move forward at this time. In response to a concern raised by Regent Perlman, Dr. Kovel-Jarboe stated there is a great deal of faculty interest in this initiative and discussed ways to address resistance by those faculty members who favor more traditional methods of education. Regent Neel stated that he has participated in a distance education program for the past five years, and noted that people don't understand how it works until they become involved.

Following the discussion, Regent Craig thanked Dr. Kovel-Jarboe for her report and stated that the committee looks forward to the final report of the Planning and Policy Committee on Distance Education.

**PROGRESS REPORT ON TWIN CITIES HIGHER EDUCATION PARTNERSHIP**

The discussion regarding progress of the Twin Cities Higher Education Partnership was postponed until the April meeting due to time constraints.

The meeting adjourned at 4:00 p.m.

  
**BARBARA MUESING**  
Executive Director and  
Corporate Secretary

**UNIVERSITY OF MINNESOTA**

**BOARD OF REGENTS**

**Committee of the Whole**

**March 12, 1993**

A meeting of the Committee of the Whole of the Board of Regents was held on Friday, March 12, 1993, at 8:35 a.m. in the Regents' Room, 238 Morrill Hall.

Regents present: Regent Kuderer, presiding; Regents Anderson, Craig, Keffeler, Neel, Page, Periman, Reagan, Roe, Rosha, Sahlstrom, and Wynia.

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

Student Representative present: Rachel Paulose.

**RECOGNITION**

President Hasselmo recognized Student Representative Rachel Paulose on the occasion of her birthday, and announced that she has been selected as a 1993 Truman Scholar and scholarship recipient.

Ms. Paulose stated that she is proud to be a member of the University community, and she expressed appreciation to the President and the Board for the recognition.

**REPORT OF THE UNIVERSITY OF MINNESOTA HOSPITAL & CLINIC  
BOARD OF GOVERNORS**

B. Kristine Johnson, Chair of the University of Minnesota Hospital & Clinic (UMHC) Board of Governors, led the discussion regarding the status of UMHC activities during the first seven months of the fiscal year. She introduced Vice President Anderson; Keith Dunder, UMHC Attorney; and Greg Hart, UMHC General Director.

Ms. Johnson reviewed inpatient and outpatient admissions during the first seven months, and reported that revenues exceeded expenses by \$834,000. She stated it is currently projected that UMHC will end the fiscal year with a profit of approximately \$2 million, compared with a budgeted level of approximately \$6 million. She indicated that the projected financial results include interest income, otherwise UMHC would be in a negative financial position with respect to operating results.

Ms. Johnson reported that progress is being made towards implementation of UMHC's strategic initiatives related to cost reduction, improved service quality, and clear demonstration of clinical outcomes. She noted that the cost reduction target was \$30-45 million, and stated that implementation of current proposals would achieve cost

savings of \$36 million. However, she indicated it has become clear that costs must be reduced by \$45 million to improve UMHC's competitive position. Mr. Hart discussed cost reduction efforts, including reduction of interest and malpractice insurance costs, implementation of a new time-off employee benefits system effective in July 1993, and reduction of management staff and structure. He noted that UMHC employees, including members of the medical staff, have been asked to participate in the cost reduction process.

Ms. Johnson reported that discussions regarding affiliation and acquisition activities are underway with St. Paul and Minneapolis Children's Hospitals, St. Cloud Medical Group, other major teaching affiliates in the metropolitan area, and several major managed care organizations. She also stated that UMHC has been negotiating a consolidation of its obstetrics and newborn intensive care unit programs with the Fairview system, which would result in relocation of these two clinical and educational programs to Fairview Riverside Medical Center. Ms. Johnson noted that UMHC's acquisition of Interstate Medical Center in Red Wing, Minnesota is progressing, and it is proving to be beneficial to the University and the Red Wing community.

Regent Neel stated that progress that has been made towards implementation of UMHC's Strategic Plan is extraordinary, and he asked about the impact of the 2 percent tax on admissions from outside Minnesota. Mr. Hart stated that he does not feel the 2 percent tax accounts for reduced admissions from outside the state.

In response to Regent Kuderer, Ms. Johnson stated that as long as there is a continued mix of patients which is more geared toward managed care, the per-admission revenue will fall short as compared with the budget.

Regent Craig asked about the potential impact of recent negative publicity on admission levels. Mr. Hart stated that there has not been any impact on the admission levels to date, and he discussed efforts to inform people regarding the situation.

In response to Regent Wynia, Ms. Johnson stated that the projected year-end balance would be a loss of approximately \$8 million strictly on the basis of operating results and not including interest income. She indicated that this reflects a pattern at the Hospital for a number of years, noting that UMHC operates very close to the margin.

Regent Neel noted the competitive nature of health care in the metropolitan area, and he commended the UMHC administration for their efforts. He expressed concern regarding the morale of the medical staff, and asked for assurance that there will be significant physician participation in the process of management assessment related to implementation of the Strategic Plan and the proposed reorganization. He stressed the need to focus on improving facilities at UMHC, and asked how the Board of Regents can assist in moving forward on those improvements. Vice President Anderson concurred with Regent Neel's concerns regarding morale problems, stating that medical staff will be involved in the process in an effort to build cohesion. Dr. Anderson and Mr. Hart discussed efforts to address facility needs and future plans for correcting major facility problems in a number of clinical program areas.

Regent Neel stated he hopes the message is conveyed that the Board of Regents unanimously supports UMHC's strategic planning process, including retaining the very best medical personnel and providing them with the support they need to do their jobs. Ms. Johnson stated that those comments are helpful, and agreed with Regent Neel that there is a morale issue. She feels that implementation of the Strategic Plan will have a long-term positive impact on morale, and she asked for the Board's support in moving forward with the process.

Regent Anderson expressed concern regarding the cleanliness and everyday maintenance of the facilities, stating that the Board will try to provide the necessary

tools to make the facility decent. Mr. Hart expressed appreciation for the offer of help, noting that a number of changes will be made as a result of the service improvement initiatives within the Strategic Plan. Regent Anderson noted that the Regents are anticipating an update on renovation of the Urology Department at the September meeting of the Facilities Committee.

Regent Craig commended the UMHC Board of Governors and administration for their efforts, stating that she is optimistic because a Strategic Plan is in place and the inadequacies and problems of the Hospital are being acknowledged and addressed.

Following the discussion, Regent Kuderer expressed appreciation to everyone who participated in the presentation.

### **REPORT OF THE BOARD OF GOVERNORS ON BYLAWS AND ORGANIZATIONAL REVIEW**

B. Kristine Johnson, Chair of the University of Minnesota Hospital & Clinic (UMHC) Board of Governors, led the discussion regarding proposed organizational changes and revisions to the Board of Governors' Bylaws. She noted that the Regents' Policy on Delegation of Authority to the Board of Governors was adopted in November 1992, at which time the Board was asked to review and report to the Board of Regents on issues related to the Board of Governors' Bylaws and organization. Ms. Johnson stated that a Committee on Bylaws and Organizational Review was established, which was chaired by Michael Dougherty.

Ms. Johnson reviewed the proposed revisions to the Board of Governors' Bylaws relating to:

- Composition of the Board of Governors
- Board of Governors' internal organization and committee structure
- Board of Governors' affiliations

Ms. Johnson reported that the Board of Governors approved a resolution requesting that the Board of Regents remove the distinction between Hospital and University-dominated job classes, and suggesting that all Hospital employees be regarded as a group with respect to employment and compensation issues. She noted that no change is being proposed at this time with respect to bargaining unit employees. Ms. Johnson stated that the Board of Governors will discuss issues related to bargaining unit employees as it studies alternatives for structuring the corporate relationship between UMHC and the University.

Ms. Johnson stated that the Board recommends elimination of references to the Board of Governors or the Hospital Director in the Regents' Policy on Delegation of Authority - General Delegations, which will establish the Regents' Policy on Delegation of Authority to the Board of Governors as the sole Regents' policy related to such delegation. She indicated that the Board was also asked to consider geographic representation, noting that the committee concluded that the nomination process should address this issue rather than providing for geographic representation in the Board of Governors' Bylaws.

Ms. Johnson reported that the Board of Governors is currently considering several other issues which do not require Regents' approval, including a Hospital-wide conflict of interest policy, balance of membership on Board committees, and Hospital purchasing policies.



Regent Kuderer advised the Regents that AFSCME representatives have expressed concerns about some of the recommended changes, and written comments will be sent to the Board for review before the next meeting.

Regent Craig expressed a concern regarding the proposal that the Executive Committee should meet at the discretion of the Chair. Ms. Johnson indicated that a provision for regular meetings of the Executive Committee was not included in the Bylaws to insure flexibility when there is no reason to hold a meeting. She indicated that the issue can be reviewed again, but noted that the Board of Governors has met primarily as the full Board because it would not be appropriate for most issues to be addressed solely by the Executive Committee.

In response to Regent Sahlstrom, Mr. Dunder discussed the proposal to clarify the Regents' Policy on Delegation of Authority - General Delegations.

Regent Rosha raised a concern regarding the need to insure balanced geographic representation on the Board of Governors. Ms. Johnson stated that the Board of Governors is interested in having broad representation, and she noted that decisions regarding appointments are made by the Board of Regents' Nominating Committee. Regent Craig, who chaired the Nominating Committee for the past two years, stated that a variety of criteria are considered during the nomination process, including geographic distribution. She feels that the process has been successful, and has resulted in various areas of the state being represented.

Regent Wynia requested the following information:

- A description of employee classifications now within the Hospital as distinct from University classifications, and the configuration if the proposal for autonomy with regard to salary and benefit levels for UMHC employees is approved
- Number of employees in Hospital-dominated classifications, and the implication of the autonomy proposal on those employees
- Potential changes being explored with regard to the status of bargaining unit employees
- Ramifications for the University and the Hospital of establishing the Hospital as a separate corporate entity

Mr. Hart and Ms. Johnson responded briefly to the questions raised by Regent Wynia, and will provide a written response prior to the April meeting. Regent Kuderer asked that the information be shared with all members of the Board.

Regent Page asked if the recommendations are responsive to the agenda identified by the Hospital Governance Committee. Regent Keffeler, chair of that committee, stated that the recommendations respond to the committee's goal to enable UMHC to be more responsive in the marketplace. She noted that the committee recognized that the Board of Governors would have to address difficult issues related to employees and corporate status, and suggested that a joint Board of Regents/Board of Governors committee explore the issue of corporate status. Regent Rosha agreed that the recommendations are consistent with the spirit of the understanding between the members of the committee. With regard to the issue of removing the distinction between Hospital and University employees, he suggested that the Board should determine whether that proposal is in the best interest of the University as a whole and the state.

Regent Perlman conveyed that the issue of the relationship between the University and UMHC is a major strategic question. Ms. Johnson indicated that the recommendations forwarded from the Board of Governors provide the flexibility required to operate in the current environment. She emphasized that any study of alternative corporate structures would involve members of both Boards. Regent Perlman encouraged the development of a specific process for study of the relationship issue.

Regent Roe commented on the magnitude of the proposed privatization of UMHC. He hopes the Board will consider all of the complicated and sensitive issues related to the proposal, including the impact on employees. Ms. Johnson agreed that the proposal is significant, but noted that suggesting establishment of a separate corporate entity does not necessarily mean privatization of UMHC.

Regent Neel asked for information regarding physician participation in the process, and Ms. Johnson stated that information would be provided.

Following the discussion, Regent Kuderer expressed appreciation for the presentation and commended the UMHC administration for the recommendations that were developed. He noted that this item will be presented for approval at the April meeting, and encouraged the Regents to raise any further questions prior to that time.

#### **NATURAL GAS PURCHASE AGREEMENT FOR THE STEAM PLANT**

Senior Vice President Erickson led the discussion regarding a natural gas purchase agreement for the steam plant. He noted that the contract approved by the Board includes an option to purchase natural gas through Foster Wheeler, but indicated that the administration has been exploring alternatives for long-term gas supply.

Associate Vice President Markham presented an update on activities related to the steam plant project, noting that the application for the clean coal grant has been submitted and staff recommendations are anticipated in early April. She stated that a bill currently being considered by the Legislature would not permit the University to proceed with the Foster Wheeler project, which would result in serious financial and operational implications. Mr. Erickson noted that the proposed bill could have an impact on the University's clean coal grant proposal.

Ms. Markham stated that a final decision regarding a gas supplier must be made by June 30, 1993. Based on analysis and proposals received, she stated that a choice must be made between contract offers from Foster Wheeler and Louis Dreyfus Energy Group.

Associate Vice President Paschke reported on the contract alternatives explored by the administration, noting that the Foster Wheeler contract proposal is not negotiable. He discussed the Foster Wheeler and Louis Dreyfus contract proposals, and reviewed the advantages and disadvantages. He stated that the administration is recommending that the Board grant authorization to execute either contract.

Regent Perlman raised concerns regarding the statement that further negotiation of the Foster Wheeler contract is not possible, exposure of the University to Canadian currency fluctuations, and potential breach of contract if the bill being considered by the Legislature is passed. Mr. Erickson noted that there is language in the contract regarding legislation. Mr. Paschke stated that Foster Wheeler is aware of the Louis Dreyfus proposal, but to date has not been willing to change the negotiated contract. In response to Regents Neel and Perlman, Mr. Paschke addressed the issue of exposure to fluctuations in Canadian currency, stating that the administration intends to reduce the risk as much as possible.

Regent Rosha stated that he would prefer to have the administration recommend one of the proposals to the Regents for approval. In response to Regent Rosha, Mr. Paschke stated that Foster Wheeler has agreed to provide additional amounts of gas at the same prices per year under the contract to the extent the gas is available.

Regent Keffeler stated that it is in the University's interest to negotiate the greatest availability of supply with both suppliers to protect the ability to change the fuel mix. Mr. Paschke stated it is a question of how much of an insurance policy the University wants, noting that it will cost more to lock in a greater amount of gas at these prices. Regent Keffeler suggested that the administration do whatever is necessary to protect the University's option to increase the mix of gas in the overall distribution of fuel burned at the least possible cost.

In response to concerns raised by Regent Reagan, Ms. Markham stated that the management agreement gives the University every operational guarantee and management control over the plant. Regent Reagan expressed concerns regarding Foster Wheeler owning, supplying, and managing the burning of the fuel. Peter Grills, of O'Neill, Burke, O'Neill, Leonard & O'Brien, Ltd., responded to the concerns and noted that Foster Wheeler is the University's fuel manager and the company has a contractual obligation to manage the fuel strategy economically.

Regent Perlman noted the long-term implications of issues such as availability, interruptability, and delivery, stating that the University will never be in a stronger bargaining position than it is right now. Mr. Erickson stated that the administration is trying to put together a balanced package, and wants to ensure that the Board is cognizant of the policy issues surrounding this project.

Following the discussion, Regent Kuderer stated that he hopes the message is clear that the boilers Foster Wheeler will install in the southeast plant are designed to burn gas and a large portion of the University's fuel is already committed to natural gas. He expressed appreciation for the presentation, and noted that this item will be presented for approval in April.

#### **ALG FORWARD**

Senior Vice President Erickson led the discussion regarding the Minnesota Anti-Lymphocyte Globulin Program (MALG), and introduced Dr. Pradip Banarjee. He noted that Dr. Banarjee has been retained by the University through Coopers & Lybrand to provide interim management and to help develop future plans for MALG.

Dr. Banarjee reviewed the process and requirements for drug approval by the Food & Drug Administration (FDA). Based on his analysis of the MALG situation as of February 15, 1993, he stated that the program did not meet the FDA requirements for drug approval. Dr. Banarjee indicated that once the process is started, the best case scenario is that it would take approximately three and one-half years for ALG to be approved by the FDA.

Dr. Banarjee discussed the current situation, noting that the MALG facility is overcrowded, an inadequate financial or management control system existed, and no revenue is being generated. He believes that the program's cash flow problem would be addressed if the University is awarded the contract to produce botulism antitoxin for the U.S. Army, but that contract requires the facility to be in good manufacturing practices (GMP) compliance. Dr. Banarjee stated that MALG's most valuable asset is a dedicated, trained, experienced, and knowledgeable staff.

In response to Regent Sahlstrom, Dr. Banarjee noted the difference between ALG and the botulism antitoxin. He indicated that the Army is the sponsor of the Investigational New Drug Application (IND) for the antitoxin, and the University's obligation under the contract is to provide a GMP facility and abide by the procedures and protocol signed by the Army. Mr. Erickson noted that the University has received permission from the FDA to produce the anti-toxin as a subcontractor to the Army.

In response to Regent Kuderer, Mr. Erickson stated that MALG is a valuable asset and the proposed resolution would authorize the administration to take necessary actions to evaluate whether to retain and operate MALG, enter into a joint venture, or sell the operation. He indicated that it will cost approximately \$2 million to operate the facility for the balance of the fiscal year, and stated that the expenditure is in the best interest of the University because of the substantial value of MALG. Mr. Erickson also noted that the administration will request permission to pursue the Army contract, which is the next item on the agenda.

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

WHEREAS, President Hasselmo placed responsibility for operating the Minnesota Anti-Lymphocyte Globulin (MALG) Program and developing future plans for MALG under Senior Vice President Robert Erickson; and

WHEREAS, Senior Vice President Erickson has engaged Dr. Pradip Banarjee and other consultants through Coopers & Lybrand to provide interim management and help develop future plans for MALG; and

WHEREAS, additional consultants and investment bankers will need to be retained to evaluate whether to retain and operate MALG, enter into a joint venture with a firm or firms, or sell MALG operations;

THEREFORE, BE IT RESOLVED, that the President or his designee be authorized to engage consultants and investment bankers for an aggregate amount not exceeding \$500,000.

BE IT FURTHER RESOLVED, that Senior Vice President Erickson is further instructed to provide monthly reports on the status of MALG operations and to bring to the Board proposals relating to future plans for MALG as soon as possible.

Dr. Banarjee reported that the following plans are being implemented to move forward with MALG:

- Clearly define management priorities and establish action plans for MALG
- Formally document the ALG production process to measure and monitor progress
- Establish financial control over the operation
- Establish an external advisory panel, including Bob Griffin, President of Medtronic Pacing; Bob Buuck, Partner, Medical Innovations Partners (Pfizer); and Jerry Robertson, Executive Vice President, Life Sciences Sector and Corporate Services, 3M

Dr. Banarjee reviewed three scenarios for moving forward with MALG, which will be determined by whether or not the University is awarded the Army contract. He stated that the facility will be in GMP compliance by May 1993 for the purpose of the Army contract, and noted that reduced staffing levels at the facility will be maintained pending a decision regarding that contract. Dr. Banarjee reviewed MALG's projected Income Statement and reserve funds, noting that the estimated reserve balance as of June 30, 1993 is \$2.8 million.

Mr. Erickson stated that following extensive internal and external analysis, the administration believes that MALG is a valuable asset. He strongly recommended approval of the proposed resolution, and concurred with Regent Kuderer's assessment that the proposed expenditure should be made to protect the University's investment in MALG. He also noted that the administration will ask for authorization to move forward with the Army contract negotiations to provide cash flow for the facility.

Mr. Erickson concurred with Regent Keffeler's assessment that the major reason for entering into a contract with the Army is to protect the value of the MALG asset so it is marketable when it is liberated from FDA constraints. Regent Keffeler asked if it is possible to get a better understanding of MALG's potential value prior to entering into that contract. Mr. Erickson reiterated that Dr. Banarjee has concluded that MALG has substantial value, but stated that it is difficult to estimate the value of the program. Although there is a substantial degree of risk, he indicated that he would not recommend a further investment of \$2 million if he did not feel there is an opportunity for substantial return to the University.

Dr. Banarjee responded briefly to an issue raised by Regent Craig regarding how the ALG product is protected in terms of competition. General Counsel Rotenberg stated that legal protection for the ALG product is an issue that should be discussed in a non-public session.

Regent Perlman spoke in support of the proposed resolution, stating that he would like to have a date certain when the administration will make a recommendation to the Board regarding the future of MALG. Mr. Erickson stated that although the administration has specifically requested authorization to continue operation of the facility through June 30, 1993, he feels it will be a six-month process. Regent Kuderer noted that the June 30, 1993 date is implicit in the projected Income Statement for MALG. Mr. Erickson concurred with Regent Perlman that the situation is further complicated by the timing of the Army contract and stated that regardless of the decision regarding MALG, the facility and a number of current employees could be used to complete the obligations under the Army contract.

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

#### **U.S. ARMY MEDICAL RESEARCH ACQUISITION ACTIVITY**

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

WHEREAS, the receipt of payment by the University for the production of antitoxin for the Army in the Minnesota Anti-Lymphocyte Globulin (MALG) facility has been authorized by the Food and Drug Administration; and

WHEREAS, manufacturing procedures can be established within two months; and

WHEREAS, the administration and the Board wish to hold open the option of selling the operation at some future point;

THEREFORE, BE IT RESOLVED, that the Board of Regents authorizes the administration to negotiate with the U. S. Army for the contract "Production of Antitoxin (Equine)". The terms of the contract shall not constrain future decisions about the disposition of the MALG facility, shall not compromise the integrity of the University's primary mission as a research university, and shall not be inconsistent with any legal or regulatory requirements for the present and future operation of the MALG facility. The administration will provide periodic updates to the Regents, should a contract be negotiated.

The committee voted unanimously to recommend approval of the proposed resolution.

#### **MANAGEMENT REVIEW OF THE MEDICAL SCHOOL**

Senior Vice President Infante stated that in accordance with action taken by the Board of Regents at its February meeting, the administration is planning to undertake a management review of the Medical School. The management structure and practices of the Medical School will be reviewed, in addition to interactions within the Medical School and between the Medical School and other components of the Health Sciences. He stated that the administration would like to retain Deloitte & Touche Management Consulting Group to conduct the review, and discussed the scope, process, and expectations of the review.

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

WHEREAS, on February 11, 1993, the Board of Regents approved the five management actions announced by President Hasselmo regarding the Minnesota Anti-Lymphocyte Globulin (MALG) Program; and

WHEREAS, the actions included a thorough review be conducted of the management structure and practices of the Medical School by an external group; and

WHEREAS, the appropriate administrative officers have since interviewed several external consultants with the required experience, and subsequently pursued additional discussions with three of these external groups;

THEREFORE, BE IT RESOLVED, that the appropriate administrative officers are authorized to enter into an arrangement with Deloitte & Touche Management Consulting Group to participate in the conduct of a management review of the Medical School. The total costs for such a review shall not exceed \$400,000, and a status report on the review shall be provided to the Regents no later than the Board meeting in June 1993.

Dr. Infante noted that Aaron Reynolds and David Brainer from Deloitte & Touche were available to respond to questions. Regent Kuderer noted a conflict of interest issue was raised during the Financial Operations & Legislative Committee meeting regarding a former employee of Deloitte & Touche who is now employed by the University. Mr. Reynolds responded that to the best of his knowledge one former employee is employed by the Medical School, noting that the individual was formerly

part of the audit and accounting function at Deloitte & Touche and not the consulting group that will be conducting this review. He also noted that a former employee acted as a consultant to the Department of Dermatology until November 1992. Mr. Erickson noted that he was previously employed by Touche Ross, now known as Deloitte & Touche.

In response to Regent Perlman, Mr. Erickson stated that the purpose of the review is to identify various risk factors associated with the Medical School and its relation to other units and assess the management processes that address those risks. He noted that the University will address the recommendations resulting from the review process through its internal audit function, or Coopers & Lybrand would be retained to do an external review.

Regent Kuderer relayed Regent Anderson's concern regarding one of the strategic risks to be assessed -- Is the Medical School competing effectively for top faculty, students, and funding? -- and asked that patients also be included. Mr. Reynolds concurred with the request.

Mr. Reynolds responded to concerns raised by Regent Perlman, stating that the review team's first step would be to seek input from various sources into the areas of management and organizational risk to get consensus regarding the concerns and issues that should be addressed in this study. Based on those management risks, the management process that controls those risk factors would be assessed.

Regent Neel stated that the key issues that a focused review must address are patients, quality of care, and the support systems that serve the physicians and give them the capacity to provide quality medical care. He also emphasized the need for physician involvement in the process.

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

In conclusion, President Hasselmo stated that a clearly defined and focused review of the Medical School's management structures and practices is what the administration has in mind. He emphasized that it will be a cooperative investigation, involving the Medical School and the Board in fundamental ways.

The meeting adjourned at 12:05 p.m.

  
**BARBARA MUESING**  
Executive Director and  
Corporate Secretary

**UNIVERSITY OF MINNESOTA**

**BOARD OF REGENTS**

**March 12, 1993**

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

**Regents present:** Craig, Keffeler, Kuderer, Neel, Page, Perlman, Reagan, Rosha, Sahlstrom, and Wynia. President Hasselmo presided.

**Staff present:** Chancellor Sargeant; Senior Vice Presidents Erickson and Infante; Vice Presidents Anderson, Hopkins, and Petersen; Executive Director Muesing; Associate Executive Director Janzen; and Associate Vice Presidents Fischer, Hewitt, Johnson, Markham, and Paschke.

**APPROVAL OF MINUTES**

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

Board of Regents - February 5, 1993  
Audit Committee - February 10, 1993  
Board of Regents - February 11, 1993  
Board of Regents - February 11, 1993  
Facilities Committee - February 11, 1993  
Financial Operations & Legislative Committee - February 11, 1993  
Faculty, Staff & Student Affairs Committee - February 11, 1993  
Educational Planning & Policy Committee - February 11, 1993  
Committee of the Whole - February 12, 1993  
Board of Regents - February 12, 1993

**REPORT OF THE PRESIDENT**

President Hasselmo presented his monthly report which pertained to the National Presidents Invitational Forum on Outreach; the Minnesota Project Outreach Corporation; the Legislative Auditor's Report on "Higher Education Programs"; appointment of Dean for Institute of Technology; and a change in plans for the third annual Diversity Forum. In addition, President Hasselmo provided an update on a physical assault which occurred on the St. Paul campus.

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

**REPORT OF THE CHAIR**

Chair Kuderer distributed a copy of the University of Minnesota Housing Services Newsletter featuring an article on the tour and lunch that Regents participated in during January.

He reported that the PEW Charitable Trusts Roundtable on Higher Education Policy Perspectives is being held this afternoon and tomorrow. Regents Keffeler and Neel will be representing the Board.



The April meetings of the Board of Regents will be held on April 15-16, 1993.

Chair Kuderer further reported that he participated in the National Extension Leadership Development Conference in San Diego and he commended Dean Borich on his presentation at the conference.

#### **RECEIVE AND FILE REPORTS**

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

#### **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.

The Board of Regents voted unanimously to approve the gifts as presented.

#### **REPORT OF THE COMMITTEE OF THE WHOLE March 12, 1993**

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

- a) Approval of resolution re ALG Forward, as follows:

WHEREAS, President Hasselmo placed responsibility for operating the Minnesota Anti-Lymphocyte Globulin (MALG) Program and developing future plans for MALG under Senior Vice President Robert Erickson; and

WHEREAS, Senior Vice President Erickson has engaged Dr. Pradip Banarjee and other consultants through Coopers & Lybrand to provide interim management and help develop future plans for MALG; and

WHEREAS, additional consultants and investment bankers will need to be retained to evaluate whether to retain and operate MALG, enter into a joint venture with a firm or firms, or sell MALG operations;

THEREFORE, BE IT RESOLVED, that the President or his designee be authorized to engage consultants and investment bankers for an aggregate amount not exceeding \$500,000.

BE IT FURTHER RESOLVED, that Senior Vice President Erickson is further instructed to provide monthly reports on the status of MALG operations and to bring to the Board proposals relating to future plans for MALG as soon as possible.

- b) Approval of resolution re U.S. Army Medical Research Acquisition Activity, as follows:

WHEREAS, the receipt of payment by the University for the production of antitoxin for the Army in the Minnesota Anti-Lymphocyte Globulin (MALG) facility has been authorized by the Food and Drug Administration; and

WHEREAS, manufacturing procedures can be established within two months; and

WHEREAS, the administration and the Board wish to hold open the option of selling the operation at some future point;

THEREFORE, BE IT RESOLVED, that the Board of Regents authorizes the administration to negotiate with the U. S. Army for the contract "Production of Antitoxin (Equine)". The terms of the contract shall not constrain future decisions about the disposition of the MALG facility, shall not compromise the integrity of the University's primary mission as a research university, and shall not be inconsistent with any legal or regulatory requirements for the present and future operation of the MALG facility. The administration will provide periodic updates to the Regents, should a contract be negotiated.

- c) Approval of resolution re Management Review of Medical School, as follows:

WHEREAS, on February 11, 1993, the Board of Regents approved the five management actions announced by President Hasselmo regarding the Minnesota Anti-Lymphocyte Globulin (MALG) Program; and

WHEREAS, the actions included a thorough review be conducted of the management structure and practices of the Medical School by an external group; and

WHEREAS, the appropriate administrative officers have since interviewed several external consultants with the required experience, and subsequently pursued additional discussions with three of these external groups;

THEREFORE, BE IT RESOLVED, that the appropriate administrative officers are authorized to enter into an arrangement with Deloitte & Touche Management Consulting Group to participate in the conduct of a management review of the Medical School. The total costs for such a review shall not exceed \$400,000, and a status report on the review shall be provided to the Regents no later than the Board meeting in June 1993.

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

Chair Kuderer reported that the committee recognized Student Representative Rachel Paulose, who was selected as a 1993 Truman Scholar and scholarship recipient. The committee reviewed a report from the University of Minnesota Hospital & Clinic Board of Governors and a report from the Board of Governors on Bylaws and Organizational Review. In addition, the committee reviewed a natural gas purchase agreement for the steam plant.

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

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

- a) Approval of the Senior Vice President's Monthly Faculty, Staff & Student Affairs Report as presented in the docket material, including a supplemental item.
- b) Approval of resolution re Regents' Policy on Tenure ("Stopping the Tenure Clock"), as follows:

RESOLVED, on the recommendation of the President and the Senior Vice President for Academic Affairs, the proposed amendments to the Regents' Policy entitled "Regulations Concerning Faculty Tenure," which would allow a probationary faculty member who becomes a new parent to extend the probationary period for up to two years while retaining a full-time appointment, are hereby adopted.

Documentation is filed supplement to the minutes, No. 22,321.

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

Chair Sahlstrom reported that the committee also reviewed a proposed Regents' Policy on Grievance Procedure.

**REPORT OF THE FACILITIES COMMITTEE**

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

- a) Approval of the Senior Vice President's Monthly Facilities Report which included reports pertaining to purchasing, project status, property accounting, and miscellaneous items as presented in the docket material and filed in the Regents' Office.
- b) Approval of resolution regarding projects previously submitted for review, as follows:

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

- 1. Mayo Building Fourth Floor  
Neurosurgery Departmental Offices Remodeling Project  
Minneapolis Campus  
Estimated cost of the project: \$991,500  
Funding: Medical School Dean's Office - Private Practice Funds; Neurosurgery Department - Private Practice Funds; Neurosurgery Department - Privately-Derived Funds; and University of Minnesota Hospital and Clinic Funds  
Estimated completion date: November 1993

2. **Waste Management Remodeling and Expansion Scope Increase**

**Duluth Campus**

**Original estimated cost of the project: \$450,000**

**Scope Increase: \$134,000**

**Total estimated cost of the project: \$584,000**

**Funding for increase: General Contingency Fund**

**Estimated completion date: July 1993**

- c) **Approval of resolution re Real Estate Transaction relating to Acquisition by Eminent Domain of Portion of Vacated Fourth Street South, Minneapolis, Twin Cities campus, as follows:**

**RESOLVED, that on the recommendation of the President and the Senior Vice President for Finance and Operations, the appropriate administrative officers are authorized to commence eminent domain proceedings for the purpose of acquiring fee simple absolute title to, and possession of, prior to the making of any award by the court-appointed commissioners and as soon as may be allowed by law, the following-described property:**

**Commencing at the intersection of the north line of Lot 2, Block 179, Town of Minneapolis, according to the recorded plat thereof, with the northeasterly side line of Riverside Avenue, thence northerly and parallel to the east line of said Lot 2 to the centerline of Fourth Street South, thence westerly along the centerline of Fourth Street South to the northeasterly side line of Riverside Avenue, thence southeasterly along the northeasterly side line of Riverside Avenue to the point of beginning.**

- d) **Approval of resolution re Project Submitted for Review and Action, as follows:**

**BE IT RESOLVED, that the Board of Regents, with regard to the Old Main Fire Clean-up/Demolition/Site Restoration Project on the Duluth Campus, authorize the appropriate administrative officers to proceed with the completion of the project within a total project budget not to exceed \$1,030,000 funded from insurance reimbursement.**

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

**Regent Neel reported that the committee also reviewed a proposed window replacement project for Bailey Hall Lounge on the Twin Cities, St. Paul campus and reviewed the following proposed real estate transactions: 1) Five-year lease to Agricultural Utilization Research Institute at the Southern Experiment Station in Waseca; 2) sale of 1,300 square feet of land at rear of Washburn Hall on the lower Duluth campus; and 3) acquisition by eminent domain of portion of vacated 19th Avenue SE in Minneapolis. The committee also reviewed information relating to siting the arch commemorating**

Memorial Stadium. He asked Associate Vice President Hewitt to review the proposed site for the Board, indicating that the committee had requested the item be scheduled on the agenda in April for action.

The agenda item pertaining to the purchase of 40 acres of land in Isanti County (Cedar Creek Natural History Area) was delayed.

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

Regent Kuderer, in the absence of 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 including accounts receivable, central reserves, debt management, and miscellaneous items as presented in the docket material and filed in the Regents' Office.
- b) Approval of resolution re Modification to Reserve Spending Plan, 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 transfer \$2.5 million from Central Reserves to the General Contingency.

- c) Approval of resolution re Regents' Policy on Debt Guidelines, as follows:

RESOLVED, that on recommendation of the President and the Senior Vice President for Finance and Operations, the Board of Regents adopts the following revised Debt Guidelines:

#### **Debt Guidelines**

The following guidelines shall be used to govern the issuance of debt by the University of Minnesota:

1. Debt issued for the Capital Improvement Plan and for equipment or systems purchases must be consistent with a) maintaining the University's long-term AA/A-1 and short-term A+1/P1 credit ratings, b) providing flexibility to issue different forms of variable and fixed-rate bonds, and c) minimizing University borrowing costs.
2. The sale of University general obligation bonds will not be undertaken in aggregate amounts of less than \$10,000,000.
3. The issuance of revenue bonds will be limited due to the uncertainty of internal revenue streams and higher debt service costs.
4. University debt will not be incurred for projects with a life expectancy less than the maturity of the bonds.
5. Bonded indebtedness will not be used for operating and maintenance costs.

- d) Approval of resolution re Regents' Policy on Central Reserves Administration, as follows:

RESOLVED, that on the recommendation of the President and the Senior Vice President for Finance and Operations, the revised Regents' Policy on Central Reserves Administration is adopted.

#### **Central Reserves Administration**

"Central Reserves" refers to monies that are unrestricted as to purpose or use and that are available for immediate expenditure by the senior management of the University. Central Reserves excludes funds allocated for ongoing and defined programmatic purposes, reserves held by academic and administrative units and Indirect Cost Recovery (ICR) funds. Central Reserves will include funds previously allocated to an academic or administrative unit that are no longer required for purposes consistent with the original allocation.

Central Reserves are budgeted through an annual reserves spending plan which is prepared and submitted to the Board of Regents for approval along with the annual budget plan. Development of an annual spending plan requires the administration and the Board of Regents to weigh the relative merits and prioritize the many needs of the University, thereby promoting the optimal use of scarce resources.

Guidelines for development of the annual reserves spending plan are as follows:

##### **1. Annual Reserve Spending Plan**

Annually, the Budget Office estimates the amount of reserves available for expenditure during the following fiscal year. A proposed reserve spending plan is developed by the administration in consultation with appropriate University governance committees. Items for inclusion are solicited and may be submitted to the Budget Office by the president, vice presidents, provost, chancellors, or governance committees.

The reserves spending plan, detailing programmatic or unit allocations and projects is submitted to the Board of Regents for approval. Once approved by the board, funds are allocated for the express and exclusive purpose stated, and further action is not required for allocations or expenditures consistent with the spending plan. Modifications of the approved reserves spending plan require approval of the Board of Regents.

##### **2. Contingency Funding**

During the course of the year, unanticipated expenses or opportunities will occur which require funding. As part of the annual reserve spending plan, a contingency fund may be established for unplanned or unexpected financial needs. Except for financial emergencies, the amount expended during the year is not to exceed, the contingency amount set forth in the annual

reserves spending plan. All expenditures from the contingency fund will be approved by the President and Senior Vice Presidents and will be reported quarterly to the Board of Regents.

Expenditures of \$250,000 or more will require prior approval by the Board of Regents. Expenditures of less than \$250,000 will be approved by the President and Senior Vice Presidents. In case of a financial emergency, when time does not allow for regular board action, provisional approval of expenditures from central reserve balances may be granted by the chair of the board, the vice chair, and/or the chair of the Financial Operations and Legislative Committee of the board. Such provisional approval is to be followed by full board action at the next regularly scheduled meeting.

### 3. Allowable Expenditures

Central Reserves may be allocated only for:

- 1) projects that are fixed term in nature (usually 3 years or less)
- 2) programs which require 'bridge' funding for a short period and have a permanent source of funding clearly identified at the outset.
- 3) projects or programs which should be funded from sources other than tuition or appropriations from the state of Minnesota.

Reserves should not be reduced to less than \$40 million under normal circumstances (or such other amount established in accordance with the principles of paragraph 6) unless such reduction is part of a short-term bridge financing for which future revenues have been identified and committed to replenishing the reserve funds. A projected central reserve year end balance will be presented to the Board of Regents as part of the annual budget.

### 4. Reporting and Approval Requirements

The Board of Regents will be fully informed at all times as to the status of reserve funds. The senior vice president for finance's monthly report to the Financial Operations and Legislative Committee contains a section devoted to Central Reserves. This section reports monthly the Central Reserves balances, unexpended commitments against reserves, and monthly expenditure and commitment activity.

The University reports the reserves spending plan and the senior vice president's monthly report section on reserves to the Commissioner of Finance and the chairpersons of the Higher Education Finance Division of the Minnesota Senate and the Higher Education Finance Division of the House of Representatives or their designated staff persons.

### 5. Size of Reserves

The reserve requirements of the University are based on judgmental, political and financial factors. Reserves may be thought of in three ways:

- Funds to protect ongoing programs from sudden severe revenue shortfalls.
- Contingency funds to cover unanticipated expenses.
- Endowment funds which generate annual income for one-time projects and budgetary flexibility.

In determining the appropriate balance of reserve funds, consideration is given to, among other things, the health of the federal and state economy, the political climate towards higher education, and the volatility of both University revenues and expenditures. The size and composition of University debt is also considered. Appropriate reserves maintain financial strength and high bond rating, protect the University from interest expense volatility, and allow flexibility to utilize variable rate debt to lower or control interest costs.

Central reserves of \$40 to \$50 million are reasonable under normal circumstances. Reserves of less than \$40 million place the institution at increased risk.

Regent Keffeler stated that she would support the policy amendments at this time, however, she would like the issue of the contingency fund revisited at the time the 1994 budget is set.

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

Regent Kuderer reported that the committee also reviewed the Quarterly Report on Asset and Debt Management and the Quarterly Purchasing Report. The legislative update was delayed.

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

Regent Craig, 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.

Chair Craig reported that the committee also reviewed several reports which included: 1) Report on Graduate Education; 2) Report on U.S. Army Medical Research Acquisition Activity: Production of Antitoxin (Equine)/AKA: Army 2; and 3) Report on Distance Learning Initiative. The agenda item relating to a Progress Report on Twin Cities Higher Education Partnership was delayed.

Chair Craig reported that an additional item was added to the agenda relating to the program proposals for the Crookston campus. She reported that due to concerns raised by members of the Minnesota Higher Education Coordinating Board, the following resolution is submitted for approval:



reserves spending plan. All expenditures from the contingency fund will be approved by the President and Senior Vice Presidents and will be reported quarterly to the Board of Regents.

Expenditures of \$250,000 or more will require prior approval by the Board of Regents. Expenditures of less than \$250,000 will be approved by the President and Senior Vice Presidents. In case of a financial emergency, when time does not allow for regular board action, provisional approval of expenditures from central reserve balances may be granted by the chair of the board, the vice chair, and/or the chair of the Financial Operations and Legislative Committee of the board. Such provisional approval is to be followed by full board action at the next regularly scheduled meeting.

### 3. Allowable Expenditures

Central Reserves may be allocated only for:

- 1) projects that are fixed term in nature (usually 3 years or less)
- 2) programs which require 'bridge' funding for a short period and have a permanent source of funding clearly identified at the outset.
- 3) projects or programs which should be funded from sources other than tuition or appropriations from the state of Minnesota.

Reserves should not be reduced to less than \$40 million under normal circumstances (or such other amount established in accordance with the principles of paragraph 6) unless such reduction is part of a short-term bridge financing for which future revenues have been identified and committed to replenishing the reserve funds. A projected central reserve year end balance will be presented to the Board of Regents as part of the annual budget.

### 4. Reporting and Approval Requirements

The Board of Regents will be fully informed at all times as to the status of reserve funds. The senior vice president for finance's monthly report to the Financial Operations and Legislative Committee contains a section devoted to Central Reserves. This section reports monthly the Central Reserves balances, unexpended commitments against reserves, and monthly expenditure and commitment activity.

The University reports the reserves spending plan and the senior vice president's monthly report section on reserves to the Commissioner of Finance and the chairpersons of the Higher Education Finance Division of the Minnesota Senate and the Higher Education Finance Division of the House of Representatives or their designated staff persons.

### 5. Size of Reserves

The reserve requirements of the University are based on judgmental, political and financial factors. Reserves may be thought of in three ways:

WHEREAS, the University of Minnesota is the state's land-grant institution and has special obligations to respond to the applied education and research program needs of the state;

WHEREAS, the Board of Regents unanimously supported the change in the University of Minnesota, Crookston's mission to a baccalaureate campus with specific emphasis on career-oriented technical programs fulfilling the land-grant mandate;

WHEREAS, the University of Minnesota, Crookston through these baccalaureate training programs will be serving a student and employer population which otherwise might not be served;

WHEREAS, the Board of Regents reaffirms its commitment to collaboration with other higher education systems and ensuring that unnecessary program duplication does not occur;

WHEREAS, through continued discussions with others in higher education, concerns about lack of clarity in program title and possible program duplication in the areas of Business Administration, and Early Childhood Care and Education were raised;

THEREFORE, BE IT RESOLVED, that the UM-Crookston baccalaureate programs be modified to focus and sharpen the following programs in a manner more consistent with the mission of the institution:

- To rename the Bachelor of Science in Business Administration as Bachelor of Science in Small Business Management and Entrepreneurship;
- To delete the accounting area emphasis;
- To rename the Bachelor of Science in Early Childhood Care and Education as the Bachelor of Science in Early Childhood Program Management;
- To delete Family Resources and Support and the Child Life Specialist area emphases, and the Pre-Kindergarten Teacher and Early Childhood Family Education Licensure.

BE IT FURTHER RESOLVED, that the Board of Regents reaffirms its strong support for University of Minnesota, Crookston as an integral part of the UM system;

BE IT FURTHER RESOLVED, that the Board of Regents values the Crookston campus for its imaginative planning incorporating specific benchmarks of accountability and collaborative relationships with other higher education institutions.

AND THEREFORE, BE IT FURTHER RESOLVED, that the Board of Regents respectively requests that MHECB affirm the strategic mission of the Crookston campus and review the University of Minnesota, Crookston, baccalaureate programs in the context of *UMC 2002 - A Strategic Plan*.

Several Regents spoke in favor of the resolution. Regent Craig called attention to the last paragraph in the resolution, stating that it reflects the importance of the MHECB approving UMC 2002 - A Strategic Plan in its entirety and not program by program.

The Board of Regents voted unanimously to approve the resolution.

**REPORT OF THE AUDIT COMMITTEE**

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

The meeting adjourned at 12:35 p.m.

  
**BARBARA MUESING**  
Executive Director &  
Corporate Secretary

*10/24  
1/10/93*

**UNIVERSITY OF MINNESOTA**

**BOARD OF REGENTS**

**MINUTES**

**BOARD OF REGENTS' MEETING**

**AND**

**REGENTS' COMMITTEE MEETINGS**

**April 14-16, 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

April 14-16, 1993

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**UNIVERSITY OF MINNESOTA**

**BOARD OF REGENTS**

**Audit Committee**

**April 14, 1993**

A meeting of the Audit Committee of the Board of Regents was held on Wednesday, April 14, 1993, at 2:00 p.m. in Room 300, Morrill Hall.

Regents present: Regent Page, presiding; Regents Craig, Keffeler, and Kuderer.

Staff present: Senior Vice President Erickson; Executive Director Muesing; Associate Executive Director Janzen; Associate Vice President Pfitzenreuter; Assistant Vice President O'Connor; and Director of Audits Patrick Spellacy.

Student Representatives present: Andrew Kuehnel and Brian Swanson.

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

**SENIOR VICE PRESIDENT'S REPORT**

Senior Vice President Erickson reported on the progress and status of action that the University has undertaken with regard to the Fiscal Year 1992 Management Letter Comments provided by Coopers & Lybrand. He reported that as of January 1993 there were 24 comments that needed to be addressed. As of April 1993, 10 of those comments have been addressed, with 14 remaining. A summary of each comment and response was provided.

He reported briefly on progress of the review of revenue-generating departments, indicating that processing the questionnaire has been completed and the number of departments to be tested has been increased from 20 to 30, which includes 100 percent coverage of the Medical School departments.

Assistant Vice President O'Connor then presented a progress report on the status and direction of CUFS. He stated that he had hoped to report on detailed plans and milestones at this meeting, but is unable to do so at this time. He reported that CUFS has become a larger project than anticipated. The complexity and risks associated with this endeavor are high. Management infrastructure has been neglected so readiness is low. Resources are in place but are insufficient to maintain the status quo. He reported that major initiatives are underway with massive changes beginning on three levels -- program, project, and maintenance. Projects and estimated dollars required to finish the initial installation of the system were provided.

Mr. O'Connor presented three approaches and timelines for proceeding with the project, indicating that he would like some guidance from the committee. After some discussion, it was the consensus of the committee that milestones should be presented to the committee at its next meeting and with those milestones identified, the project should proceed as quickly and as prudently as possible.



Regent Keffeler stated that Mr. O'Connor had presented a very realistic and reasonable approach for proceeding with the project. She further stated that when the University budget is presented in June, it must include whatever is necessary to cover CUFS personnel resources.

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

**DIRECTOR OF AUDITS' QUARTERLY REPORT,  
INCLUDING 15-MONTH INTERNAL AUDIT PLAN  
AND COMPLIANCE REPORT**

Patrick Spellacy, Director of Audits, presented the Quarterly Report on internal audit activity which included three items for discussion: 1) review and approval of the Audit Plan for the next 15 months; review and approval of current audit results and audit plans for the next three months; and 3) discussion relating to revision of current mission statement for the internal audit department.

Mr. Spellacy reviewed the proposed Audit Plan for the period April 1993 to June 1994, which included the following key issues:

- Tailoring the audit approach to coincide with the "Statement of Management Direction"
- Change from giving some audit coverage in many areas to increased coverage in problem areas
- Increase allocation of audit resources to respond to Regents and senior management requests and identified operational issues
- Use results from audits to measure the overall control environment of the University
- Devote a significant amount of our effort to identify control weaknesses related to CUFS and its future status and direction
- Expand the use of technology in audit activities

Mr. Spellacy reported that this revised Audit Plan should result in an increased responsiveness to Regent and senior management requests, a concentration on high payoff audits and more closely monitored compliance with essential recommendations. Centralized testing and diagnostics should be able to identify potential problem areas faster, the increased use of technology will enhance the audit process, and the University will move towards more preventative types of activity such as training, self-testing, and self-assessment. In addition, a more proactive mission statement for the Department of Audits should be explored.

Regent Keffeler stated she would like to see the audit department take the approach of building the preventative and periodic auditing aspects of the internal audit organization so that its agenda is not preempted in major ways when investigative needs arise, adding that external resources should be utilized for major investigative needs.

Mr. Spellacy agreed with Regent Keffeler, adding that the difficult decision is to determine at what point external resources are needed. Mr. Chronister added that he also agrees with Regent Keffeler, stating that in the past the internal and external auditors have not been close. That has changed over the past year and currently the two offices are working closely together. He

stated that he has reviewed Mr. Spellacy's proposed plan and believes it will respond to Regent Keffeler's concern.

Mr. Spellacy continued his presentation, reporting on current period results of audits and audit compliance.

The committee engaged in a discussion relating to compliance. Regent Keffeler expressed concerns, indicating a need for a higher sense of urgency with regard to compliance. Individuals with operating responsibility for a department need to appear before the committee when audit recommendations have not been implemented. In addition, audit reports need to call the committee's attention to compelling issues and problem areas. The reports need to be more qualitative rather than only data tables, and timetables need to be provided for follow-up on implementation of recommendations.

Chair Page requested Mr. Spellacy to address the concerns expressed by Regent Keffeler and return to the committee with a plan for more proactive enforcement of audit reviews. Senior Vice President Erickson suggested that the committee might want to schedule a special meeting of the Audit Committee to discuss this issue. It was the consensus of the committee that, on the decision of the Chair, a special meeting may be scheduled in June.

In response to concerns raised about the completeness of the Medical School Management Review, Senior Vice President Erickson stated that all internal and external auditing factions would be working together to assure that all areas are covered during the review. Committee members said the result of various reviews and audits of the Medical School needs to be a complete picture rather than isolated reports.

A concern was raised by Mr. Chris Buse, from the Legislative Auditor's office, that access to all information might not be available in order to do an effective review of the Medical School Practice Plans.

Regent Keffeler asked that administration review this concern and inform the committee if there are any issues that would stand between the ability of this board to know whether or not procedures, policies, and agreements are being administered and followed.

Regent Kuderer stated that a presentation will be made to the Committee of the Whole on Friday relating to significant changes in the reporting relationships, indicating that the presentation may answer some of the concerns expressed.

The committee then voted unanimously to recommend approval of the Director of Audits' Quarterly Report.

#### **EXTERNAL AUDITOR'S REPORT**

Mr. Mark Chronister and Mr. Miles Everson, Coopers & Lybrand, presented the external auditor's report.

Before presenting his report, Mr. Chronister distributed a document entitled "Summary of Emerging Issues for Colleges and Universities" prepared by Coopers & Lybrand for the committee's information.

He then summarized the terms and objectives of Coopers & Lybrand's engagement with the University of Minnesota, including the nature and scope of

services to be provided for the year ended June 30, 1993. The audit will focus on the following: 1) business conditions and risk factors; 2) control conditions and risk factors; 3) new developments; 4) unusual transactions; 5) external influences; and 6) management estimates. Mr. Chronister reviewed each area of the audit focus.

Mr. Everson provided an update on the revenue-producing units risk assessment, indicating that a questionnaire has been developed with the Department of Chemical Engineering to be used as the basis for the assessment. He reported that the scope of the assessment has been revised to include 30 departments instead of the 20 originally planned and when completed, the results will provide the groundwork for future audits and risk assessment for the departments. Mr. Everson reported that a list of risks will be reported to the committee when the assessment is completed.

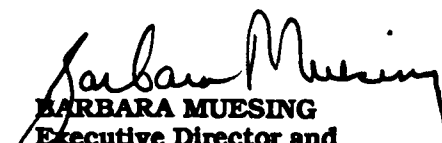
In answer to a question from Regent Keffeler, Mr. Everson stated that it is premature for Coopers & Lybrand to indicate if there are any problem areas that will hinder this assessment. He assured the committee if issues arise as the process is progressing, administration and the Regents will be notified immediately. Senior Vice President Erickson also indicated that General Counsel Rotenberg may be able to respond to some of the committee's concerns during the Committee of the Whole presentation relating to the Practice Plans on Friday.

Mr. Everson also reviewed the timeline for the 1993 audit, highlighting key changes from previous years.

#### **RENEWAL OF EXTERNAL AUDITOR'S CONTRACT**

The committee voted unanimously to recommend approval to extend the contract for Coopers & Lybrand to be engaged as the external auditor for the University for the 1993-94 fiscal year. This action was brought to the committee pursuant to the original engagement resolution approved by the Board of Regents November 10, 1989.

The meeting adjourned at 4:50 p.m.

  
**BARBARA MUESING**  
Executive Director and  
Corporate Secretary

**UNIVERSITY OF MINNESOTA**

**BOARD OF REGENTS**

**April 15, 1993**

A meeting of the Board of Regents of the University of Minnesota was held on Thursday, April 15, 1993, at 5:05 p.m. in the Regents' Room, 238 Morrill Hall.

Regents present: Anderson, Craig, Kuderer, Page, Perlman, Reagan, and Rosha. Regent Sahlstrom participated via telephone. President Hasselmo presided.

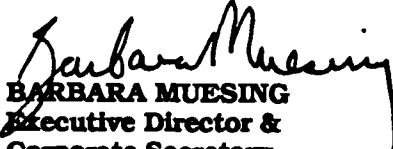
Staff present: Senior Vice President Erickson; Vice President Petersen; General Counsel Rotenberg; Executive Director Muesing; University Attorney Donohue; Associate to the President O'Brien; Director Fluor.

The meeting was called to order and a motion was moved and seconded that the following resolution be approved:

RESOLVED, that on the recommendation of the President and as provided by Minnesota State Statute 471.705 Subd. 1d, a non-public meeting of the Board of Regents be held at 5:05 p.m. on Thursday, April 15, 1993, in Room 238, Morrill Hall, for the purpose of discussing attorney-client privileged matters.

The Board of Regents voted unanimously to approve the resolution.

The meeting adjourned at 5:07 p.m.

  
**BARBARA MUESING**  
**Executive Director &**  
**Corporate Secretary**

**UNIVERSITY OF MINNESOTA**

**BOARD OF REGENTS**

**Facilities Committee**

**April 15, 1993**

A meeting of the Facilities Committee of the Board of Regents was held on Thursday, April 15, 1993, at 8:35 a.m. in the Regents' Room, 238 Morrill Hall.

Regents present: Regent Roe, Chair; Regents Anderson, Craig, Kuderer, Neel, and Wynia.

Staff present: Chancellor Johnson; Senior Vice President Erickson; Vice Chancellor Fox; Associate Executive Director Janzen; and Associate Vice Presidents Fischer, Hewitt, and Paschke.

Student Representatives present: Joe Errington and Brian Swanson.

**SENIOR VICE PRESIDENT'S MONTHLY REPORT**

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

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

**PROJECTS PREVIOUSLY SUBMITTED FOR REVIEW**

The committee considered projects previously submitted for review. Recommended approval of the following projects was moved and seconded:

- a. Bailey Hall Lounge Window Replacement Project  
Twin Cities (St. Paul) Campus  
Estimated cost of the project: \$165,000  
Funding: Housing Services Deferred Maintenance  
Estimated completion date: August 1993

The committee voted unanimously to recommend approval of the project.

- b. Hockey Arena, Scope Increase (Including remodeling Bierman Building Vacated Ticket Office Space)  
Twin Cities Campus  
Original estimated cost of the project: \$20,135,000  
Scope Increase: \$416,400  
Total estimated cost of the project: \$20,551,400  
Funding for increase: Revenue Supported Bond Program and Parking and Other Project Contingency Funds  
Estimated completion date: August 1993

Changes in the scope of the project were reviewed for the committee.

The committee voted unanimously to recommend approval of the project scope increase.

### **MEMORIAL ARCH**

The committee reviewed a proposed resolution for action that would approve the design concept for the reconstruction of the Memorial Arch on an appropriate site with landscaping that recalls the footprint of the stadium and would authorize construction of Phase I for \$100,000.

Through the use of visual aids, Associate Vice President Hewitt provided details, indicating that the concept proposed relates to open space and has two primary components: 1) the trees that would be placed on the site would attempt to recall the footprint of the stadium; and 2) the construction of the arch would be in the relative location of where it was originally as part of the stadium. He further reported that the resolution relates to Phase I of the project and that additional funding will have to be raised to complete the entire project. He noted that discussions have taken place with veteran organizations regarding fundraising and also indicated that the Class of 1942 has indicated support for the project.

Mr. Cal Smith, a representative from the Class of 1942, addressed the committee, indicating that as part of the 50th year class reunion, the Class of 1942 raised funds for preservation of the arch which would be part of the proposed Gateway Center. Mr. Smith indicated that the Class of 1942 is in favor of restoration of the arch; however, because it was the intent to have the arch included as part of the Gateway Center, if the proposed resolution is passed by the Board of Regents, the Reunion Committee will need to discuss the issue as the fundraising materials cited the Gateway Center as the location for the memorial.

Discussion ensued, with committee members expressing a preference for the free-standing memorial. Regent Craig asked if the committee might review the plan for the Gateway Center that would show the location and relation of the free-standing arch. Associate Vice President Hewitt stated that he could provide that for the committee.

It was noted that approval of this resolution approves the design concept and site as presented by Associate Vice President Hewitt. No further action will be required by the committee.

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

**WHEREAS, the Board of Regents of the University of Minnesota, on April 10, 1987, has approved the University's Long Range Sports Facilities Plan for the development of sports and athletic facilities, and**

**WHEREAS, the Regents, on January 8, 1988, approved the construction of the Recreational Sports and Swim Center on the football field of Memorial Stadium, and**

WHEREAS, the Regents, on March 11, 1988, authorized the administration to proceed with the demolition of Memorial Stadium, and

WHEREAS, the March 11, 1988 Regents' resolution directed that the University preserve an appropriate memorial of the present stadium to state "In Memory of the Sons and Daughters of the University of Minnesota who served in the Wars of the Republic," as is so stated on the arch of the entrance, and

WHEREAS, the Class of 1942 in commemoration of their 50th year class reunion, raised funds for the preservation of the arch,

THEREFORE, BE IT RESOLVED, that the Board of Regents of the University of Minnesota approves the design concept for the reconstruction of the Memorial Arch on an appropriate site with landscaping that recalls the footprint of the stadium and authorizes construction of Phase I for \$100,000.

Regent Anderson brought up an item of old business relating to the new Recreational Sports Facility. He stated that an article in the Minnesota Daily dated April 14, 1993 indicated that students were unhappy with the number of lockers available for use.. He reported that in 1988 the Board of Regents approved additional funding for the Recreational Sports Facility Project, expanding the project to include a number of items, one of which was the addition of lockers. He reported that it appears this directive was not followed and asked that the item be scheduled for discussion on a future agenda, addressing the action taken by the Board and what has actually taken place.

#### **PROJECT PRESENTED FOR REVIEW**

##### **Chemistry Building Elevator Renovation Duluth Campus**

The committee reviewed a proposed project to replace and upgrade the elevator components and system in the Chemistry Building on the Duluth campus. Estimated cost of the project was reported to be \$163,000, with funding provided from the UMD Repair and Replacement fund. Estimated completion is August 1994.

#### **REAL ESTATE TRANSACTIONS**

##### **Acquisition by Eminent Domain of Portion of Vacated 19th Avenue Southeast, Minneapolis, Twin Cities Campus**

A motion was made and seconded to recommend approval of the following resolution relating to the acquisition by eminent domain of land at 19th Avenue Southeast:

RESOLVED, that on the recommendation of the President and the Senior Vice President for Finance and Operations, the appropriate administrative officers are authorized to commence eminent domain proceedings for the purpose of acquiring fee

simple absolute title to, and possession of, prior to the making of any award by the court-appointed commissioners and as soon as may be allowed by law, the following-described property:

That part of Lots 5 and 6, Block 2, St. Anthony City, according to the plat thereof on file and of record in the office of the County Recorder in and for Hennepin County, Minnesota, described as follows:

Commencing at a point on the northeasterly line of University Avenue Southeast in the City of Minneapolis where the southeasterly line of Nineteenth Avenue Southeast, if extended southwesterly, would intersect said northeasterly line of University Avenue Southeast; thence northeasterly along said southeasterly line of Nineteenth Avenue Southeast extended to the northerly line of said Lot 5; thence westerly along the northerly lines of said Lots 5 and 6 to a point where northwesterly line of Nineteenth Avenue Southeast, if extended southwesterly, would intersect the northerly line of said Lot 6; thence southwesterly along said northwesterly line of Nineteenth Avenue Southeast extended to the northeasterly line of University Avenue Southeast; thence southeasterly along the northeasterly line of University Avenue Southeast to the point of beginning.

Together with that part of Nineteenth Avenue southeast located between Subdivision of Block "H" of Tuttle's Addition to St. Anthony and Block "I" of Tuttle's Addition to St. Anthony, according to the respective plats thereof on file and of record in the office of the County Recorder in and for Hennepin County, Minnesota, described as follows:

Commencing at northeasterly corner of Lot 10, Subdivision of Block "H" of Tuttle's Addition to St. Anthony; thence southwesterly along the southeasterly side line of said Lot 10 a distance of 65.1 feet to the point of beginning of the parcel to be described; thence southeasterly at a right angle 40 feet more or less to the center line of Nineteenth Avenue Southeast; thence southwesterly along the center line of Nineteenth Avenue Southeast to the northerly line of Lot 6, Block 2, St. Anthony City; thence westerly along the northerly line of said Lot 6, Block 2, St. Anthony City to southeasterly side line of said Lot 10; thence northeasterly along the southeasterly side line of said Lot 10 to the point of beginning.

The committee voted unanimously to recommend approval of the resolution.



**Five-Year Lease to Agricultural Utilization Research Institute,  
Southern Experiment Station, Waseca**

A motion was made and seconded to recommend approval of the following resolution relating to a five-year lease to the Agricultural Utilization Research Institute at the Southern Experiment Station in Waseca:

RESOLVED, that on the recommendation of the President and Senior Vice President for Finance and Operations, the appropriate administrative officers are authorized to execute a 5-year lease with the Agricultural Utilization Research Institute (AURI) for its use of space in the Southern Experiment Station Annex at the Southern Experiment Station, Waseca.

The committee voted unanimously to recommend approval of the resolution.

**REAL ESTATE TRANSACTION FOR REVIEW**

**Acquisition of Group Health Property at 2829 University Avenue Southeast,  
Minneapolis, Twin Cities Campus**

The committee reviewed a proposal for the acquisition of property at 2829 University Avenue SE that is currently owned by Group Health. It was reported that the property consists of a nine-story office building constructed in 1972 with an adjacent 317-car parking ramp, 17 surfaced parking spaces on site and a surfaced 77-car parking lot across Fourth Street SE. Group Health has indicated it will vacate the property by fall 1993, except the lower level computer facilities that it will leaseback for a five-year period. It was noted that appraisals of the property are in process.

Associate Vice President Hewitt noted that the property is subject to a purchase agreement to Ceridian Corporation which is marketing the property through Bayport Properties. He reported that Ceridian Corporation has until January 1994 to exercise that purchase agreement.

**REGENTS' POLICY ON EMINENT DOMAIN PROCEDURES**

The committee reviewed proposed changes to the Regents' Policy on Eminent Domain Procedures. Associate Vice President Hewitt reported that the revisions were presented as part of the regular review of Regents' policies and are intended to clarify language and make the policy current.

**TRANSFER OF OLD MAIN SITE AT UMD CAMPUS TO CITY OF DULUTH**

The committee reviewed a proposal to transfer the Old Main Site on the University of Minnesota, Duluth campus to the City of Duluth.

Vice Chancellor Fox reported that Old Main building burned on February 23, 1993 and the site has been restored to green space. He stated that the site is on the National Register and that the City of Duluth has expressed an interest in acquiring the site (approximately two acres) to be used as a neighborhood park. He stated that the administration at UMD recommends the sale of the property for \$1.00.

Regent Craig expressed concern about the maintenance of the park once it is turned over to the City. Associate Vice Chancellor stated that maintenance

concerns may be written into the contract. He added that the University would also like to have an opportunity to reclaim the property if the City no longer wishes to use it for a park.

The item will be on the agenda for action in May.

#### **INVENTORY OF SURPLUS REAL ESTATE**

Associate Vice President Hewitt described the process by which property owned by the University is designated surplus and the process followed to sell surplus property.

Ms. Susan Weinberg, Coordinator in the Real Estate Office, reviewed the updated report on the inventory of surplus real estate of the University of Minnesota.

In the discussion, Senior Vice President Erickson stated that the sale of surplus property has been a concern of the Regents for some time. He reported that the process for identifying and selling surplus property is currently under review, with the intention of moving toward a more aggressive program for the sale of surplus property.

Regent Roe stated that it is equally important to fully utilize the University facilities and to remember that the University facilities are public and do not belong to specific departments.

Regent Craig noted that this will be Regent Roe's last meeting. She thanked him for his leadership as Chair of the Facilities Committee.

Regent Kuderer noted that this will be his last meeting also, indicating that he wanted to acknowledge the work of Associate Vice President Hewitt, noting the credibility and dedication that he has contributed to the University of Minnesota.

The meeting adjourned at 10:45 a.m.

  
**BARBARA MUESING**  
Executive Director and  
Corporate Secretary

**UNIVERSITY OF MINNESOTA**

**BOARD OF REGENTS**

**Financial Operations & Legislative Committee**

**April 15, 1993**

A meeting of the Financial Operations & Legislative Committee of the Board of Regents was held on Thursday, April 15, 1993, at 11:00 a.m. in the Regents' Room, 238 Morrill Hall.

Regents present: Regent Wynia, Acting Chair; Regents Kuderer, Page, Rosha, and Sahlstrom.

Staff present: Senior Vice President Erickson; General Counsel Rotenberg; Associate Executive Director Janzen; and Associate Vice Presidents Paschke and Pfitzenreuter.

Student Representatives present: Courtney Jaren and Rachel Paulose.

**SENIOR VICE PRESIDENT'S MONTHLY REPORT**

Senior Vice President Erickson presented the Senior Vice President's Monthly Report for April 1993.

Senior Vice President Erickson called attention to two areas under evaluation for possible outsourcing of activities currently performed within the University. The areas that may be affected are laundry services at the University Hospitals and the University Libraries' relationship with the University Bindery. He noted that affected employees and bargaining units where appropriate have been informed of discussions that have taken place regarding these issues.

Senior Vice President also reported that a search will be conducted for the position of Controller. The position description is in the final stages of development.

He then called on Associate Vice President Paschke, who reported that the residents of University Grove are considering an expansion of eligibility for residents in the neighborhood because of difficulty in marketing the homes and the relatively small number of individuals that qualify to buy into the Grove. He reported that there has been no determination on how broad the expansion would be, however, there have been discussions that it might be extended to members of the Alumni Association. He further reported that expansion of eligibility would not change the ownership responsibility and that the University would still own the land.

The committee engaged in discussion, with Regents Page and Rosha expressing concern about the proposal. Regent Page stated that the issue had been discussed extensively two years ago and the residents had voted not to expand eligibility. Regent Rosha stated if eligibility were open to members of the Alumni Association, there would basically be no restrictions on who could buy

into the University Grove. In this case, the University may not want to have capital invested in the area.

Regent Kuderer disagreed, stating that he feels it would be in the best interests of the University to have a larger market base for the property.

In answer to a question, Mr. Paschke stated that the administration intended to honor the vote of the residents and unless it was the desire of the committee, the item would not be brought back to the committee.

Regent Rosha moved that administration bring the issue back to the committee before any change in eligibility is made. The motion was seconded.

The committee voted by a majority to recommend approval of the motion, with Regents Kuderer and Sahlstrom voting against the motion.

Chair Wynia asked Mr. Paschke to inform the residents of University Grove if the motion were to pass by the Board of Regents.

A motion was then 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.

#### **DEBT CAPACITY**

Associate Vice President Paschke and Mr. John Ferris, a representative of the Asset and Debt Management Advisory Committee and retired Chief Financial Officer of Super Valu, presented a review of the University debt capacity.

Mr. Paschke presented background information, indicating that during the past year concerns have been raised regarding the University's capacity to assume responsibility for additional debt. Through the use of visual aids, Mr. Paschke reviewed the issue, explaining the definition of debt capacity, types of bonded debt, components of debt capacity for public higher education issuers, and major financial factors influencing bond ratings. He reviewed the University of Minnesota's debt management objectives and the University's current status of outstanding debt.

Mr. Paschke reported that during the last 18 to 24 months, the University has committed, via University or State of Minnesota bonds, to the financing of a number of major capital projects, the effect of which will increase the University's total debt by nearly 60 percent. Mr. Paschke reported that he believes if the debt level to which the University is now committed is exceeded, the University's bond rating could be negatively impacted, and the ability to manage through a combination of low interest variable rate debt, fixed rate debt, and alternative structures could be greatly reduced. Therefore, after considerable study, Associate Vice President Paschke stated that the administration recommends that the University avoid a net increase in University bonding for projects beyond those to which it is already committed, and avoid new capital requests to the State of Minnesota for projects that require the University to assume responsibility for one-third of the debt service costs.

Mr. Ferris addressed the committee with further information on the issue, indicating that the Asset and Debt Management Advisory Committee is supportive of Mr. Paschke's recommendations.

The item will be on the agenda in May for action.

#### **ENDOWMENT MANAGER FOR INTERNATIONAL INVESTMENTS**

The committee reviewed a proposed resolution that would authorize the appropriate administrative officers to hire Marvin & Palmer Associates, Inc. as a fund manager primarily for international securities.

Associate Vice President Paschke provided information on Marvin & Palmer Associates, Inc., including its investment philosophy and process, information on the portfolio managers and performance. He reported that the University is familiar with the firm through an extensive search process conducted in 1992 for an international manager when the firm was selected as an international equity manager for the University of Minnesota Foundation.

The item will be on the agenda in May for action.

#### **DEBT RESTRUCTURING**

The committee reviewed a proposed resolution that would authorize the appropriate administrative officers to proceed with the cash defeasance of all or a portion of 1986A term bonds using the reserves of the University Hospital.

Associate Vice President Paschke provided background on the issue, indicating that the bonds were originally issued in 1982 to provide funds for the construction of the new University Hospital. The Hospital has full responsibility for debt service. He reported that a number of means for restructuring the term bonds have been examined in recent months to capture the benefits of significantly lower interest rates currently available in the bond market. The net present value savings to the University is expected to be approximately \$7 million. Mr. Paschke reviewed details of the cash defeasance and the new bond sale, adding that the appropriateness of this transaction has been reviewed with the University's bond counsel and the Asset and Debt Management Advisory Committee.

#### **LEGISLATIVE UPDATE**

Ms. Kathleen O'Brien, Associate to the President, and Mr. David Berg, Director of Management Planning and Information Services, presented an update on legislative activity.

Ms. O'Brien reported that Representative Phyllis Kahn, Chair of the Government Operations Committee, has authored a bill that would authorize continuity for state pension benefits for University steam plant employees. She reported that the administration learned this morning that Representative Kahn intends to link that bill with another bill she has authored that would prohibit the University's steam plant project from moving forward. Ms. O'Brien stated that it would be the University's position to remove support for the pension bill if it is linked with the bill to prohibit the steam plant project.

Information was distributed relating to the progress on bills currently under consideration. The Higher Education Appropriation bills are progressing quickly, with the session due to be completed on May 17. The House Bill is based on assumptions of a 3 percent tuition increase, no salary increase the first year.

and a 3 percent salary increase the second year. Dollars for inflationary supplies and equipment expenses are included for both years.

The Senate Bill proposes to freeze tuition and salary increases both years. Money included in the bill is tied up with quality initiatives that have a reporting requirement in 1995 and are additional dollars that could not be brought to the bargaining table. Passage of the Senate Bill would leave the University with a gap similar to the last session.

Ms. O'Brien reported that the Permanent University Fund bill adding two accounts for mineral and environmental research has moved forward positively and the data practices extension for the University's Foundation and foundations of other public systems has also moved forward positively.

Mr. Berg distributed a comparison of the proposed bills along with the Governor's revised recommendation, indicating that, of the three proposals, the University would support the House Bill in conference.

In answer to a question, Mr. Berg reported that the University of Minnesota has been treated uniformly with the other higher education systems in both bills.

The meeting adjourned at 12:15 p.m.

  
**BARBARA MUESING**  
**Executive Director &**  
**Corporate Secretary**

**UNIVERSITY OF MINNESOTA**

**BOARD OF REGENTS**

**Faculty, Staff and Student Affairs Committee**

**April 15, 1993**

A meeting of the Faculty, Staff and Student Affairs Committee of the Board of Regents was held on Thursday, April 15, 1993, at 8:40 a.m. in Room 300, Morrill Hall.

Regents present: Regent Sahlstrom, presiding; Regents Keffeler, Page, Perlman, Reagan, and Rosha.

Staff present: Chancellors Johnson and Sargeant; Senior Vice President Infante; Vice Presidents Hopkins and Hughes; General Counsel Rotenberg; Executive Director Muesing; Associate Provost Cabral; Associate Vice Presidents Barbatsis and Johnson.

Student Representatives present: Courtney Jaren and Rachel Paulose.

**SENIOR VICE PRESIDENT'S MONTHLY REPORT**

Senior Vice President Infante reviewed the report, which was included in the docket materials. He noted the following items which were included in the report:

- Status report on the search for a new Dean of the College of Pharmacy
- Appointment of search committee to identify candidates for the position of University Grievance Officer, pending adoption by the Board of the revised Regents' Policy on Grievance Procedure
- Establishment of a special committee to develop a Student Academic Complaint Policy
- The Vice Presidential Initiative to Improve the Climate for Women on the St. Paul Campus
- Recent awards provided through the "Strengthening Our Campus Community" Small Grants Program

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

Regent Perlman asked if outreach activities are being considered in the selection of a new Dean for the College of Pharmacy, and Dr. Infante stated that aspect is a particularly important consideration for that position.

Regent Sahlstrom commended Vice President Hughes on the "Strengthening Our Campus Community" Small Grants Program, and stated that he hopes the activities funded through that program will result in student loyalty to the University.

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

### **REGENTS' POLICY ON GRIEVANCE PROCEDURE**

Senior Vice President Infante presented the revised Regents' Policy on Grievance Procedure to the committee for adoption. He reported that two modifications to the policy were recommended by General Counsel Rotenberg and agreed to by Professor Mario Bognanno, Chair of the Faculty Consultative Committee (FCC) and Chair of the Grievance Committee. Dr. Bognanno stated that if the proposed policy is approved by the committee, he will discuss the modifications with the FCC prior to the Board of Regents' meeting.

Mr. Rotenberg stated that the work of the Grievance Committee has resulted in a faster, less costly mechanism for University employees who are not part of bargaining units to resolve grievances fairly in a way that protects the rights of everyone involved and hopefully avoids litigation.

A motion was made and seconded to adopt the revised Regents' Policy on Grievance Procedure.

A lengthy discussion ensued regarding Regent Perlman's concern about the financial impact of requiring employees to pay half the cost of arbitration, particularly with respect to student employees. Dr. Bognanno stated that the provision would apply to all employees, and noted that collective bargaining agreements also require that arbitration costs be shared equally. He discussed efforts to keep arbitration costs low, noting that the cost would be approximately \$3,000 per case.

Student Representative Jaren stated that the Graduate and Professional Student Association (GAPSA) is concerned about the impact of the proposal on student employees, and is considering establishing a pool of money to assist students. Dr. Bognanno disagreed with the suggestion that the Board should provide funds for this purpose. Mr. Rotenberg noted that although the majority of employment grievances will be resolved through the first three phases at no cost to the grievant, he would not object to employee groups establishing resource pools to assist individuals who proceed to arbitration. However, he suggested using a process whereby a business officer would determine whether or not continuing to arbitration is a good use of the resources in the pool.

Regent Perlman stated that the point is perception and fairness, and suggested that the Board should be kept informed about actions taken by employee groups after the policy is adopted. Regent Page noted that the potential financial impact of the policy is not just a student problem.

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

### **TUITION ISSUES**

Senior Vice President Infante led the discussion regarding tuition issues. He reported that a Tuition Advisory Council has been established on each campus to review tuition recommendations and to advise as tuition principles and the 1993-94 tuition plan are formulated. Dr. Infante stated that the presentation would focus on basic issues, and emphasized that no proposal is being made at this time.

Vice President Hopkins stated that the tuition principles and plan will be presented for review and approval over the next several months. She reviewed the



fundamental issues underlying the tuition policy, including the cost of higher education instruction; how higher education institutions are funded; how tuition is assessed; and how students pay for the cost of higher education, including the role of financial aid.

Dr. Hopkins stated that some basic questions about tuition relate to who should support public higher education, who benefits from public higher education, how the state funds higher education, and the relationship between financial aid and funding for higher education. She noted that financial aid helps students pay their tuition, but it does not benefit the institution. Dr. Hopkins emphasized that financial aid cannot be substituted for state support, and a discussion ensued regarding the relationship between financial aid and funding for higher education.

Dr. Hopkins discussed the University's current tuition policy, and reviewed the issues involved in setting tuition rates. She reviewed the following models that were developed to show the impact of various policy options on tuition rates while achieving the same level of tuition revenue as the current year:

- Model A - common undergraduate tuition rates
- Model B - cost-related variable tuition rates and elimination of tuition banding (banding would still be in effect at the University of Minnesota, Morris)
- Model C - same as Model B, except that the straight per-credit assessment at the undergraduate level (except UMM) is modified to include a 6-credit tuition floor so all undergraduate students would pay a 6-credit rate for 1-6 credits

Regent Sahlstrom expressed concern that students' opportunity for a broad education would be restricted by elimination of tuition banding. Dr. Hopkins stated that it is a complex issue, but she feels there are significant choices available through a normal baccalaureate curriculum and general education.

Regent Rosha stated that an advantage of tuition banding is that it encourages students to take more credits and graduate earlier, noting that banding enabled him to graduate in four years. Mr. Berg concurred, but noted that banding raises the posted price for everyone below the band. He stated that research shows there is an immediate effect after a change in the band, with a return to the same student behavior after several years.

Student Representative Paulose indicated that the student election ballot will include questions to gauge student opinion regarding tuition, and asked that the election results be considered as the principles are developed. In response to Ms. Paulose, Dr. Hopkins stated that the proposed tuition principles that will replace the current Regents' Policy on Tuition will be presented to the Board for review in May and adoption in June. She noted that the timing of the May 5-6 student election conflicts with deadlines for distribution of the proposed principles to the Board prior to the May meeting.

Regent Rosha expressed disappointment that the percentage of the overall cost that should be borne by tuition is not addressed, and raised a concern regarding the lack of opportunity for Regents' input in development of the principles. Regent Keffeler suggested that the principles address the University's pricing philosophy relative to the institutions with which it competes. Dr. Infante and Dr. Hopkins noted that the purpose of the presentation was to solicit Regents' input, and the principles will reflect the discussion.

Ms. Paulose expressed concerns regarding the inequities related to a common undergraduate tuition rate and situations where students in the same class can be paying different tuition rates. Dr. Hopkins noted that there are problems associated with the current system, and stated that the tuition principles will address those issues.

In response to Student Representative Jaren, Dr. Hopkins stated that a principle that better defines how the University considers competition could be developed to address the issue of escalating costs of graduate and professional education. Dr. Infante stated that the argument must be made regarding the purpose of public education at this level, noting that discussions must take place with those who are responsible for allocating funds for this purpose.

Dr. Infante stated he believes that over the next two years there will be an extensive review of the fundamental financing of education in Minnesota. As suggested in the tuition paper, it is important for the University to clarify principles and develop policies. In response to Regent Page, Dr. Infante stated that it would be appropriate for the University to take a leadership position in the state to convene discussions regarding those issues.

Following the discussion, Regent Sahlstrom thanked everyone who participated in the presentation and stated that the tuition principles will be presented for review at the May meeting. He urged the committee to direct further questions to the administration prior to that time.

The meeting adjourned at 10:35 a.m.

  
**BARBARA MUESING**  
Executive Director and  
Corporate Secretary

**UNIVERSITY OF MINNESOTA**

**BOARD OF REGENTS**

**Educational Planning and Policy Committee**

**April 15, 1993**

A meeting of the Educational Planning and Policy Committee of the Board of Regents was held on Thursday, April 15, 1993, at 10:50 a.m. in Room 300, Morrill Hall.

Regents present: Regent Craig, presiding; Regents Keffeler, Neel, Perlman, Reagan, and Roe.

Staff present: Chancellor Sargeant; Senior Vice President Infante; Vice Presidents Allen, Hopkins, and Petersen; Executive Director Muesing; Associate Provost Cabral.

Student Representatives present: Darius Casey and Andrew Kuehnel.

**SENIOR VICE PRESIDENT'S MONTHLY REPORT**

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

- Relative to offering bachelor degrees at the University of Minnesota, Crookston (UMC), the Higher Education Coordinating Board (HECB) approved program proposals to offer a Bachelor of Science, Agricultural Industries Sales and Management; Bachelor of Science, Animal Industries Management; Bachelor of Science, Plant Industries Management; and Bachelor of Science, Hotel, Restaurant, and Institutional Management
- Proposal by the University of Minnesota, Duluth (UMD) to offer the existing Criminology major (B.A. degree) at the Mesabi Community College to provide access to "2+2" programming to students on the Iron Range
- Proposed name change of the Master of Science and Ph.D. degree program in Veterinary Microbiology to Veterinary Pathobiology and absorption of graduate programs in Veterinary Parasitology and Veterinary Pathology within the renamed program, resulting in a streamlining of efforts in this area
- Proposal to establish a strategic alliance between the University of Minnesota and The William C. Norris Institute, whereby the Institute could become a component of the University over a three-year transition period
- Report on projects funded by the Center for Urban and Regional Affairs (CURA) through the All-University Council on Aging Faculty Seed Grants Program

- The Medical School is among 26 medical programs selected nationally to launch the Women's Health Initiative, a 15-year, \$625 million study of the major causes of death and disability in women

In response to an issue raised by Regent Craig, Dr. Infante stated that degrees resulting from "2+2" programs are from the University.

Regent Perlman noted that because there is no connection between Ceridian Corporation and The William C. Norris Institute, he has no conflict of interest regarding this issue. Committee members expressed a number of concerns regarding the proposed alliance with The William C. Norris Institute. Dr. Infante responded to the issues raised, and stated that the proposal will be clarified and presented for approval at a future meeting. A motion was made and seconded, and the committee voted unanimously to remove the proposal regarding The William C. Norris Institute from the Senior Vice President's Monthly Report.

Regents Keffeler and Craig expressed enthusiastic support for the Women's Health Initiative, stating it is a community-oriented program that is serving the needs of women.

Regent Reagan noted the successful placement of graduates from the program in Industrial Studies at the University of Minnesota, Duluth, and he urged the administration to address the problems associated with that program.

A motion was made and seconded, and the committee voted unanimously to recommend approval of the Senior Vice President's Monthly Report, excluding the proposal regarding The William C. Norris Institute.

**MODIFIED RESOLUTION ESTABLISHING APPLIED, CAREER-ORIENTED  
PROGRAMS AND BENCHMARKS FOR EVALUATION AT THE  
UNIVERSITY OF MINNESOTA, CROOKSTON**

Senior Vice President Infante presented a modified resolution regarding the establishment of applied, career-oriented programs and benchmarks for evaluation at the University of Minnesota, Crookston (UMC). Dr. Infante and Donald Sargeant, UMC Chancellor, reported that the Higher Education Coordinating Board (HECB) approved four of the proposed programs. It was noted that the eight remaining programs were discussed with HECB staff and State University System representatives, and the proposed resolution reflects the recommendations regarding the remaining programs that the HECB staff will present to its Board for approval.

In light of the changes in the proposal, Regent Keffeler asked Chancellor Sargeant if the financial projections are realistic, appropriately conservative, and achievable, and if he is reasonably confident that the financial benchmarks can be met. Dr. Sargeant stated that the financial benchmarks are realistic and can be met, and he does not feel the changes will hamper UMC's ability to move ahead with the proposal.

Regent Neel stated that the UMC proposal originally approved by the Regents has been compromised, and it must be made clear to the HECB that those changes will make it more difficult to meet the benchmarks. Chancellor Sargeant concurred with Regent Neel, but stated that in his opinion it is a viable proposal that can be achieved. He noted that the proposal will be reviewed in response to trends in enrollment and tuition, and any necessary adjustments will be made to meet the five-year benchmarks. Dr. Infante noted that the benchmarks also have been adjusted, stating that he and President Hasselmo feel the proposal is realistic and it is the right direction for the University at this time.

In response to Regent Craig, Chancellor Sargeant discussed progress towards establishing cooperative and collaborative relationships with other institutions and units within the University.

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

WHEREAS, the value of the University of Minnesota to the citizens of the state is greatly enhanced by providing applied undergraduate baccalaureate degrees and applied research, and the Regents of the University of Minnesota have directed the University of Minnesota, Crookston (UMC) to provide selected baccalaureate degrees in agriculture, business, environmental sciences, human resource development, and appropriate interdisciplinary studies; and

WHEREAS, the Regents of the University of Minnesota adopted a resolution on March 12, 1993, directing "*that the UM-Crookston baccalaureate programs be modified to focus and sharpen the following programs in a manner more consistent with the mission of the institution;*" and

WHEREAS, through additional discussions with others in higher education, issues were raised about perceptions of program duplication for the Bachelor of Science, Small Business and Entrepreneurship, the extent of student interest in majors in Health Management and Technical Communication, and ways to serve better the needs of students interested in Agricultural Aviation; and

WHEREAS, the UM-Crookston baccalaureate programs have been modified in the following manner to accomplish the above objectives:

- To rename the Bachelor of Science in Small Business Management and Entrepreneurship as Bachelor of Science in Applied Management;
- To change the Bachelor of Science in Agricultural Aviation from a major to a minor (Plant Industries Management);
- To change the Bachelor of Science in Technical Communication from a major to a minor (Applied Interdisciplinary Studies);
- To change the Bachelor of Science in Health Management from a major to a minor (Applied Management);

NOW, THEREFORE, BE IT RESOLVED, that the Board of Regents of the University of Minnesota approves the following 11 applied, career-oriented baccalaureate programs for the University of Minnesota, Crookston, and directs the administration to forward these programs to the Minnesota Higher Education Coordinating Board:

**For Careers in the Food and Fiber Industry**  
Minor in Agricultural Aviation  
Agricultural Industries Sales and Management  
Animal Industries Management  
    Emphasis: Dairy Management  
    Emphasis: Equine Management  
    Emphasis: Meat Animal Management

Environmental and Natural Resource Management  
Emphasis: Soil & Water Technology  
Emphasis: Natural Resource Management  
Emphasis: Park Management  
Plant Industries Management  
Emphasis: Agronomy  
Emphasis: Horticulture

**For Careers in Small Business and Entrepreneurship**

Applied Management  
Emphasis: General Business  
Emphasis: Information Management Systems  
Emphasis: Retail Merchandising

**For Careers in Selected Service Industries**

Minor in Health Management  
Hotel/Restaurant/Institutional Management

**For Career Advancement in Technical and Applied Technology**

Applied Interdisciplinary Studies  
Environmental and Processing Technology  
Emphasis: Food & Fiber Processing  
Emphasis: Applied Science Technology  
Emphasis: Waste Management  
Minor in Technical Communication

BE IT FURTHER RESOLVED, that the Board of Regents supports collaboration between the University of Minnesota, Crookston and Bemidji State University to propose the Bachelor of Science, Early Childhood Program Management as a joint degree program of the two institutions and supports efforts by Bemidji State University to seek Pre-Kindergarten Licensure for students enrolled in the joint degree program in Early Childhood Program Management.

BE IT FURTHER RESOLVED, that the Board of Regents encourages collaboration between the University of Minnesota, Crookston and Bemidji State University to enable Bemidji to propose a major in accounting at the Crookston site.

BE IT FURTHER RESOLVED, that the existing Associate of Science and Associate of Applied Science degree programs at the University of Minnesota, Crookston be continued, pending annual review of student enrollment, employment demand, cost, and collaboration opportunities for each program.

BE IT FURTHER RESOLVED, that following review by the Minnesota Higher Education Coordinating Board, the UMC baccalaureate programs be presented for the usual consideration by the Board of Regents, in the context of continuing review of the University's financial situation.

BE IT FURTHER RESOLVED, that the Board of Regents establishes the following benchmarks for evaluation:

### **Enrollment and Retention**

- FYE enrollment increased by approximately 9% each year to 1,200 FYE by 1997-98.
- Headcount enrollment increased by approximately 3% each year to attain 1,538 by 1997-98.
- Approximately 425 new high school admits and 75 transfer students enrolled annually by 1997-98.
- Student retention rates of 60% freshmen to sophomore, 50% to junior, and 40% to senior status respectively by 1997-98.
- 90% of graduates seeking employment are employed in career-related fields within one year of graduation.

### **Quality Programs and Services**

- North Central accreditation as a baccalaureate institution by Fall 1993.
- Academic program improvement audit committees established by Fall 1993 to review programs and courses on a three-year cycle.
- Learner outcomes established for all courses and programs by Fall 1994 and multiple measurements implemented by Fall 1995.
- Structured field experiences/internships required in all programs and completed by 75% of students by their senior year by 1997-98.

### **Collaborative Partnerships**

- UMC cooperative AAS programs with technical colleges expanded to serve more than 500 technical college students annually by 1997-98.
- Cooperative agreements established to receive/deliver a total of 50 courses annually within the University, Bemidji State University, Moorhead State University, the University of North Dakota, North Dakota State University, and Concordia by 1997-98.
- Six joint faculty appointments created between UMC and the colleges within the University and neighboring institutions by 1997-98.
- Bemidji State University, Moorhead State University, and the University of Minnesota, Twin Cities will offer extended programs on the UMC campus by 1997-98.
- Fifteen business-contracted agreements annually with area employers for delivery of continuing education and outreach.
- Ten articulation program agreements established with technical and community colleges to insure appropriate transfer of student credits into UMC programs by 1997-98.

### **Incorporation of Technology**

- All faculty and students have computers, e-mail, and voice mail by 1997-98.
- Computer technology incorporated in all courses and documented in the college bulletin and course syllabi.
- Shared data bases, technology, and expertise with 10 employers as an integral part of the career programs.

### **Financial Accountability**

- Cost per FYE in constant dollars decreases by 19% from 1991-92 (\$8,448) to 1997-98 (\$6,828).
- Tuition income from additional students reaches approximately \$853,000 by 1997-98 and is used to support the additional needs for faculty, staff, supplies, equipment, technology, and telecommunication.

- Applied research funding which enhances rural economic viability increases to over \$1,000,000 annually by 1997-98.
- The programmatic changes are expected to be accomplished within the current amount of state-appropriated funds through 1997-98 augmented by tuition funds generated by UMC. However, UMC will not be excluded from budget adjustments, should the need for further budget cuts arise or opportunities for budget increases present themselves for the University as a whole.
- Any budgetary changes, contrary to these expectations will require Regents' approval.

Regent Keffeler expressed concern regarding Regent Neel's comments, and stated it is her understanding that the administration feels the proposal is viable and predicts success. Regent Neel stated he feels the adjustments have placed an additional burden on the Board and UMC to make the proposal succeed, and he wants the record clear regarding that point.

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

#### **TWIN CITIES HIGHER EDUCATION PARTNERSHIP**

Senior Vice President Infante led the discussion regarding progress by the Twin Cities Higher Education Partnership. He noted that no course or program proposals are being made at this time, stating that specific curricular proposals will be presented to the Board in the future prior to submission to the Higher Education Coordinating Board (HECB).

Associate Provost Cabral stated that collaboration and consultation are the keys to success of the initiative, and reported that there has been extensive interaction with representatives of the community and technical colleges. He noted that the consensus-building process has been positive, which will be followed by developing programs based on an institutional context and other issues.

Dr. Cabral stated that there is strong sentiment that this is the right direction for the University and that the land grant mission is well suited to this initiative, noting that the level of faculty interest has been encouraging. In order to ensure timely development of partnership initiatives, he indicated that a resolution will be presented for review in May and approval at the June meeting.

In response to Student Representative Kuehnel, Dr. Cabral discussed the internship options that will be available to students as part of this initiative and commented on accountability issues.

Regent Perlman spoke in support of programs that train people to enter the work force quickly, and he stated that the initiative is at the cutting edge of critical issues that must be addressed over the next decade in education.

Regent Reagan concurred with Regent Perlman's comments regarding the initiative. In view of this initiative and the UMC proposal, he suggested it would be appropriate to reconsider the status of the dental hygiene program which is currently being phased out at the University of Minnesota, Duluth (UMD). Dr. Infante responded, stating that the strategic planning process results in program decisions being made based on available resources and the University's capability to offer a program. He indicated that his understanding of the land grant mission is that it is appropriate for the University be involved in the arena of career-oriented activities.



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

**ACADEMIC REPORT SERIES:  
INSTITUTE OF AGRICULTURE, FORESTRY & HOME ECONOMICS**

The discussion regarding the Institute of Agriculture, Forestry & Home Economics was delayed until the May meeting due to time constraints.

The meeting adjourned at 12:05 p.m.

  
**BARBARA MUESING**  
Executive Director and  
Corporate Secretary

**UNIVERSITY OF MINNESOTA**

**BOARD OF REGENTS**

**Committee of the Whole**

**April 15, 1993**

A meeting of the Committee of the Whole of the Board of Regents was held on Thursday, April 15, 1993, at 2:00 p.m. in the Regents' Room, 238 Morrill Hall.

Regents present: Regent Kuderer, presiding; Regents Anderson, Craig, Keffeler, Neel, Page, Perlman, Reagan, Roe, Rosha, and Wynia. Regent Sahlstrom participated in the meeting via telephone.

Staff present: President Hasselmo; Chancellors Johnson and Sargeant; Senior Vice Presidents Erickson and Infante; Vice Presidents Allen, Anderson, Hopkins, and Petersen; General Counsel Rotenberg; Executive Director Muesing; Associate Executive Director Janzen; Associate Vice Presidents Paschke, Perlmutter, Pfitzenreuter, Robb, and Vikmanis.

Student Representative present: Rachel Paulose.

**UPDATE ON HEALTH SCIENCES ISSUES**

Senior Vice President Infante led the discussion regarding health sciences issues, including an update regarding the current review of the Medical School's private practice plan. He introduced Dr. Roby Thompson, Professor and Head of the Department of Orthopaedic Surgery, and stated they are working together to develop principles for modification of the private practice plan.

Regent Kuderer noted that the Board approved a resolution on January 8, 1993, which established benchmarks and guidelines for the development of a private practice policy statement. When the proposed policy is presented to the Board, he stated that those criteria will be considered to determine whether or not it should be adopted.

Dr. Thompson discussed the background and operation of the present private practice plan. He stated that patient care provides an educational model for Medical School students and faculty are entitled to compensation for those services, resulting in private practice revenue. He noted that the University of Minnesota Hospital & Clinic (UMHC) serves as the nucleus for patient care, and is also entitled to reimbursement for those services.

Since President Hasselmo's 1989 request that the Medical School review and modify its private practice plan, Dr. Thompson stated that work has been underway, with assistance from Health Sciences administration and the clinical departments, to establish principles and objectives for the future.

Regent Kuderer noted that Regent Sahlstrom was now participating in the meeting via telephone.

Dr. Thompson reviewed the sources of support for the Medical School. Using the Departments of Orthopaedic Surgery and Internal Medicine as examples, he illustrated that the revenue generated by private practice plans accounts for the largest share of the school's total resources.

Dr. Thompson discussed the new medical faculty governance organization, stating that it will be an effective way to move forward and respond to institutional needs in a corporate manner. He reviewed the key elements of the organization, noting that it will consist of a 24-member Board of Directors, including the Dean of the Medical School and the Hospital Director.

Dr. Thompson discussed elements of the proposed plan, and reviewed the flow of revenue from professional fees. He stated that the proposed system will meet the requirements of individual specialties, if it is perceived as fair and creates individual and departmental incentives, and if it allows individual faculty or units to benefit from good management of resources and surpluses for use in academic opportunities.

In summary, Dr. Thompson stated he believes that the essential elements of the revised practice plan will serve the University, its faculty, and the public. The plan will provide a viable clinical arm to the Medical School, provide a means to pay competitive salaries in order to recruit and retain outstanding physician faculty, and it will ensure the quality of the clinical activities that exist to teach medical students and conduct graduate medical education.

Dr. Infante stated that discussions are continuing, and he hopes to present the proposed principles to the Board for approval within the next two months in order to meet the Regents' July deadline. Regent Kuderer urged the Regents to raise any issues or concerns regarding the presentation at this time, because the issues discussed by Dr. Thompson will be the framework for development of the private practice plan.

In response to Regent Craig, Dr. Infante and Dr. Thompson discussed the issues of indirect cost recovery for use of University facilities and assets, the requirement that a percentage of practice plan revenue be contributed by each department to the Medical School Dean annually, and the Dean's responsibilities with respect to the practice plan. In response to Regent Keffeler, Dr. Thompson stated there has been no discussion about changing the practice of contributing to the Dean's fund.

Regent Kuderer raised a concern about continuing with a policy of non-disclosure of physician salaries, and asked how accountability can be achieved without disclosure and without permitting the University to audit the expenses that physicians claim are necessary to conduct their practice. He noted that other major medical institutions disclose physicians' salaries, resulting in increased accountability and credibility. Dr. Thompson stated that disclosure of physician salaries would be disruptive to department activities from a managerial point of view, since compensation of Medical School faculty is related to contributions other than practice income. He noted that the proposal includes a way to identify distribution of practice income that he believes would satisfy the needs of the University's administrative officers.

In response to Regent Perlman, Dr. Thompson discussed the governance structure that has been developed. He noted that the 24-member Board of Directors consists of the 18 clinical department heads and six at large members elected from the faculty. He concurred with Regent Perlman's assessment that under this structure, conflicts and questions that arise would be resolved at the level of the Vice President for Health Sciences. Regent Perlman stated that the issue of accountability must be addressed in the proposed plan by specifying responsibility in key areas, such as setting physicians' salaries and determining fairness.

In response to Regent Wynia, Dr. Thompson discussed the process for setting salary levels, noting that no change is being proposed under the new system. However, he stated that the proposal increases the ability of faculty to appeal what they consider an unjust salary. Regent Wynia suggested that a methodology be devised for setting salaries, and Dr. Thompson noted that the guidelines used to set salaries within each department include academic rank, length of service, and contributions to the department. Regent Wynia expressed concerns regarding the process and the ability to ensure fairness absent a definition of fairness and an opportunity for faculty to compare salaries with others in the department. Dr. Thompson stated that he feels public disclosure of faculty salaries would aggravate compensation arguments.

Regent Kuderer stated that the University should be able to audit and analyze private practice expenses, including fringe benefits, to ensure it is receiving a fair percentage of patient fees. Dr. Thompson indicated that one of the elements of the proposal is that a uniform fringe benefit package for each department would be approved by Health Sciences central administration.

Regent Keffeler stated that the University needs a good practice plan to have a competitive and qualified faculty and a robust Medical School and Hospital. She noted that while the proposal is focused in the right direction, she cannot judge whether or not it goes far enough until the specific principles are developed. Regent Keffeler spoke in support of establishing a more centralized system, stating that a fundamental principle is that practice plan activity must support the overall strategic direction of the Medical School. She stated that the plan should be more competitive, provide for more responsibility and accountability of the management team, and provide more disclosure, and suggested that local models be reviewed. When the recommendations are presented in July, Regent Keffeler stated that the Board must be able to compare the proposal with the best practices in terms of the competitive realities and accountability issues that all academic institutions are facing.

Regent Anderson commented on the excellent reputation of the Health Sciences, stating that he would like to see general principles developed that continue to permit genius, energy, and ability to flourish. He asked how the Board can help in this effort. Dr. Thompson stated that the opportunity to discuss the proposal has been helpful to define the Regents' concerns, and indicated that it will expedite resolution of those issues.

Regent Neel concurred that the Medical School is preeminent. He stated that the Board needs comparative information to make good decisions, and requested a comparison of the current plan and the proposed plan to plans at other institutions.

Regent Page noted that from her perspective, preeminence carries great responsibility. She stated that she expects greater leadership from the health sciences than from other areas of the University.

In response to Regent Wynia, Dr. Infante discussed the timetable for development of the proposed plan. Regent Kuderer noted that the Board's resolution provides that the proposed policy statement must be presented no later than July 9, 1993.

As a recent recipient of services from the Health Sciences, Regent Sahlstrom commented on the quality of care he received. He stated that staff reporting relationships, general accountability, and job descriptions are crucial issues that must be addressed in the proposed plan.

Following the discussion, Regent Kuderer stated that the issues raised by the Board are intended to assist as the administration creates a plan to meet the

requirements of the January resolution. He expressed appreciation to Dr. Infante and Dr. Thompson for the presentation.

### **MEDICAL SCHOOL MANAGEMENT REVIEW**

Senior Vice President Infante led the discussion regarding an update on the Medical School management review. He reviewed the structure of the Medical School Management Review Project Team and noted the selection of an Internal Advisory Committee, which is being chaired by Dr. Roberto Heros of the Department of Neurosurgery. He noted that an External Advisory Group is also being established.

Dr. Infante reviewed a list of medical schools which have been selected for purposes of comparison, and summarized the review activities which have been conducted. He introduced David Brainer and Ed Eshbach from Deloitte & Touche.

Mr. Brainer reported that interviews with a broad range of people have resulted in identification of key issues to be addressed. He distributed a summary of the key issues, stating that a detailed work plan will be developed around these subject areas. Mr. Brainer discussed additional plans for consultation with groups within the Medical School, and stated that meetings have been scheduled with representatives from other medical schools to gain an understanding of practices elsewhere.

In response to Regent Perlman, Mr. Brainer stated that the findings and recommendations regarding management of clinical practice will be coordinated with those of the committee that is now developing the long-term direction for that area. Dr. Infante concurred that Deloitte & Touche staff will be a source of information for him regarding this issue.

Regent Neel expressed concern about limiting internal committee membership to senior faculty members, stating it is important to receive input from a broad spectrum of people. He spoke in support of the plan to interview junior faculty, residents, and medical students.

Regent Wynia expressed concern that funds allocated for the management review of the Medical School will not be well spent if there is not a perception, as well as a reality, of independence of the review. She has heard that people are reluctant to be open with comments in interviews, and she feels the perception of the independence of the management review is compromised because the Internal Advisory Committee is composed of senior faculty of the Medical School and three senior Health Sciences administrators are members of the Project Steering Committee. Dr. Infante stated that he has tried to minimize that perception by attending interviews and designating a member of his staff to help with communication that comes directly to him during this process. Regent Wynia stated that the fact that project interviews are being scheduled out of the office of a senior Health Sciences administrator illustrates her point, and Regent Kuderer concurred.

In response to Regent Craig, Dr. Infante discussed the proposed membership of the External Advisory Group. Regent Craig suggested that health care managers, professionals, or physicians who contribute to the University as clinical members of the faculty should also be included in the process.

Regent Neel concurred with the issues raised by Regents Wynia and Craig, and stated that his confidence has been shaken in Deloitte & Touche. He stated that providing an opportunity for many people to participate in the review process can result in an important turning point for Health Sciences and it can build morale.

Dr. Infante responded to an issue raised by Regent Rosha, stating that he believes the management review will result in the initiation of a process within the Medical School that will bring about very desirable changes. In response to Regent Rosha's concerns regarding perceptions regarding the independence of the review, Dr. Infante indicated that the consultants work for him and he believes that the Board and President look upon him as being accountable for this operation. Mr. Brainer noted that Deloitte & Touche has conducted the same review process in many organizations with similar issues, and he hopes the Board will have confidence with the process and with the level of independence. He noted that they are determining who will be interviewed, and emphasized that the responses will not be attributed to specific individuals.

Regent Reagan suggested that creating an internal committee consisting of untenured faculty members would broaden input into the process and increase the Board's comfort with the process.

Regent Perlman reiterated his concern regarding the priorities of the review, and suggested that Deloitte & Touche sharpen the focus of the review on the major issues of concern to the University.

In response to Regent Keffeler, President Hasselmo stated he believes the review process will be productive and that it will result in honest opinions and solutions, because extraordinary incentives exist at all levels. However, he acknowledged the power of perception, and stated that he will review ways to ensure independence.

Following the discussion, Regent Kuderer expressed appreciation for the presentation and productive discussion.

#### **ANNUAL REPORT OF THE MINNESOTA SUPERCOMPUTER CENTER**

Senior Vice President Infante led the discussion regarding the Annual Report of the Minnesota Supercomputer Center, and introduced Stephen Pflaum, Chair of the Board of the Center. He noted that discussions are currently underway regarding the future direction of the Center, stating that internal discussions have not concluded and no recommendations are being made at this time.

Mr. Pflaum reviewed the Annual Report, noting the five-year financial summary. He stated for the record that during that period the Center's revenues doubled from \$12 million to \$25 million, the net income increased from \$116,000 to approximately \$2 million per year, and the stockholders' equity increased from \$5 million to \$8.6 million.

Mr. Pflaum indicated that the quantity of computing services provided to the University doubled in 1991-92 largely by the use of the Cray XMP computer. He noted equipment acquisitions and reported on activities of the Center, which illustrate its importance as a resource to the University and the state. He reported that the Center's Board has been addressing service issues related to the interface of the management of the Center and individual University users.

Mr. Pflaum discussed the Center's current financial status, stating that the Center is expected to end the fiscal year with income of approximately \$2 million. He reviewed the factors that may affect the Center's profitability in the future.

In response to Regent Perlman, Mr. Pflaum stated that KPMG Peat Marwick audits the Center and the audited financial statements have been released on a case-by-case basis to protect the proprietary nature of the documents. He noted that the issue of providing complete financial statements to the Board of Regents on a confidential basis has been discussed, and he indicated that the Regents individually

and collectively have preferred not to have information that cannot be discussed publicly. Regent Keffeler stated that she is not aware of any position the Board has taken on that issue. Regent Kuderer noted that when he decided it would not be appropriate to appoint a Regent to the Center's Board, it was due to a conflict of interest and not a data privacy issue.

Regent Neel concurred with the recollections of Regents Kuderer and Keffeler, and stated he previously suggested that the financial information should be reviewed by the officers of the Board of Regents. Mr. Pflaum stated that process is acceptable to the Center's Board.

Regent Kuderer expressed appreciation to Mr. Pflaum for his presentation, and noted that the report was received and filed. Mr. Erickson introduced John Sell, President and Chief Executive Officer of the Center. In response to Regent Kuderer, Mr. Erickson noted that he is chairing a committee that will make an administrative recommendation to the Board of Regents regarding the University's position on the Center. President Hasselmo stated he expects the recommendations pertaining to the issue of ownership of the Center will be presented to the Board at the May or June meeting.

### **INSTITUTIONAL STRATEGIC PLANNING**

President Hasselmo introduced the discussion regarding institutional strategic planning. He noted that this very important issue will be discussed on a regular basis.

Senior Vice President Infante stated that the University faces a number of external pressures, and reviewed the factors which complicate the University's ability to respond to those pressures. As a result of this situation, Dr. Infante indicated that a strategic planning effort is being initiated that will define the University's mission and strategic course, and provide a foundation for a process that connects institutional priorities to resource allocations.

Dr. Infante discussed the objectives of the planning effort. He reviewed strategic and organizational issues that have been identified, including definition of the nature of the University's role in the metropolitan area and Rochester and determination of the appropriate ongoing process for strategic planning, budgeting, and funding cycles.

Dr. Infante reviewed the schedule of activities for the strategic planning effort, and noted that this decision-making process will have a bearing on the University's 1995 Biennial Request. He noted the participants in this effort, and reviewed the role of the Board of Regents. Dr. Infante introduced Wendy Murdock from McKinsey & Company, and President Hasselmo expressed appreciation for the pro bono consulting services that are being provided by the company.

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

**BE IT RESOLVED**, that the Board of Regents approves the Strategic Planning Effort as outlined in the materials presented April 15, 1993 in terms of:

- 1) the approach and scope of the effort,
- 2) the time frame and participants involved, and
- 3) the Board of Regents' role in the effort.

Regent Perlman commended the administration regarding the priorities contained in the document, and stated he is pleased that the role of the Regents was considered.

In response to Student Representative Paulose, Dr. Infante indicated that University faculty and student governance groups and various other groups will be asked to participate in this process. He emphasized that this will be an aggressive effort in order to meet the time schedule that has been established.

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

Regent Kuderer expressed appreciation to Dr. Infante for his presentation.

#### **ANNUAL REPORT ON THE UNDERGRADUATE INITIATIVE**

The discussion regarding the Annual Report on the Undergraduate Initiative was delayed until the May meeting due to time constraints.

The meeting adjourned at 4:50 p.m.

  
**BARBARA MUESING**  
Executive Director and  
Corporate Secretary



**UNIVERSITY OF MINNESOTA**

**BOARD OF REGENTS**

**Committee of the Whole**

**April 16, 1993**

A meeting of the Committee of the Whole of the Board of Regents was held on Friday, April 16, 1993, at 8:40 a.m. in the Regents' Room, 238 Morrill Hall.

Regents present: Regent Kuderer, presiding; Regents Anderson, Craig, Keffeler, Page, Perlman, Reagan, Roe, Rosha, Sahlstrom, and Wynia. Regent Neel participated in the meeting via telephone.

Staff present: President Hasselmo; Chancellor Johnson; Senior Vice Presidents Erickson and Infante; Vice Presidents Allen, Anderson, Hughes, and Petersen; General Counsel Rotenberg; Executive Director Muesing; Associate Executive Director Janzen; Associate Vice Presidents Barbatsis, Fischer, Johnson, and Pfutzenreuter.

Student Representative present: Rachel Paulose.

**HONORS COMMITTEE REPORT**

A motion was made and seconded to recommend approval of the Report of the All-University Honors Committee.

The committee voted unanimously to recommend approval of the report.

**ANNUAL REPORT OF THE MINNESOTA ALUMNI ASSOCIATION**

Regent Kuderer introduced Michael Unger and Margaret Carlson, President and Executive Director, respectively, of the Minnesota Alumni Association (MAA).

On behalf of University alumni, Mr. Unger expressed appreciation to Regents Kuderer and Roe for their tremendous service to the University. He stated that this has been a great year for the MAA, and he noted the following:

- Sponsorship of over 1,000 events across the country for Minnesota alumni, thanks to the efforts of MAA staff
- Congresswoman Patricia Schroeder will be the speaker at the MAA Annual Meeting on May 10
- Appointment of new Director of Mentoring Programs and an individual to build MAA's legislative network

Mr. Unger noted that the MAA took over funding for the Morse-Alumni Awards several years ago, with the intention of elevating the status of excellent classroom teaching within the University, and that effort has been successful. He indicated that

the scope and amount of the award has been increased, and noted that the MAA hopes to spur an endowment to continue the award in the future.

Mr. Unger stated that as he meets other alumni, he sees the tremendous impact of the University. He said this should be a source of pride for the Board of Regents.

Regent Kuderer stated that the MAA is a valuable asset to the University, noting that Mr. Unger is an excellent example of volunteer service. He invited the MAA to utilize the services of the Regents at alumni events that are planned around the state. Mr. Unger expressed appreciation for the Board's support.

Regent Sahlstrom expressed appreciation to Mr. Unger for his leadership, and to Ms. Carlson for her efforts with alumni chapters in greater Minnesota.

President Hasselmo stated that the University has benefited from Mr. Unger's leadership and energy through his service as a Regent and as President of the MAA, and thanked him for his continuing service.

Regent Kuderer noted that Regent Neel was connected by telephone, and the committee voted unanimously to allow him to participate in the meeting of the Committee of the Whole and the Board of Regents' meeting via telephone.

#### **UNIVERSITY OF MINNESOTA HOSPITAL & CLINIC BOARD OF GOVERNORS' GOVERNANCE RECOMMENDATIONS**

B. Kristine Johnson, Chair of the University of Minnesota Hospital & Clinic (UMHC) Board of Governors, led the discussion regarding proposed organizational changes and revisions to the Board of Governors' Bylaws. She introduced Michael Dougherty, Vice Chair, who also served on the Hospital Governance Committee.

In response to Regent Kuderer, Ms. Johnson discussed the proposal to eliminate the distinction between Hospital and University dominated employee classes, and the related revisions to the Board of Regents' Delegation of Authority: General Delegation. All non-represented employees would be covered by UMHC's personnel policies, and she noted that this change would affect approximately 450-500 UMHC employees. Ms. Johnson stated that there would be no impact on the way the University manages its labor relations.

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

WHEREAS, following the report of October 28, 1992 of the UMHC Governance Review Committee, and in recognition of the need for the special expertise and capability of the UMHC Board of Governors in fulfilling the mission and maintaining the financial integrity of UMHC, the Board of Regents adopted a revised Delegation of Authority to the UMHC Board of Governors, dated November 13, 1992; and

WHEREAS, the aforesaid report of the UMHC Governance Review Committee recommended that the Board of Governors review and report to the Board of Regents in regard to certain specific issues including the Board of Governors Bylaws and general organizational issues; and

WHEREAS, the Board of Governors has submitted to the Board of Regents a Final Report of the UMHC Board of Governors on Bylaws and Organizational Review (dated February 26, 1993), which report has been considered by the Board of Regents; and

WHEREAS, certain items in the report require action by the Board of Regents;

THEREFORE, BE IT RESOLVED, that the Board of Regents hereby approves the following:

1. That the Bylaws of the Board of Governors are approved as amended in regard to organizational matters, as set forth in attached Exhibit A, and that proceedings to nominate additional members to the Board of Governors, as set forth in the amended Bylaws, shall proceed forthwith.

2. That the revised Standards of Conduct for Members of the Board of Governors, attached as Exhibit D, is hereby approved.

3. That the distinction between Hospital and University dominated employee classes at the University Hospital & Clinic is hereby eliminated. Hereafter, Hospital employees' employment and compensation shall be governed by policies determined by the UMHC Board of Governors, subject to the terms of any applicable labor agreements negotiated under the Public Employment Labor Relations Act ("PELRA").

4. That in order to eliminate inconsistencies between the Board of Regents' Delegation of Authority to the Board of Governors, and the Board of Regents' Delegation of Authority: General Delegations ("Regents' General Delegations Policy"), and to clarify the delegation of authority regarding labor relations matters for Hospital and other University employees, a revised Regents' General Delegations Policy shall be adopted to delete any reference to UMHC and the Board of Governors, and to include new language delegating powers to the President and his/her designee as set forth in attached Exhibit F.

BE IT FURTHER RESOLVED, that the Board of Governors is hereby requested to establish a committee to study whether an alternative structuring of the corporate relationship between UMHC and the University of Minnesota is appropriate. This committee should include representation from the Board of Regents as well as the central administration of the University and physician faculty (among others), and should consider the relevant issues including, but not limited to, the furtherance of the mission of UMHC, financial, academic, programmatic, employee relations, and legal implications. To ensure that concerns of UMHC employees are addressed by the committee, a formal structure for gaining such input should be part of the committee process. The committee shall report its recommendations to the Board of Regents by December 1993.

Regent Roe presented the following amendment to the resolution, and the motion was seconded:

RESOLVED, that this committee will also analyze the relations of the University of Minnesota Hospital & Clinic (UMHC) with its doctors in comparison with UMHC's competitors, including Park Nicollet and Mayo Clinic, to determine the role of the current private practice plan system in contributing to UMHC's financial problems.

Regent Keffeler stated that she would support the spirit and substance of Regent Roe's proposal if it were within the context of the direction the Board has given to the President regarding the practice plan. Regent Roe concurred, with the understanding that it is an official request from the Board to the President, and Regent Kuderer noted that would require a separate resolution. The motion and second were withdrawn.

Ms. Johnson noted that the Board of Governors has requested an opportunity to review the practice plan and its impact on UMHC, which is consistent with the issue raised by Regent Roe. She stated she made a commitment to President Hasselmo that information regarding implications of the practice plan on UMHC will be shared with the Board and University administration.

In response to Regent Rosha, Ms. Johnson explained that a number of people serve on the Board of Governors by virtue of their positions as ex officio members with a vote.

Regent Wynia stated that an issue has been raised about whether or not the names and addresses of the people who serve on the Board of Governors are public information. Ms. Johnson stated that it is possible for people to communicate directly with the Board of Governors without going through Mr. Hart.

In response to Regent Roe, Mr. Hart stated that a notice of Board of Governors' meetings is published in local newspapers and the Minnesota Daily. In response to Regent Kuderer, General Counsel Rotenberg stated that the Board of Governors' meetings are covered by the state's open meeting law.

Regent Wynia noted that although she agrees with the provision in the resolution that calls for a study of the appropriate relationship between the Hospital and the University, it should not be interpreted as a signal that a plan should be developed for privatization. Ms. Johnson agreed with Regent Wynia's interpretation of the resolution, stating that there is a strong feeling on the Board of Governors that all options should be reviewed.

Regent Perlman concurred with Regent Wynia, and asked that discussions be scheduled with the Regents as the study progresses. Ms. Johnson stated that the committee will include representation from the Board of Regents, and noted that the full Board will be kept informed as the evaluation moves forward.

Regent Neel suggested consideration of the possibility of strengthening the relationship between UMHC and the University, stating that many institutions have benefited from this type of arrangement. Regent Kuderer concurred with Regent Neel's suggestion.

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

Regent Kuderer expressed appreciation to Ms. Johnson, Mr. Hart, and Vice President Anderson for their efforts.

Regent Roe moved approval of the following resolution, and the motion was seconded:

**RESOLVED**, that the Board of Regents directs the President to analyze the relations of the University of Minnesota Hospital & Clinic (UMHC) with its doctors in comparison with UMHC competitors, including but not limited to Park-Nicollet and the Mayo Clinic, to determine the role of the current private practice plan system in contributing to UMHC's financial problems, and present a report on this

matter to the Board of Regents at the same time as the private practice plan policy is presented, no later than July 1993.

Regent Neel suggested comparing private practice plans of traditional university centers in addition to the institutions specified in the resolution, noting that the Mayo Clinic does not have a private practice plan. Regent Keffeler concurred with Regent Neel's concern about proper comparisons, but noted that the key point is to analyze the impact on the competitive dynamic which may have nothing to do with whether or not an organization has a practice plan. Regent Anderson agreed with the interpretation, but stated it is important to do comparisons with both types of institutions.

The committee voted unanimously to recommend approval of the resolution.

### **BUDGET PROCESS PREVIEW**

Senior Vice President Erickson introduced the discussion, stating that the discussion was scheduled in response to the Board's request for an update regarding the budget process. He stated that this will be the first in a series of discussions regarding issues related to that process.

Associate Vice President Pfutzenreuter discussed resource allocation reform, which involves the whole budget process, including preliminary planning, income estimating, and the management of resources during the fiscal year. He reviewed the current status of the budget process, and stated that the administration will guide the process of setting University goals and objectives with a clearly articulated vision and subordinate the resource allocation process to that strategic plan.

Mr. Pfutzenreuter reviewed various budget models, and stated it is important to determine which model will appropriately translate the strategic plan into a resource allocation plan for the University. No matter what model is selected, he stated that the budget process should deliver an agreement on institutional tasks to be accomplished and sufficient resource allocations to complete those tasks successfully; appropriate authority and clear rules, roles, and responsibilities for completing the tasks; and a defined set of measurements and follow-up mechanisms to monitor progress.

Mr. Pfutzenreuter reviewed the first steps, which include defining the best budget model for the University, developing an annual budget cycle and integrating it into the strategic planning process, and focusing on improving budget management reports and the annual budget preparation process. He noted that there is a significant amount of work to be done, and stated that he hopes to present a progress report in July.

Regent Kuderer asked if the administration has considered changing the University's fiscal year to avoid the annual last-minute budget discussions following the legislative session. Mr. Erickson stated that in his judgment the issue is not one of needing to change the fiscal year, but needing to change the approach to the budgeting process. He indicated that the administration intends to begin the budget review cycle in the fall to provide sufficient opportunity for discussion by the Board regarding resource allocation issues.

In response to Student Representative Paulose, Mr. Erickson stated that the University is on the June fiscal year to be consistent with the State of Minnesota appropriation cycle. He noted that beginning the budget review cycle in the fall will provide ample opportunity for student participation in the process.

Regent Keffeler stated she is pleased with the report, and particularly with Mr. Pfutzenreuter's comments regarding what the budget process will deliver. Mr.

Pfutzenreuter concurred with Regent Keffeler about the importance of Board of Regents' involvement throughout the budget process to ensure that the Board's expectations are consistent with administrative plans.

Regent Perlman stated that the reports on institutional strategic planning and the budget process are very encouraging. He spoke in support of beginning the budget review process in the fall in order to provide opportunities for members of the University community to participate in the process.

President Hasselmo thanked Mr. Erickson and Mr. Pfutzenreuter for reporting on the budget process, stating that his agenda included developing an integrated planning and budgeting cycle. Following the discussion, Regent Kuderer expressed appreciation to Mr. Erickson and Mr. Pfutzenreuter for their presentation.

### **ANNUAL REPORTS OF THE ATHLETIC DIRECTORS**

McKinley Boston, Director of the Department of Men's Intercollegiate Athletics, presented his annual report. He reported on recent activities of his Department, including outreach and fundraising efforts. He stated that he anticipates the goals of the assured seating program will be met, and reported that the practice football facility has been renamed the Gibson-Nagurski Football Facility in recognition of a \$700,000 gift from George Gibson.

Dr. Boston reviewed the status of the Department's budget, and expressed concern regarding the \$2 million deficit inherited from the previous administration. He discussed plans to seek relief from revenue generated by the Governor's state sales tax rebate on gender equity if that proposal is approved.

Dr. Boston reported on the establishment of a policy on social misconduct, including sexual and physical violence, illegal use of drugs and alcohol, and illegal gambling. He stated that University legal counsel is currently reviewing the policy to ensure due process. Dr. Boston discussed efforts to establish an environment consistent with the mission for intercollegiate athletics, and stated that the coaching staff has responded favorably to this new direction.

Dr. Boston reported on the competitive and academic achievements of male student athletes, noting that in winter quarter 43 percent of all male student athletes had at least a 3.0 grade point average. With respect to the NCAA report on graduation rates, which indicated that the University of Minnesota is in last place in the Big 10, he noted that the University has shown a clear pattern over the last 10 years toward responsibility in that area.

Regent Anderson stated he is troubled by the graduation rates of student athletes, and asked Dr. Boston to provide the Board with graduation rates and grade point averages for each team. He stated that there should be significant improvement in this area next year, and asked if there is anything the Board or administration can do to help the Department meet this responsibility. Dr. Boston stated that the information requested is available for the period 1983-85. He believes programs are in place to help improve graduation rates, and stated that he has a goal to develop a value system that balances competition and academics.

In response to Regent Sahlstrom, Dr. Boston stated that the average timetable for graduation is six years.

Regent Roe noted that Coach Warmath told his football players that the University had made a commitment to them and they had to make a commitment to the University. He stated the importance of that two-way commitment must be stressed to

all student athletes. Regent Craig commended Dr. Boston for his efforts and vision, and stated that the issue of commitment to the institution should be emphasized during the recruiting process. Dr. Boston discussed the issue of commitment, noting that a new initiative has been created which requires student athletes to perform 10-15 hours of community service in order to earn a letter for this year.

Regent Rosha conveyed that the Department is heading in the right direction under Dr. Boston's leadership. He stated it is important to have high expectations with respect to graduation rates, and noted that Board is concerned and supportive.

In response to Regent Kuderer, Dr. Boston and Chris Voelz, Director of the Department of Women's Intercollegiate Athletics, discussed the impact of the expansion of the Big 10 Conference to include Penn State and commented on the possibility of further expansion of the conference. A brief discussion ensued regarding expansion, and President Hasselmo noted that restructuring of national intercollegiate athletics is currently underway and it is important for the Big 10 to maintain its national position. He stated that one of the reasons he voted in favor of adding Penn State was to try to ensure that the Big 10 is strong enough to retain its integrity and independence, since the conference has some rules that are different from the NCAA.

Ms. Voelz presented her annual report. She reported on the academic achievements of female student athletes, noting that in winter quarter 58 percent of all female student athletes had at least a 3.0 grade point average and 6 percent had a 4.0 average. She referred to a document entitled "Research Summary on University of Minnesota Students", noting that female student athletes have the highest graduation rates of all subgroups within the University. She stated she is pleased to be their director, and saluted the student athletes, coaches, and academic counselors who worked to make this happen.

Ms. Voelz stated that she initiated a Minority Task Force to increase minority representation and improve the environment for minorities in the Department. She indicated that the final report of the Task Force is due in June, and implementation of recommendations will begin thereafter.

Ms. Voelz reported on the competitive achievements of female student athletes, and stated that she is pleased by the increased interest in women's athletics. She reported that the NCAA Swimming and Diving Championships were recently held at the University Aquatic Center, and noted that promotional and marketing plans are being developed for women's events in the new sports facilities.

Ms. Voelz stated that she continues to be active on the NCAA Gender Equity Task Force, and reported on the activities of that group. She indicated that the Department recently received its second largest endowment from James Annenberg Levee, which is to be used for the tennis program. She noted that the Department received its largest endowment from Kathleen Ridder. Regent Kuderer noted that Ms. Ridder was present at the meeting, and he acknowledged her financial support and leadership and that of Stanley Hubbard with respect to the fundraising effort for the University's new athletic facilities.

Ms. Voelz reflected on the difficulties she has faced during the past year, and thanked Regent Kuderer for sustaining her original decision to release the former head and assistant gymnastic coaches for just cause. She stated the decision validated for her that the University expects honesty and accountability of its employees.

Ms. Voelz thanked the Regents for their service to the University and for allowing her to serve as Director of Women's Intercollegiate Athletics. She urged the Board to keep the men's and women's athletic departments separate, so that female student athletes will have their own voice until the world becomes a more fair and just place for

women. She reassured the Board of her continuing intent to grow and learn, and of her commitment to the mission of the University and to provide opportunities for women through athletics in higher education.

Committee members spoke in support of Ms. Voelz, and commended her for her efforts as Director of the department.

Student Representative Paulose noted the outstanding academic achievements of female student athletes, and commended Director Voelz for her leadership. In response to Ms. Paulose, Dr. Boston and Ms. Voelz discussed the academic support that their departments provide to student athletes.

Following the discussion, Regent Kuderer expressed appreciation to Directors Boston and Voelz for their reports.

The meeting adjourned at 11:10 a.m.

  
**BARBARA MUESING**  
Executive Director and  
Corporate Secretary



**UNIVERSITY OF MINNESOTA**

**BOARD OF REGENTS**

**April 16, 1993**

A meeting of the Board of Regents of the University of Minnesota was held on Friday, April 16, 1993, at 11:25 a.m. in the Regents' Room, 238 Morrill Hall.

Regents present: Anderson, Craig, Keffeler, Kuderer, Page, Perlman, Reagan, Roe, Rosh, Sahlstrom, and Wynia. Regent Neel participated by telephone. President Hasselmo presided.

Staff present: Chancellor Sargeant; Senior Vice Presidents Erickson and Infante; Vice Presidents Anderson, Hopkins, and Petersen; Executive Director Muesing; Associate Executive Director Janzen; and Associate Vice Presidents Fischer, Hewitt, Johnson, Markham, and Paschke.

**APPROVAL OF MINUTES**

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

Board of Regents - March 11, 1993  
Facilities Committee - March 11, 1993  
Financial Operations & Legislative Committee - March 11, 1993  
Faculty, Staff & Student Affairs Committee - March 11, 1993  
Educational Planning & Policy Committee - March 11, 1993  
Committee of the Whole - March 12, 1993  
Board of Regents - March 12, 1993

**REPORT OF THE PRESIDENT**

President Hasselmo presented his monthly report which pertained to the Medical School Management Review; Institutional Strategic Planning; Undergraduate Initiative; the University of Minnesota Solar Vehicle Project; Institute of Technology Week; Building Dedications; and Awards and Recognitions.

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

President Hasselmo noted that this is the last Board meeting for Regents Kuderer and Roe. President Hasselmo called on Student Representative Rachel Paulose, who presented awards on behalf of the Student Representatives and the entire student body to Regents Kuderer and Roe.

**REPORT OF THE CHAIR**

Chair Kuderer distributed a copy of the quarterly report on Regents' Policy Review, noting that the process for policy review is now structured and will be reported on a quarterly basis.

He reported on the appointment of the Board of Governors Nominating Committee per action of the previous Committee of the Whole meeting to expand the number of members. He announced that Regent Craig will chair the

committee, with Regents Rosha and Wynia serving as members. Consistent with the Board of Governors' Bylaws, the Chair of the Board of Governors and the Vice President for Health Sciences will serve ex officio. All Regents were encouraged to suggest individuals for consideration.

Chair Kuderer further recommended that Regents Keffeler and Reagan serve on the committee to study whether an alternative structuring of the corporate relationship between the University Hospital and the University is appropriate. He stated that this study was also one of the actions contained in the action approved by the Committee of the Whole.

Regents Roe and Kuderer then addressed the Board with parting comments regarding their tenure on the Board of Regents.

#### **RECEIVE AND FILE REPORTS**

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

#### **GIFTS**

Mr. Robert Hanle 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.

The Board of Regents voted unanimously to approve the gifts as presented.

#### **REPORT OF THE COMMITTEE OF THE WHOLE April 15, 1993**

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

- a) Approval of resolution re Strategic Planning Effort Recommendation, as follows:

BE IT RESOLVED, that the Board of Regents approves the Strategic Planning Effort as outlined in the materials presented April 15, 1993 in terms of:

- 1) the approach and scope of the effort,
- 2) the time frame and participants involved, and
- 3) the Board of Regents' role in the effort.

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

Chair Kuderer reported that the committee also engaged in extensive discussions relating to an update on Health Sciences issues and the Medical School Management Review. The Annual Report of the Supercomputer Center

was also presented. The annual report on the Undergraduate Initiative was delayed until May due to time constraints.

**REPORT OF THE COMMITTEE OF THE WHOLE**  
**April 16, 1993**

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

- a) Approval of resolution re Honors Committee Report, as follows:

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

Documentation is filed supplement to the minutes, No. 22,322.

- b) Approval of resolution re University of Minnesota Hospital & Clinic (UMHC) Board of Governors' Governance, as follows:

WHEREAS, following the report of October 28, 1992 of the UMHC Governance Review Committee, and in recognition of the need for the special expertise and capability of the UMHC Board of Governors in fulfilling the mission and maintaining the financial integrity of UMHC, the Board of Regents adopted a revised Delegation of Authority to the UMHC Board of Governors, dated November 13, 1992; and

WHEREAS, the aforesaid report of the UMHC Governance Review Committee recommended that the Board of Governors review and report to the Board of Regents in regard to certain specific issues including the Board of Governors Bylaws and general organizational issues; and

WHEREAS, the Board of Governors has submitted to the Board of Regents a Final Report of the UMHC Board of Governors on Bylaws and Organizational Review (dated February 26, 1993), which report has been considered by the Board of Regents; and

WHEREAS, certain items in the report require action by the Board of Regents;

THEREFORE, BE IT RESOLVED, that the Board of Regents hereby approves the following;

1. That the Bylaws of the Board of Governors are approved as amended in regard to organizational matters, as set forth in attached Exhibit A, and that proceedings to nominate additional members to the Board of Governors, as set forth in the amended Bylaws, shall proceed forthwith.
2. That the revised Standards of Conduct for Members of the Board of Governors, attached as Exhibit D, is hereby approved.
3. That the distinction between Hospital and University dominated employee classes at the University Hospital & Clinic is hereby eliminated. Hereafter, Hospital employees' employment and compensation shall be

governed by policies determined by the UMHC Board of Governors, subject to the terms of any applicable labor agreements negotiated under the Public Employment Labor Relations Act ("PELRA").

4. That in order to eliminate inconsistencies between the Board of Regents' Delegation of Authority to the Board of Governors, and the Board of Regents' Delegation of Authority: General Delegations ("Regents' General Delegations Policy"), and to clarify the delegation of authority regarding labor relations matters for Hospital and other University employees, a revised Regents' General Delegations Policy shall be adopted to delete any reference to UMHC and the Board of Governors, and to include new language delegating powers to the President and his/her designee as set forth in attached Exhibit F.

BE IT FURTHER RESOLVED, that the Board of Governors is hereby requested to establish a committee to study whether an alternative structuring of the corporate relationship between UMHC and the University of Minnesota is appropriate. This committee should include representation from the Board of Regents as well as the central administration of the University and physician faculty (among others), and should consider the relevant issues including, but not limited to, the furtherance of the mission of UMHC, financial, academic, programmatic, employee relations, and legal implications. To ensure that concerns of UMHC employees are addressed by the committee, a formal structure for gaining such input should be part of the committee process. The committee shall report its recommendations to the Board of Regents by December 1993.

#### **REGENTS' POLICY ON DELEGATION OF AUTHORITY GENERAL DELEGATIONS**

RESOLVED, that the Regents of the University of Minnesota hereby delegate the following authority to the corporate officers and officers and employees of the University of Minnesota as hereinafter listed:

##### **Corporate Officers**

The president, or chair or vice chair, and the secretary, or the treasurer of the Regents of the University of Minnesota are hereby authorized and empowered to execute all contracts, deeds, powers of attorney, releases, assignments, satisfactions of mortgages, and all other documents and instruments relating to real and personal property transactions and certificates of indebtedness, and all other transactions or duties customarily devolving upon said officers of the corporation.

President, Senior Vice President for Finance and  
Operations, Treasurer, or Controller

The president and his/her designee are hereby authorized and empowered to establish the position of the University

regarding all representation, collective bargaining and dispute resolution issues involving unions, including those representing Hospital employees in any University-wide bargaining units established under the Public Employee Labor Relations Act ("PELRA"), and shall consult with the UMHC Board of Governors and appropriate Hospital officials relative to issues affecting Hospital employees, provided, however, that pursuant to the Board of Regents' Policy on Board Operation and Agenda Guidelines, the Regents shall approve all labor agreements, and negotiating parameters shall be reviewed with the Chair of the Board of Regents before and during the negotiating process.

The president, the senior vice president for finance and operations, the treasurer, or the controller are each hereby authorized and empowered, on behalf of the Regents of the University of Minnesota, to:

1. Execute all contracts, agreements, and all other documents and instruments relating to research, training and public service programs with the Government of the United States, or its agencies or subdivisions, and with nonfederal sponsors.
  - a) This authority is also extended to: the associate vice president of the Office of Research and Technology Transfer Administration; the director of patents and licensing, and the assistant directors, of the Office of Research and Technology Transfer Administration.
2. Submit proposals for research, development, service and training contracts, subcontracts, and grants and execute same.
  - a) This authority is also extended to: the associate vice president of the Office of Research and Technology Transfer Administration; the director of patents and licensing; the assistant directors of the Office of Research & Technology Transfer Administration; and the chancellor, vice chancellor for finance and operations, assistant to the vice chancellor for finance and operations, and director of the Business Office, vice chancellor for academic administration, and associate vice chancellor for academic administration of the University of Minnesota, Duluth.
3. Accept gifts offered without unusual conditions or restrictions.
4. Accept low bids, within available funds, for the construction of University facilities.
  - a) This authority is also extended to the assistant vice president for facilities management.

5. Negotiate and consummate real estate transactions within policies established by the Board of Regents.
6. Designate and commission architects, engineers, and consultants as needed for University purposes.
  - a) This authority is also extended to the associate vice president for facilities management and the associate vice president for campus planning and real estate for activities related to that function.
  - b) The authority to retain consultants other than architects and engineers for University services is extended to the assistant vice president of business services and director of purchasing services.
  - c) The authority to retain consultants other than architects and engineers for University services not exceeding \$25,000 is extended to the chancellors and the provost of the Twin Cities campus, and the associate vice president of the Office of Research & Technology Transfer Administration.
  - d) The authority to retain consultants other than architects and engineers for University services not exceeding \$2,000 is extended to the deans of all University colleges and equivalent administrative officers.
7. Execute contracts, agreements, and all other instruments relating to:
  - a) New building construction, building and equipment alterations, and improvements.
    - 1) This authority is also extended to the assistant vice president for facilities management.
  - b) Purchase, sale and lease of supplies, goods, furniture, fixtures and equipment.
    - 1) The authority to purchase equipment and supplies is also extended to the assistant vice president of business services and director of purchasing services.
  - c) Trusts, gifts, grants, bequests and donations and the correct assignments of such.
  - d) Intercollegiate athletics.
  - e) Lease and rental of equipment and facilities for University purposes.
    - 1) The authority to lease and rent equipment for University purposes is also extended to

the assistant vice president of business services and director of purchasing services.

- f) Fringe benefit program for University employees. The authority to execute administrative documents required for the operation of the fringe benefit programs is extended to the assistant director for employee benefits, the employee benefits operations manager, and the employee benefits program manager.
- g) Corporate liability and property insurance.
- h) Patents, trademarks, service marks, copyrights and other means of protection as provided for in the Regents' Patent and Technology Transfer Policy and applications therefore; licenses, assignments and transfers of patents, service marks, trademarks, copyrights and other means of protection as provided for in the Regents' Patent and Technology Transfer Policy and payment of legal services relating thereto.
  - 1) This authority is also extended to: the associate vice president of the Office of Research and Technology Transfer Administration; and the director of patents and licensing.
- i) Student teaching and school survey agreements.
- j) Institutional memberships.
- k) Health sciences affiliation agreements.
- l) The performance of experimental, developmental, or research work without formal advertising or solicitation of competitive bids - all such agreements to be reported to the Board of Regents.
- m) Real estate lease for periods not exceeding three years.
  - 1) This authority is also extended to the University attorney, the general counsel and the associate vice president for campus planning and real estate.

Senior Vice President for Finance and Operations  
Treasurer, or Controller

- 1. Adjustments of the level of deposits among the various banks from time to time to meet the need of the operations of the University, with the understanding that no bank depository heretofore established by the regents will be closed without specific action of the Board.

2. Approval of payment of small claims against the University.
  - a) This authority is also extended to the chancellors and provost of the Twin Cities campus.
3. The correct assignment and transfer of gift funds made to the University of Minnesota to the appropriate foundation or group so that the intended purpose of the donor is achieved.

**Senior Vice President for Finance and Operations  
and his/her designee**

1. Solely responsible for the acquisition of property, casualty, and liability insurance coverages for the University of Minnesota, and approval to obtain insurance to augment the University's insurance be granted only if the acquisition of such coverage is in the best interests of the University.

**Secretary**

The secretary to the Regents of the University of Minnesota is hereby authorized and empowered to:

1. Accept legal service on behalf of the corporation and of the University.
  - a) This authority is also extended to the University attorney and the general counsel.
2. Certify to any action of the board or its committees, the identity, appointment, and authority of the officers of the corporation or of the University, and the provisions of the corporation's Bylaws and policies and excerpts from the minutes of the Board of Regents.

This policy supersedes the following Delegation of Authority policies: Approval of Late Payrolls, Travel & Small Claims, adopted April 11, 1975; Account Deposit Flexibility, adopted April 10, 1970; Administrative Officers; adopted March 9, 1973; Transfer of University Funds to Foundations, Alumni Association or Other Similar Organizations, adopted March 12, 1976; and the Delegation of Authority, adopted August 9, 1979.

Titles modified in November 1991 and January 1993 pursuant to Regents' Policy on Policies adopted March 8, 1991.

A copy of the Board of Governors' revised Bylaws is filed supplement to the minutes, No. 22,323.

- c) Approval of resolution re Study of University of Minnesota Hospital & Clinic (UMHC) Financial Matters, as follows:



RESOLVED, that the Board of Regents directs the President to analyze the relations of the UMHC with its doctors in comparison with UMHC competitors, including but not limited to Park-Nicollet and the Mayo Clinic, to determine the role of the current private practice plan system in contributing to UMHC's financial problems, and present a report on this matter to the Board of Regents at the same time as the private practice plan policy is presented, no later than July 1993.

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

Chair Kuderer reported that the committee also received the Annual Report of the Minnesota Alumni Association, a review of the budget process, and the annual reports of the Intercollegiate Athletic Directors.

#### **REPORT OF THE FACILITIES COMMITTEE**

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

- a) Approval of the Senior Vice President's Monthly Facilities Report which included reports pertaining to purchasing, project status, property accounting, and miscellaneous items as presented in the docket material and filed in the Regents' Office.
- b) Approval of resolution regarding projects previously submitted for review, as follows:

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

1. Bailey Hall Lounge Window Replacement Project  
Twin Cities Campus  
Estimated cost of the project: \$165,000  
Funding: Housing Services Deferred Maintenance  
Estimated completion date: August 1993
  2. Hockey Arena, Scope Increase, (Including Remodeling Bierman Building Vacated Ticket Office Space)  
Twin Cities Campus  
Original estimated cost of the project: \$20,135,000  
Scope Increase: \$416,400  
Total estimated cost of the project: \$20,551,400  
Funding for increase: Revenue Supported Bond Program;  
Parking and Other Project Contingency Funds  
Estimated completion date: August 1993
- c) Approval of resolution re Preservation of the Memorial Arch, as follows:

WHEREAS, the Board of Regents of the University of Minnesota, on April 10, 1987, has approved the University's Long Range Sports Facilities Plan for the development of sports and athletic facilities, and

WHEREAS, the Regents, on January 8, 1988, approved the construction of the Recreational Sports and Swim Center on the football field of Memorial Stadium, and

WHEREAS, the Regents, on March 11, 1988, authorized the administration to proceed with the demolition of Memorial Stadium, and

WHEREAS, the March 11, 1988 Regents' resolution directed that the University preserve an appropriate memorial of the present stadium to state "In Memory of the Sons and Daughters of the University of Minnesota who served in the Wars of the Republic," as is so stated on the arch of the entrance, and

WHEREAS, the Class of 1942 in commemoration of their 50th year class reunion, raised funds for the preservation of the arch,

THEREFORE, BE IT RESOLVED, that the Board of Regents of the University of Minnesota approves the design concept for the reconstruction of the Memorial Arch on an appropriate site with landscaping that recalls the footprint of the stadium and authorizes construction of Phase I for \$100,000.

d) Approval of resolutions re Real Estate Transactions previously reviewed, as follows:

1. Acquisition By Eminent Domain of Portion of Vacated 19th Avenue Southeast, Minneapolis

RESOLVED, that on the recommendation of the President and the Senior Vice President for Finance and Operations, the appropriate administrative officers are authorized to commence eminent domain proceedings for the purpose of acquiring fee simple absolute title to, and possession of, prior to the making of any award by the court-appointed commissioners and as soon as may be allowed by law, the following-described property:

That part of Lots 5 and 6, Block 2, St. Anthony City, according to the plat thereof on file and of record in the office of the County Recorder in and for Hennepin County, Minnesota, described as follows:

Commencing at a point on the northeasterly line of University Avenue Southeast in the City of Minneapolis where the southeasterly line of Nineteenth Avenue Southeast, if extended southwesterly, would intersect said northeasterly line of University Avenue Southeast; thence northeasterly along said

southeasterly line of Nineteenth Avenue Southeast extended to the northerly line of said Lot 5; thence westerly along the northerly lines of said Lots 5 and 6 to a point where northwesterly line of Nineteenth Avenue Southeast, if extended southwesterly, would intersect the northerly line of said Lot 6; thence southwesterly along said northwesterly line of Nineteenth Avenue Southeast extended to the northeasterly line of University Avenue Southeast; thence southeasterly along the northeasterly line of University Avenue Southeast to the point of beginning.

Together with that part of Nineteenth Avenue southeast located between Subdivision of Block "H" of Tuttle's Addition to St. Anthony and Block "I" of Tuttle's Addition to St. Anthony, according to the respective plats thereof on file and of record in the office of the County Recorder in and for Hennepin County, Minnesota, described as follows:

Commencing at northeasterly corner of Lot 10, Subdivision of Block "H" of Tuttle's Addition to St. Anthony; thence southwesterly along the southeasterly side line of said Lot 10 a distance of 65.1 feet to the point of beginning of the parcel to be described; thence southeasterly at a right angle 40 feet more or less to the center line of Nineteenth Avenue Southeast; thence southwesterly along the center line of Nineteenth Avenue Southeast to the northerly line of Lot 6, Block 2, St. Anthony City; thence westerly along the northerly line of said Lot 6, Block 2, St. Anthony City to southeasterly side line of said Lot 10; thence northeasterly along the southeasterly side line of said Lot 10 to the point of beginning.

2. Five-Year Lease to Agricultural Utilization Research Institute, 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 a 5-year lease with the Agricultural

Utilization Research Institute & AURI) for its use of space in the Southern Experiment Station Annex at the Southern Experiment Station, Waseca.

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

Regent Roe reported that the committee also reviewed a proposal for renovation of the Chemistry Building elevator on the Duluth campus and a proposal for the acquisition of Group Health property at 2829 University Avenue Southeast in Minneapolis. The committee also reviewed proposed revisions to the Regents' Policy on Eminent Domain Procedures and a proposal for the transfer of the Old Main site on the UMD campus to the City of Duluth. Chair Roe reported that Associate Vice President Hewitt also presented information on the inventory of surplus real estate.

#### **REPORT OF THE FINANCIAL OPERATIONS & LEGISLATIVE 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 Financial Operations and Legislative Report including accounts receivable, central reserves, debt management, and miscellaneous items as presented in the docket material and filed in the Regents' Office.

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

Chair Wynia reported that the committee also voted by majority to recommend a motion to require that any changes in eligibility for residency in the University Grove be brought back to the Board of Regents. Chair Wynia moved the motion and it was seconded.

Regent Kuderer spoke against the motion, reiterating his comments from the committee that he feels it would be in the best interest of the University to have a larger market base for the property.

Regent Rosha spoke in favor of the motion, stating that this resolution does not restrict the Board from abiding by the wishes of the University Grove residents, however, as owner of the property, it would be in the best interest of the University for the decision to be reviewed before a change is made.

The Board of Regents voted by a majority of 9 to 3 to approve the recommendation of the Financial Operations & Legislative Committee, with Regents Kuderer, Neel, and Sahlstrom voting against the motion.

Chair Wynia reported that the committee also reviewed information regarding debt capacity for the University of Minnesota; reviewed a recommendation for an endowment manager for international investments; and reviewed a proposal for debt restructuring. A legislative update was also provided.

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

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

- a) Approval of the Senior Vice President's Monthly Faculty, Staff & Student Affairs Report as presented in the docket material.
- b) Approval of resolution re Regents' Policy on Grievance Procedure, as follows:

RESOLVED, on the recommendation of the President, the Senior Vice President for Academic Affairs, and the Senior Vice President for Finance and Operations, the proposed Regents' Policy on Grievance Procedure is hereby adopted.

**GRIEVANCE PROCEDURE**

**I. Purpose**

The University of Minnesota Grievance Policy ("UGP") is an internal University process for the good faith review and resolution of employment grievances filed by employees of the University, including faculty, academic professional and administrative staff, civil service staff and student employees. This policy does not cover employees of the University of Minnesota Hospital and Clinic ("UMHC"), and employees in bargaining units represented by labor organizations.

The UGP does not, and is not intended to, create any legal rights for faculty members, students, staff, or other persons, and is not part of any contract between the University and its employees or any other individual. The substantive rights of employees, to the extent they exist and may be grieved, are established in other University rules, regulations, policies, and practices. However, the UGP may itself be the subject of a grievance. Nothing in the UGP is intended to limit the University's right to manage and direct its workforce and operations, including the University's right to adopt or alter any rule, regulation, policy or practice. An employee who chooses to proceed to Phase IV arbitration shall be required to sign a waiver which, at that point, shall create contractual obligations between the University and the employee. The Phase IV arbitration award is the only feature of this policy which is legally final and binding on both the University and the employee.

The intent of the UGP is to create an internal method for addressing grievances, and the policy is subject to change from time to time.

## **II. Scope of Grievance Policy**

### **A. Parties**

A grievance may be filed by one or more faculty, academic professional and administrative, civil service or non-academic or academic student employees, except employees represented by a labor organization and UMHC employees. The person(s) filing the grievance is the grievant.

The respondent is the University of Minnesota. The respondent's representative at each phase of the process is identified in this policy. A grievance may not be directed against another employee as an individual.

### **B. Subject Matter**

A grievance must allege a violation of a specific University rule, regulation, policy or practice pertaining to the employment relationship between the grievant and the University. This includes the terms of the grievant's employment contract, alleged violations of this grievance policy, and discipline.

Discretionary actions, such as salary adjustments and performance evaluations, may not be grieved, except to determine (1) whether the discretionary action was made in accordance with relevant University rules, regulations, policies, practices, procedures, or criteria; and (2) whether the action constitutes a clear abuse of discretion.

Complaints involving promotion, denial of tenure, suspension or removal of a regular faculty member, or allegations of denial of academic freedom relating to teaching and research are not grievances under this policy.

Such claims are governed by procedures contained in the "Regulations Concerning Faculty Tenure," including Section 15.1.

Student claims not relating to the employment relationship, including but not limited to admission decisions, academic standing, grades, and cheating, are not grievable under this policy. Such claims are governed by procedures provided by the appropriate college, campus or academic division.

Complaints alleging sexual harassment and academic misconduct are not grievances under this policy. Such claims shall be referred to the appropriate office for investigation and review. Discipline imposed on any employee, except

employees represented by a labor organization or UMHC employees, including discipline imposed as a result of sexual harassment and academic misconduct proceedings, is a grievance under this policy.

Any complaint alleging discrimination in the employment relationship, other than sexual harassment, may be filed either under this policy or with the Office of Equal Opportunity and Affirmative Action ("Office"), but not both. If the complaint is filed with the Office, the complaining party will not be entitled to any review under this policy. Respondents who are disciplined as a result of employment related discrimination complaints initially filed with the Office may subsequently grieve the discipline under this policy.

The Director of the Office shall appoint a representative to serve as an ex-officio, non-voting advisor to a Phase III panel hearing any complaint alleging discrimination which has not been investigated and reviewed by the Office.

### **III. Administration**

#### **A. University Grievance Officer**

The University Grievance Officer ("UGO"), and any necessary additional staff, shall be appointed by the President after consultation with the Grievance Advisory Committee. The UGO will:

1. Review each complaint to make an advisory determination whether the complaining party is covered by this policy, and whether the complaint is a grievance within the scope of the UGP. The UGO may provide counseling to complainants regarding appropriate procedures, and shall direct all complainants and complaints which are not "grievances" under this UGP to the correct forum.
2. Forward all disputes regarding the appropriate University representative to the Senior Vice President for Academic Affairs for a final disposition.
3. Administer the UGP process, including scheduling all meetings, receiving and forwarding all documents, and chairing the Phase I and II, as necessary, meeting(s).
4. Mediate as requested by the parties.
5. Prepare an annual report to include a summary of issues grieved and the

decisions, which shall be published in the University Senate docket, and which shall be delivered to the Office of the Board of Regents, President, Grievance Advisory Committee, Faculty Consultative Committee, Academic Staff Advisory Committee, Civil Service Committee, and Student Consultative Committee. The report must include a summary (prepared to protect the identity of individual grievants) of those instances in which the Senior Vice President for Academic Affairs has declined to accept the recommendations of a Phase III hearing panel.

**B. Senior Vice President for Academic Affairs**

The Senior Vice President for Academic Affairs shall have the final authority to determine the appropriate respondent's representative. The Senior Vice President for Academic Affairs will also designate the appropriate vice presidential areas and the responsible vice presidents (or equivalent officers, such as chancellors or vice-provosts). These decisions may not be contested in proceedings under the UGP.

**C. University Grievance Board and Hearing Officers' Panel**

The University Grievance Board is a board of peer representatives able to serve on Phase III hearing panels. It shall consist of at least five University employees from each of the following categories: faculty, academic professional and administrative staff, civil service staff, non-academic student employees, and academic student employees. Faculty representatives shall be appointed by the Senate Committee on Faculty Affairs, academic professional and administrative representatives by the Academic Staff Advisory Committee, civil service representatives by the Civil Service Committee, non-academic and academic student employee representatives by the Student Senate Committee on Committees. The appointees in each category should be from broadly varied backgrounds, and should receive staggered two year terms.

The Hearing Officers' Panel is a separate group of employees designated and trained to serve as hearing officers. The Hearing Officers' Panel shall consist of five (5) University employees from each of the following categories: faculty, academic professional and administrative staff, and civil service staff. The Senate Committee on Faculty Affairs, Academic Staff Advisory Committee and Civil Service Committee shall each prepare a list



of ten (10) University employees from the respective categories. The President may ask for more names from the committee. The President shall appoint from each list five (5) employees to serve on the Hearing Officers' Panel for staggered three year terms. The UGO or an appropriate designee shall train all hearing officers for service as Phase III presiding officers.

**D. Grievance Advisory Committee**

The Grievance Advisory Committee will consist of one (1) member appointed by each of the following groups: The Senate Committee on Faculty Affairs, the Academic Staff Advisory Committee, the Civil Service Committee, the Student Senate Committee on Committees, a chair appointed by the Senate Consultative Committee, and two (2) administrative representatives appointed by the President. Appointments may be for terms of up to two (2) years.

The Grievance Advisory Committee will advise the President regarding the selection of the UGO, the UGO's performance, and the operation of the UGP. The Committee has no role in the disposition of individual grievances.

The Grievance Advisory Committee will undertake a thorough review of the functioning of this policy every five (5) years and report its findings and recommendations to the President and University Senate. The first review shall commence on September 16, 1998.

**IV. Grievance Procedure**

**A. Initiating a Grievance**

A grievance is initiated by filing a written statement of the grievance with the office of the UGO within thirty (30) work days after (a) the action being grieved occurred or commenced; or (b) the grievant received notice or had knowledge of the action being grieved, whichever is later. An alleged grievance will not be acted upon unless filed within the specified time, unless there are compelling reasons for delay.

The written grievance must identify:

1. the person(s) grieving and his/her employment status;
2. the action being grieved;
3. the specific University rule, regulation, policy, or practice pertaining to

employment, or provision of grievant's employment contract, alleged to have been violated;

4. the person(s) responsible for the action, if known, and the unit; and
5. a proposed remedy which is within the authority of the University to grant.

The UGO shall forward a copy of the grievance to the person(s) responsible for the action if identified, and if not, to the unit administrator, within five (5) work days after the grievance is filed.

**B. Phase I - Informal Meeting**

The purpose of the Phase I meeting is to facilitate grievance resolution through informal discussion and negotiation between the parties. The parties in this phase are the grievant and the administrator responsible for the action which is grieved.

The UGO shall set an informal meeting with the grievant, the respondent, and the UGO within ten (10) work days from the date the grievance was filed, unless there are compelling reasons for delay.

The UGO shall chair this meeting and explain the grievance process including relevant time limitations. The UGO should facilitate communication of information between the parties, and may make settlement recommendations as appropriate. Such recommendations shall be made solely to assist the parties in reaching a speedy and fair resolution.

By express mutual consent of the parties, the Phase I meetings may be continued for a specified period of time to enable the parties to consider a proposed resolution. Absent express mutual consent, the Phase I meeting shall be deemed to conclude when the parties leave the meeting.

Within five (5) work days of the conclusion of the Phase I meeting, the Phase I University representative shall submit a written answer to the grievance to the UGO and the grievant. If the grievant chooses to proceed to Phase II, the grievant must submit a written notice of intent to proceed to the UGO and the respondent within five (5) work days after the date the grievant received the Phase I written answer, unless there are compelling reasons for delay.

C. Phase II - Meeting with Supervisor

The purpose of the Phase II meeting is to facilitate grievance resolution by informing and involving higher University administration. The parties are the grievant and the supervisor of the Phase I University representative or his/her designee.

The UGO shall set a meeting within ten (10) work days from the date of the UGO's receipt of the grievant's notice of intent to proceed, unless there are compelling reasons for delay.

The meeting shall be attended by the grievant and an appropriate supervisor(s) of the Phase I University representative. The Phase I University representative may appear at the request of the supervisor. The vice president for the unit in which the grievant is employed shall be notified by the UGO of the Phase II meeting, and has the authority to designate the appropriate supervisor(s) to attend this meeting.

The UGO shall chair the meeting and explain the grievance process including relevant time limitations. If all parties agree, the UGO may continue to serve as a mediator in a settlement facilitating role.

The Phase II meetings may be continued for a specified period of time to enable the parties to consider a proposed resolution by express mutual consent of the parties. Absent express mutual consent, the Phase II meeting shall be deemed to conclude when the parties leave the meeting.

Within ten (10) work days after the Phase II meeting concludes, the Phase II University representative must submit a supplemental written response to the grievance to the UGO and the grievant. Any jurisdictional challenges must be included in the supplemental response, if not already raised in the initial response.

If the grievant is not satisfied with the supplemental response, the grievant must deliver a written notice of intent to proceed to Phase III to the UGO and the Phase II University representative within ten (10) work days after receipt of the Phase II supplemental response, unless there are compelling reasons for delay. The grievant may amend the grievance by delivering a written amendment with the notice of intent to proceed.

If the grievant amends the grievance, the Phase I or II representative may file a written response to any new issues within ten (10) days of receipt of the amended grievance.

D. Phase III - Panel Hearing

The purpose of Phase III is to provide an internal evidentiary hearing by a three person panel. The parties are the grievant and the vice president for the unit (or the President if the unit reports directly to the President). The vice president (or, if applicable, the President) may designate a representative to act on behalf of the University.

The UGO shall convene the Phase III hearing panel. The panel shall consist of one member of the University Grievance Board chosen by the grievant, one designee of the vice-president of the unit in which the grievant is employed (or by the President, if the unit reports directly to the President), and one hearing officer from the Hearing Officers' Panel. The UGO shall select a hearing officer of the same employee category (faculty, academic professional and administrative, or civil service) as the grievant. If the grievant is a student employee, the hearing officer shall be from the faculty, academic professional and administrative or civil service employee categories as determined by the student grievant. No panelist shall have a direct interest in the grievance.

The grievant and the vice-president's designee shall inform the UGO of their selections within five (5) work days after delivery of the intent to proceed to Phase III. The UGO shall promptly convey the names of the three panel members to all parties.

The grievant and the University representative each have the right to peremptorily challenge the person selected as hearing officer by the UGO within five (5) work days of receipt of notice of the selection. The UGO will then select another hearing officer from the Hearing Officers' Panel. There is no further right to peremptory challenges.

The UGO shall schedule the Phase III hearing within thirty (30) work days from the date of the UGO's receipt of the grievant's notice of intent to proceed, unless there are compelling reasons for delay.

The hearing officer will direct the course of the Phase III hearing. After the Phase III hearing, the panel shall prepare a decision consisting of a statement of the issues, contentions of the parties, findings of fact, opinion and award, if any. A majority of the panelists is required to reach a decision. The decision shall be issued within thirty (30) work days of the close of the record, and

shall be signed by the panel members concurring in it. The decision shall be sent to the UGO, who shall promptly distribute it to the parties and to the Senior Vice President for Academic Affairs.

If the Phase III panel decision is favorable to the grievant, the University will implement it, unless the Senior Vice President for Academic Affairs delivers a written notice to the UGO and the grievant within ten (10) work days of the receipt of the Phase III panel's decision stating that the decision is not acceptable and the reasons why it is not acceptable. In this event, the grievant may request Phase IV arbitration.

If the decision of the Phase III panel is not favorable to the grievant, the grievant may choose to proceed to Phase IV arbitration. If the Phase III decision is not acceptable to the University, or if it is not favorable to the grievant, the grievant must deliver a written notice of intent to proceed to Phase IV to the UGO and the Phase III University representative within ten (10) work days after the grievant received the Phase III hearing panel decision or the Senior Vice President's notice, whichever occurred last, unless there are compelling reasons for delay.

If the grievant chooses to proceed to arbitration, the grievant shall sign an acknowledgment of his/her voluntary choice to proceed to binding arbitration to resolve the grievance and/or discovery dispute, and shall waive and release all rights to pursue substantially the same claim in any other forum.

E. Phase IV - Arbitration

The purpose of Phase IV is to provide an opportunity for the parties to voluntarily engage in final and binding arbitration of a discovery dispute by a neutral arbitrator and of the grievance by a three person panel. The representative parties are the grievant and the President or his/her designee.

The UGO shall convene the arbitration panel. The panel shall be chaired by a neutral arbitrator who shall direct the course of the Phase IV hearing. The UGO shall obtain a list of five (5) arbitrators from the State of Minnesota Bureau of Mediation Services. In cases involving faculty or academic professional and administrative staff, the Bureau of Mediation Services shall randomly select the names from a roster of no fewer than twenty-five (25) non-Minnesota resident members of the National Academy of Arbitrators holding either tenured faculty rank or emeritus status in a

university located in the United States, other than the state of Minnesota. In cases involving civil service or student employees, the Bureau shall randomly select the names from its own roster of grievance arbitrators. Within ten (10) work days of receiving the list, the grievant and University representative shall alternate in striking names from the list until a single arbitrator's name remains. The party to strike first shall be determined by the toss of a coin.

In addition to the arbitrator, the panel shall consist of a University Grievance Board member selected by the grievant, and a designee of the vice president of the unit in which the grievant is employed. These panelists may, but need not be, the same persons who served on the Phase III panel. The parties shall inform the UGO of their panel member selections within five (5) work days of receipt of the list of arbitrators.

The UGO shall notify the panel members of their selection, and shall coordinate scheduling of the arbitration hearing.

The neutral arbitrator shall conduct all preliminary hearings required to reach final decisions in discovery disputes over access to documents and information.

The panel shall issue a decision within thirty (30) work days from the date of the close of the record. A decision shall be made by a majority of the panelists. The decision shall be in writing, and shall include a statement of the issues, contentions of the parties, findings of facts, and opinion and award, if any. The decision shall be sent to the UGO, who shall distribute it to the parties promptly. The decision is legally binding.

The grievant and the University shall each be responsible for one-half of the arbitrator's fees and expenses. There will be no charge for participation by the other representatives on the Phase IV panel. The parties shall be responsible for their own expenses.

**V. General Rules**

**A. Time Limits**

A work day is defined for purposes of this policy as a day the University is open, but does not include weekends and holidays. Compelling reasons for delay include days on which the employee was not on the payroll of the University, or was on authorized vacation or leave, except for determining the initial filing deadline.

When the grievant fails to file or process a grievance within the time limits set forth above, unless there are compelling reasons for the delay, the grievance shall be deemed to have been waived. At each phase in the grievance procedure the parties may agree to waive the time limits, or to skip any phase, by express mutual consent.

The University representative's failure to produce the requisite written responses following the close of Phase I, Phase II and Phase III sessions shall not limit the grievant's rights to appeal to the next relevant phase of the process.

**B. Due Process**

All parties have the right to be present throughout all Phase III and Phase IV proceedings, to submit evidence, and to cross-examine adverse witnesses. The rules of evidence used in courts of law shall not apply. In cases not involving the imposition of discipline, the grievant has the burden of demonstrating the violation of University rule, regulation, policy or practice. In cases in which discipline has been imposed, the respondent has the burden of demonstrating the violation of University rule, regulation, policy or practice and the appropriateness of the sanction.

**C. Discovery**

**1. Duty to provide discovery**

Parties shall comply with all reasonable requests for information relevant to the grievance, provided such disclosure is consistent with law. Hearing officers and neutral arbitrators have no authority to require disclosure of information which is inconsistent with any law, particularly the Minnesota Government Data Practices Act and the Federal Educational Rights and Privacy Act. In order to comply with confidentiality obligations of the University, a party and panel members may be required by the University, at its sole discretion, to sign and abide by a confidentiality agreement before certain information may be released for the limited purpose of a grievance hearing.

**2. Discovery contests at Phase II**

If the parties cannot resolve a dispute over access to documents or information, the UGO shall refer the matter to the hearing officer for a preliminary hearing for the

limited purpose of resolving the discovery dispute. The hearing officer may confer with the UGO regarding guidelines for access to documents or information. The hearing officer shall issue a decision within five (5) work days after the close of the record, and deliver copies of the discovery decision to the UGO and to the parties.

- a. If the hearing officer's discovery decision is not challenged within five (5) work days after its receipt, the UGO shall promptly schedule a Phase III hearing.
- b. If either the University representative or the grievant objects to the hearing officer's discovery decision, the objecting party must deliver written notice to the UGO and to the opposite party within five (5) work days after receipt of the hearing officer's discovery decision. In either case, since arbitration is voluntary under this policy, within five (5) work days following the five (5) work days challenge period, the grievant shall unilaterally determine, through written notice delivered to the UGO and the University representative, the avenue to be followed to resolve the discovery dispute. The grievant's choices are as follows:
  - i. The discovery issue may be decided through legally binding arbitration as set forth in Phase IV of this policy except that the neutral arbitrator shall hear and decide discovery issues without a Phase IV panel. The neutral arbitrator shall issue a decision within ten (10) work days after the close of the record. Under this avenue, the UGO shall schedule the Phase III hearing within thirty (30) work days from the date of the UGO's receipt of the neutral arbitrator's discovery decision.
  - ii. The grievance issue may proceed to a Phase III panel



hearing on its merits. However, the decision to proceed to a Phase III panel hearing shall not be construed as a waiver of the grievant's right to subsequently appeal to Phase IV the hearing officer's discovery decision and the Phase III panel's decision on the grievance. Under this avenue, the UGO shall promptly schedule a Phase III hearing.

**3. Subpoenas**

At the request of either party, the arbitrator may issue necessary subpoenas as provided by law.

**D. Advocates**

Grievants may be represented by employee advocates throughout the process. If the grievant wishes to be represented by an attorney, including an employee advocate who is an attorney, the grievant must promptly inform the UGO and the respondent. The University administrator(s) may be represented by an attorney provided by the Office of the General Counsel, only if an attorney represents the grievant (including an employee advocate who is an attorney), or if the grievant is an attorney.

**E. Confidentiality**

The UGO and hearing panels shall not disclose any documents or information concerning a grievance except as necessary to comply with procedures for conducting the hearing, or as permitted or required by law. All hearings will be closed to the public.

**F. Witness Testimony**

Every member of the University community is strongly encouraged to be cooperative if they are requested to provide testimony at a hearing under this policy.

**G. Awards**

No panel under the UGP shall have any authority to issue a financial award to any employee beyond back pay and benefits actually lost, together with reinstatement. No panel shall have authority to order compensation for fees and expenses of

advocates, pain and suffering, emotional distress, penalties or punitive damages.

H. Enforcement

It is the responsibility of the University to faithfully carry out its responsibilities under this policy, and to enforce the terms of any binding decision under this policy. The University's deferral of jurisdictional challenges until Phase III and Phase IV is not a waiver of its right to raise these challenges at Phase III and Phase IV.

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

Chair Sahlstrom reported that the committee also reviewed and discussed issues relating to tuition.

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

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

- a) Approval of the Senior Vice President's Monthly Educational Planning and Policy Report as presented in the docket material.
- b) Approval of resolution re Establishing Applied, Career-Oriented Programs and Benchmarks for Evaluation at the University of Minnesota, Crookston, as follows:

WHEREAS, the value of the University of Minnesota to the citizens of the state is greatly enhanced by providing applied undergraduate baccalaureate degrees and applied research, and the Regents of the University of Minnesota have directed the University of Minnesota, Crookston (UMC) to provide selected baccalaureate degrees in agriculture, business, environmental sciences, human resource development, and appropriate interdisciplinary studies; and

WHEREAS, the Regents of the University of Minnesota adopted a resolution on March 12, 1993, directing "*that the UM-Crookston baccalaureate programs be modified to focus and sharpen the following programs in a manner more consistent with the mission of the institution;*" and

WHEREAS, through additional discussions with others in higher education, issues were raised about perceptions of program duplication for the Bachelor of Science, Small Business and Entrepreneurship, the extent of student interest in majors in Health Management and Technical Communication, and ways to serve better the needs of students interested in Agricultural Aviation; and

WHEREAS, the UM-Crookston baccalaureate programs have been modified in the following manner to accomplish the above objectives:

- To rename the Bachelor of Science in Small Business Management and Entrepreneur- as Bachelor of Science in Applied Manage- Management;
- To change the Bachelor of Science in Agricultural Aviation from a major to a minor (Plant Industries Management);
- To change the Bachelor of Science in Technical Communication from a major to a minor (Applied Interdisciplinary Studies);
- To change the Bachelor of Science in Health Management from a major to a minor (Applied Management);

NOW, THEREFORE, BE IT RESOLVED, that the Board of Regents of the University of Minnesota approves the following 11 applied, career-oriented baccalaureate programs for the University of Minnesota, Crookston, and directs the administration to forward these programs to the Minnesota Higher Education Coordinating Board:

**For Careers in the Food and Fiber Industry**

Minor in Agricultural Aviation  
 Agricultural Industries Sales and Management  
 Animal Industries Management  
     Emphasis: Dairy Management  
     Emphasis: Equine Management  
     Emphasis: Meat Animal Management  
 Environmental and Natural Resource Management  
     Emphasis: Soil & Water Technology  
     Emphasis: Natural Resource Management  
     Emphasis: Park Management  
 Plant Industries Management  
     Emphasis: Agronomy  
     Emphasis: Horticulture

**For Careers in Small Business and Entrepreneurship**

Applied Management  
     Emphasis: General Business  
     Emphasis: Information Management Systems  
     Emphasis: Retail Merchandising

**For Careers in Selected Service Industries**

Minor in Health Management  
 Hotel/Restaurant/Institutional Management

**For Career Advancement in Technical and Applied Technology**

Applied Interdisciplinary Studies  
 Environmental and Processing Technology  
     Emphasis: Food & Fiber Processing  
     Emphasis: Applied Science Technology  
     Emphasis: Waste Management  
 Minor in Technical Communication

BE IT FURTHER RESOLVED, that the Board of Regents supports collaboration between the University of Minnesota, Crookston and Bemidji State University to propose the Bachelor of Science, Early Childhood Program Management as a joint degree program of the two institutions and supports efforts by Bemidji State University to seek Pre-Kindergarten Licensure for students enrolled in the joint degree program in Early Childhood Program Management.

BE IT FURTHER RESOLVED, that the Board of Regents encourages collaboration between the University of Minnesota, Crookston and Bemidji State University to enable Bemidji to propose a major in accounting at the Crookston site.

BE IT FURTHER RESOLVED, that the existing Associate of Science and Associate of Applied Science degree programs at the University of Minnesota, Crookston be continued, pending annual review of student enrollment, employment demand, cost, and collaboration opportunities for each program.

BE IT FURTHER RESOLVED, that following review by the Minnesota Higher Education Coordinating Board, the UMC baccalaureate programs be presented for the usual consideration by the Board of Regents, in the context of continuing review of the University's financial situation.

BE IT FURTHER RESOLVED, that the Board of Regents establishes the following benchmarks for evaluation:

**Enrollment and Retention**

- FYE enrollment increased by approximately 9% each year to 1,200 FYE by 1997-98.
- Headcount enrollment increased by approximately 3% each year to attain 1,538 by 1997-98.
- Approximately 425 new high school admits and 75 transfer students enrolled annually by 1997-98.
- Student retention rates of 60% freshmen to sophomore, 50% to junior, and 40% to senior status respectively by 1997-98.
- 90% of graduates seeking employment are employed in career-related fields within one year of graduation.

**Quality Programs and Services**

- North Central accreditation as a baccalaureate institution by Fall 1993.
- Academic program improvement audit committees established by Fall 1993 to review programs and courses on a three-year cycle.
- Learner outcomes established for all courses and programs by Fall 1994 and multiple measurements implemented by Fall 1995.
- Structured field experiences/internships required in all programs and completed by 75% of students by their senior year by 1997-98.

### **Collaborative Partnerships**

- UMC cooperative AAS programs with technical colleges expanded to serve more than 500 technical college students annually by 1997-98.
- Cooperative agreements established to receive/deliver a total of 50 courses annually within the University, Bemidji State University, Moorhead State University, the University of North Dakota, North Dakota State University, and Concordia by 1997-98.
- Six joint faculty appointments created between UMC and the colleges within the University and neighboring institutions by 1997-98.
- Bemidji State University, Moorhead State University, and the University of Minnesota, Twin Cities will offer extended programs on the UMC campus by 1997-98.
- Fifteen business-contracted agreements annually with area employers for delivery of continuing education and outreach.
- Ten articulation program agreements established with technical and community colleges to insure appropriate transfer of student credits into UMC programs by 1997-98.

### **Incorporation of Technology**

- All faculty and students have computers, e-mail, and voice mail by 1997-98.
- Computer technology incorporated in all courses and documented in the college bulletin and course syllabi.
- Shared data bases, technology, and expertise with 10 employers as an integral part of the career programs.

### **Financial Accountability**

- Cost per FYE in constant dollars decreases by 19% from 1991-92 (\$8,448) to 1997-98 (\$6,828).
- Tuition income from additional students reaches approximately \$853,000 by 1997-98 and is used to support the additional needs for faculty, staff, supplies, equipment, technology, and telecommunication.
- Applied research funding which enhances rural economic viability increases to over \$1,000,000 annually by 1997-98.
- The programmatic changes are expected to be accomplished within the current amount of state-appropriated funds through 1997-98 augmented by tuition funds generated by UMC. However, UMC will not be excluded from budget adjustments, should the need for further budget cuts arise or opportunities for budget increases present themselves for the University as a whole.
- Any budgetary changes, contrary to these expectations will require Regents' approval.

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

Chair Craig reported that the committee also reviewed a progress report on the Twin Cities Higher Education Partnership. She reported that the

Academic Report Series: Institute of Agriculture, Forestry & Home Economics was delayed until May due to time constraints.

#### **REPORT OF THE AUDIT COMMITTEE**

Regent M. Page, 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 in the docket materials.
- c) Approval of resolution re Renewal of External Auditor's Contract, as follows:

**RESOLVED**, that on the recommendation of the Senior Vice President for Finance and Operations, the contract for Coopers & Lybrand to be engaged as the external auditor for the University of Minnesota for the 1993-94 fiscal year is extended.

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

Chair Page reported that the committee also received an external auditor's report, which included a summary of the terms and objectives of Coopers & Lybrand's engagement with the University of Minnesota, including the nature and scope of services to be provided for the year ended June 30, 1993.

#### **OLD BUSINESS**


Regent Anderson reported on an item that he had brought up at the Facilities Committee relating to the new Recreational Sports Facility. He recounted that in 1988 the Board of Regents approved additional funding for the Recreational Sports Facility Project, expanding the project to include a number of items, one of which was the addition of lockers. He reported that this directive was not followed and asked that the item be scheduled for discussion on a future agenda.

Senior Vice President Erickson reported that the item will be scheduled on a future agenda.

#### **NEW BUSINESS**

Senior Vice President Infante reported that he had just returned from a meeting of the Higher Education Coordinating Board, indicating that the Board approved the plan submitted by the University relating to the University of Minnesota, Crookston.

The meeting adjourned at 12:35 p.m.

  
**BARBARA MUESING**  
Executive Director &  
Corporate Secretary