

UNIVERSITY OF MINNESOTA

BOARD OF REGENTS

MINUTES

BOARD OF REGENTS MEETINGS

AND

COMMITTEE MEETINGS

February 11 - 12, 2010

Office of the Board of Regents

600 McNamara Alumni Center

**UNIVERSITY OF MINNESOTA
BOARD OF REGENTS**

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

February 11-12, 2010

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UNIVERSITY OF MINNESOTA

BOARD OF REGENTS

Audit Committee

February 11, 2010

A meeting of the Audit Committee of the Board of Regents was held on Thursday, February 11, 2010 at 8:30 a.m. in the East Committee Room, 600 McNamara Alumni Center.

Regents present: Steven Hunter, presiding; Linda Cohen, John Frobenius, Maureen Ramirez, and Richard Beeson.

Staff present: Chancellor Charles Casey; Senior Vice President and Provost Thomas Sullivan; Vice Presidents Kathryn Brown, Steve Cawley and Richard Pfutzenreuter; Executive Director Ann Cieslak; and Associate Vice Presidents Gail Klatt and Michael Volna.

Student Representatives present: Jennifer McCabe and Martin Chorzempa.

**EXTERNAL AUDITOR'S REVIEW OF COMPLETED AUDIT WORK
AND LETTERS TO MANAGEMENT**

Regent Hunter introduced Don Loberg and Craig Popenhagen, Principals, LarsonAllen, to present the external auditor's management letter for the year ending June 30, 2009, as included in the docket and associated materials distributed at the meeting.

Loberg and Popenhagen discussed LarsonAllen's Statement on Auditing Standards 112 (SAS 112), which communicates LarsonAllen's observations and recommendations regarding the University's internal controls and other matters resulting from the FY2009 annual audit. There was one significant deficiency in internal controls found due to the misstatement of accounts payable and use of a cash suspense account. These two issues resulted in an overstatement of net assets by approximately \$5.3 million. Loberg and Popenhagen described management's response to the item and stated that this significant deficiency does not result in a finding of material weakness.

Loberg and Popenhagen also described LarsonAllen's FY2009 management comments, which focused on federal grant programs and the Enterprise Financial System (EFS). Audit testing found indirect cost rate variances in three out of a sample of sixty sponsored research projects. With regard to EFS, a review of 60 randomly selected users discovered one user who was identified as having incompatible roles within the system but had not been identified on the Controller's office list of incompatible roles. It was noted that management letter comments for FY2008 have been resolved.

Loberg and Popenhagen reported that the Federal Awards Compliance Audit, which measures the University's compliance with federal laws and regulations applicable to federal financial assistance received, resulted in no findings. Regent Frobenius suggested that the Audit Committee or the Board would benefit from further briefings on the role of federal funds in the University budget.

Loberg and Popenhagen reported on compliance with the Minnesota Office of Higher Education (MOHE) program requirements and on the National Collegiate Athletic Association (NCAA) Agreed-Upon Procedures reports. Neither of these reports resulted in any findings.

Regent Frobenius requested additional information on athletic funding, as the NCAA Agreed-Upon Procedures report is not comprehensive because it does not consider overhead costs such as facilities and central support services. Associate Vice President Volna clarified that the NCAA dictates the format and content of the NCAA Agreed-Upon Procedures report.

Loberg and Popenhagen reported that LarsonAllen has completed all audit engagements included in their contract.

EFS UPDATE: IMPACT ON CONTROL ENVIRONMENT AND THE UNIVERSITY'S APPETITE FOR FINANCIAL RISK

Associate Vice President Volna discussed the extent to which current economic challenges are causing the University to reassess its appetite for risk and how the Enterprise Financial System (EFS) can support and promote an appropriate risk management environment. He stated that the University's current appetite for risk may be too low, which can lead to unintended consequences. Overly tight internal controls can lead to excessive processes, over-regulation, and a sacrifice of operational efficiency.

Volna reported that EFS was designed to have a neutral or positive impact on the University's control environment. He believes that the project has largely met expectations and University staff is now considering modifications to correct issues and align controls with the University's appetite for risk.

Regent Beeson commented on the need to balance risk with internal controls. He stated that more definition is needed regarding what the University is hoping to achieve in this respect and how it relates to the institution's mission, goals, and performance measures.

INTERNAL AUDIT UPDATE

Associate Vice President Klatt presented the Internal Audit Update, as included in the docket materials. Since the last update to the Audit Committee in September 2009, 47 percent of outstanding recommendations rated as "essential" were implemented by University departments, a percentage that is better than the expected implementation rate of 40 percent. This is the highest rate of implementation in 2 ½ years. Thirteen units fully implemented all their remaining "essential" recommendations.

In response to Regent Beeson's question regarding the audit of Academic Advising, Senior Vice President and Provost Sullivan stated that the administration values the audit because it is instructive. He noted that Vice Provost Robert McMaster will work closely with audit staff to plan improvements in this area.

CONSENT REPORT

A motion was made and seconded, and the committee unanimously recommended approval of the following contract, as described in the Consent Report:

- Engagement of PriceWaterhouseCoopers, LLP by the University's Office of Technology Commercialization to perform audit services on royalty calculations for sales occurring in calendar years 2007 and 2008. The contract is for a value not to exceed \$95,000.

INFORMATION ITEMS

Associate Vice President Klatt referred the committee to the information items contained in the docket materials, including:

- OMB A-133 Compliance Audit for FY 2009;
- Minnesota Office of Higher Education Financial Aid Programs Compliance Audit for FY 2009;
- Independent Accountant's Report on Applying NCAA Agreed-Upon Procedures for FY 2009;
- Engagements with auditing firms that do not require Board approval; and
- External auditor selection Request for Proposal (RFP) process.

Regarding the external auditor selection RFP process, Associate Vice President Volna and Associate Controller Denise Seck outlined the timeline and 12 major selection criteria that will be used. One major deviation from past audit contracts is that the University is moving to a 7-year term (if all extensions are exercised) rather than its past practice of 5-year terms. Increasing the term will provide the University with more flexibility and continuity. Volna stated that the finalist will be interviewed by the chair of the Audit Committee prior to final approval by the Board.

In response to Regent Frobenius' recommendation that the RFP be amended to clarify the expectation for higher education experience, Volna agreed to work with Purchasing Services on the needed changes.

The meeting adjourned at 9:30 a.m.



ANN D. CIESLAK
Executive Director and
Corporate Secretary

UNIVERSITY OF MINNESOTA

BOARD OF REGENTS

Facilities Committee

February 11, 2010

A meeting of the Facilities Committee of the Board of Regents was held on Thursday, February 11, 2010 at 9:45 a.m. in the West Committee Room, 600 McNamara Alumni Center.

Regents present: Steven Hunter presiding; Clyde Allen, Anthony Baraga, Dallas Bohnsack, Venora Hung, and Dean Johnson.

Staff present: Chancellors Charles Casey and Stephen Lehmkuhle; Senior Vice Presidents Frank Cerra and Robert Jones; Vice Presidents Kathleen O'Brien and Richard Pfutzenreuter; Executive Director Ann Cieslak; and Associate Vice President Michael Berthelsen.

Student Representatives present: Jennifer McCabe and Sarah Shook

**RESOLUTION RELATED TO CAMPUS MASTER PLAN FOR THE
UNIVERSITY OF MINNESOTA MORRIS**

Vice President O'Brien presented for action a Resolution related to the Campus Master Plan for the University of Minnesota Morris (Resolution). She noted that the Resolution had been reviewed at the December 2009 meeting. In response to a question from Regent Bohnsack, Vice Chancellor Lowell Rasmussen described the collaboration with several regional and community entities, including the West Central Research and Outreach Center, in the development of the master plan.

The committee voted unanimously to recommend approval of the Resolution related to Campus Master Plan for the University of Minnesota Morris.

CAPITAL BUDGET AMENDMENT

**A. Akerman Hall Hanger Renovation and Akerman & Mechanical Engineering
Life Safety Improvements, Twin Cities Campus**

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

On the recommendation of the President and the Vice President for University Services, the FY2010 Capital Budget is amended to increase the budget for the following project:

Akerman Hall Hanger Renovation and Akerman & Mechanical Engineering Life Safety Improvements, Twin Cities Campus.

Scope of Project: Repurpose the first and mezzanine floors of the hanger, replace the driveway, and add fire protection sprinkler and fire alarm systems in both buildings.

Cost Estimate: \$1,165,000.

Capital Funding: Department of Aerospace Engineering & Mechanics - \$15,000; Institute of Technology - \$500,000; Internal Loan - \$650,000.

Estimated Completion Date: Fall 2010.

Orlyn Miller, Director, Capital Planning & Project Management, presented information on the project and explained that the renovation entails significant hanger lab improvements, enhanced efficiency of heating, ventilation, and cooling systems, and major upgrades to life and safety features, as detailed in the docket and materials distributed at the meeting.

The committee voted unanimously to recommend approval of the capital budget amendment for the Akerman Hall Hanger Renovation and Akerman & Mechanical Engineering Life Safety Improvements, Twin Cities Campus.

CAPITAL BUDGET AMENDMENT

A. Veterinary Diagnostic, BSL-3 Necropsy Effluent System, Twin Cities Campus

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

On the recommendation of the President and the Vice President for University Services, the FY2010 Capital Budget is amended to increase the budget for the following project:

Veterinary Diagnostic, BSL-3 Necropsy Effluent System, Twin Cities campus.

Scope of Project: Installation of a thermal effluent system to process contaminated waste produced by the BSL-3 Necropsy Laboratory.

Cost Estimate: \$572,190.

Capital Funding: Veterinary Population Medicine - \$377,190; Federal Government Sponsored Funding, College of Veterinary Medicine - \$195,000.

Estimated Completion Date: October 2010.

Vice President O'Brien observed that the amendment was being presented for both review and action to ensure the University can complete the work prior to the expiration of the federal grant. Grant funding for the project had not been received when the FY2010 Capital Budget was approved.

The thermal effluent system will be used to process contaminated waste produced by the BSL-3 Necropsy Laboratory and provide greater environmental protection and safety. In response to a question from Regent Bohnsack, Miller

explained the digester installed several years ago is not able to be used for this purpose due to the chemistry of the treatment.

The committee voted unanimously to recommend approval of the capital budget amendment for the Veterinary Diagnostic, BSL-3 Necropsy Effluent System, Twin Cities campus.

BOARD OF REGENTS POLICY: MONUMENTAL WORKS OF ART

Vice President O'Brien introduced Monique McKenzie, Capital Planner, Capital Planning and Project Management, to present for review proposed amendments to Board of Regents Policy: *Monumental Works of Art*, as detailed in the docket materials.

McKenzie described the proposed changes to the policy, including renaming the policy Board of Regents Policy: *Campus Public Art*, and articulated the University's commitment to public art located on University property. The proposed policy, which will govern all University of Minnesota campuses, also clarifies the delegation of authority and addresses acceptance, commissioning, development, acquisition, installation, and conservation of public art.

In response to questions from the committee, McKenzie described the benefits of a clear policy for receiving and installing non-commissioned art. The policy amendments provide guidelines that will help determine the best use of commissioned and non-commissioned art and include guidelines for both indoor and outdoor art across the University's campuses.

The amendment will return for action at a future meeting.

REAL ESTATE TRANSACTION

A. Purchase of 617 S. Broadway, Rochester, Rochester Campus

The committee reviewed a proposal for the purchase of 617 S. Broadway, Rochester, Rochester campus. Chancellor Lehmkuhle noted that the land purchase supports interim growth and future needs of the University of Minnesota Rochester. Susan Carlson Weinberg, Director of Real Estate, summarized the location and description of the property and the source of funds, as detailed in the docket materials. Vice President O'Brien noted that final approval for this project by the Chief Financial Officer is contingent on the resolution of University cash flow issues.

The item will return for action at a future meeting of the committee.

B. Purchase of 701 S. Broadway, Rochester, Rochester Campus

The committee reviewed a proposal for the purchase of 701 S. Broadway, Rochester, Rochester campus. Chancellor Lehmkuhle noted that the land purchase supports interim growth and future needs of the University of Minnesota Rochester. Susan Carlson Weinberg, Director of Real Estate, summarized the location and description of the property and the source of funds, as detailed in the docket materials.

The item will return for action at a future meeting of the committee.

**C. Seven-Year Lease for Office, Classroom, & Student Life Space
and 148 Beds of Student Housing, 320 – 1st Avenue SW,
Rochester, Rochester Campus**

The committee reviewed a proposal for a Seven-Year Lease for Office, Classroom, & Student Life Space and 148 Beds of Student Housing, 320 – 1st Avenue SW, Rochester, Rochester Campus. Chancellor Lehmkuhle described the facility as mixed-use with retail on the first floor, classroom spaces on the second floor and basement levels, and housing on the remaining seven floors. Funding will be provided through a public-private partnership that includes the City of Rochester, a private developer, and the University of Minnesota Rochester.

The item will return for action at a future meeting of the committee.

CAPITAL BUDGET AMENDMENT

A. Griggs Hall Addition, Duluth Campus

The committee reviewed a proposal to amend the FY2010 Capital Budget by \$2,000,000 for the Griggs Hall Addition, Duluth campus, as detailed in the docket and additional materials distributed at the meeting and on file in the Board Office. John Rashid, Associate Director, Capital Planning and Project Management, University of Minnesota Duluth (UMD), and Joe Michela, Director, Residential Life, UMD, noted that the \$2 million amendment is in addition to the \$12 million approved for this project in June 2009. Rashid stated the additional funding will increase the original scope of the project by expanding the number of traditional dorm rooms by 40 beds, doubling the size of the existing mail distribution center, providing adequate laundry facilities for the residents, and increasing the number of study and meeting areas.

The item will return for action at a future meeting of the committee.

B. Folwell Hall Interior Renovation – Design, Twin Cities Campus

The committee reviewed a proposal to amend the FY2010 Capital Budget by \$2,274,715 for Folwell Hall Interior Renovation – Design, Twin Cities campus, as detailed in the docket and additional materials distributed at the meeting and on file in the Board Office. Orlyn Miller, Director, Capital Planning & Project Management, described the scope of the renovations, including: creating technology-rich classrooms, updating faculty offices and working spaces, and correcting code and building deficiencies.

Vice President O'Brien noted that the project is under consideration for funding by the state. If state funding is not approved, final authorization by the Chief Financial Officer is contingent on the resolution of University cash flow issues.

The item will return for action at a future meeting of the committee.

C. Physics & Nanotechnology – Design, Twin Cities Campus

The committee reviewed a proposal to amend the FY2010 Capital Budget by \$1,763,000 for Physics & Nanotechnology – Design, Twin Cities campus, as detailed in the docket and additional materials distributed at the meeting and on file in the Board Office. Orlyn Miller, Director, Capital Planning & Project Management, noted a funding request for construction of the building is planned for the University's FY2011 Capital Budget Request. He discussed the project rationale, noting the University's current physics laboratories are nearly 80 years old and obsolete. The proposed building will include state-of-the-art laboratories, offices, and collaborative workspaces for Physics faculty, staff, and graduate students.

In response to a question from Regent Hunter, Miller stated that updating the Tate building would be cost-prohibitive for current physics and nanotechnology research. O'Brien added that the existing Tate Laboratory of Physics building is scheduled to be renovated at a future date and will be used to house some physics faculty offices and the geology program.

Vice President O'Brien noted that final approval for this project by the Chief Financial Officer is contingent on the resolution of University cash flow issues.

The item will return for action at a future meeting of the committee.

D. Recreation Sports Addition – Design, Twin Cities Campus

The committee reviewed a proposal to amend the FY2010 Capital Budget by \$1,760,000 for the Recreation Sports Addition – Design, Twin Cities campus, as detailed in the docket and additional materials distributed at the meeting and on file in the Board Office. Orlyn Miller, Director, Capital Planning & Project Management, and Vice Provost Gerald Rinehart, Student Affairs, discussed the proposal and noted the current University Recreation Center, which opened in 1993, is overcrowded and was under-built. Rinehart stated that on-campus and near-campus student housing has increased significantly in recent years, and that 75 percent of students living within 1 mile of the University regularly use the recreational sports facilities. He described research that links participation in recreational sports with greater student satisfaction and social interaction, increased retention and graduation rates, and a greater sense of affiliation with the University.

Vice President O'Brien noted that final approval for this project by the Chief Financial Officer is contingent on the resolution of University cash flow issues.

The item will return for action at a future meeting of the committee.

UTILITIES & ENERGY MANAGEMENT: PRINCIPLES & PROGRESS UPDATE

Vice President O'Brien invited Associate Vice President Berthelsen and Jim Green, Director, Facilities Management, to present an update on utility and energy management, as detailed in the docket and associated materials distributed at the meeting and on file in the Board Office. Berthelsen highlighted FY2009 projects, including:

- The Master Utility Plan, which was completed in June 2009;
- The Fitch Street Switch Station startup and the Chiller Plant currently under construction on the St. Paul campus;
- A third chiller added to the Northrop Chiller plant;
- Expansion of the Remote Metering project to monitor chilled water and steam use across the Twin Cities campus;
- Completion of a 1,500 foot deep steam tunnel addition in the Stadium vicinity; and
- The Geographical Information System inventory of 54 storm water management facilities on the Twin Cities campus.

Green presented information on the Energy Conservation Operations Team (Team) that was established to support Board of Regents Policy: *Sustainability and Energy Efficiency* and the campus master plan. The Team is committed to identifying methods to increase energy efficiency and decrease the campus' carbon footprint, resulting in a University that is environmentally and operationally sustainable. Berthelsen described the Team's next steps, including: University-wide communication and public outreach; moving ideas to action; focus on available resources; and identifying additional ideas and support on all campuses.

Berthelsen described broad areas identified for energy conservation and current initiatives underway. Progress towards a 5 percent decrease of the annual energy cost of \$2.250 million on the Twin Cities campus currently stands at \$1.96 million, or 88 percent of the goal after 21 months.

CONSENT REPORT

There were no consent items this month.

INFORMATION ITEMS

Vice President O'Brien referred committee members to the Information Items, including:

- Capital Improvement Semi-Annual Report;
- Update on Wind to Hydrogen to Ammonia Project, WCROC Morris; and
- Final Project Review, Akerman Hall Hangar & Mechanical Engineering Building Life Safety Renovation Project.

The meeting adjourned at 11:51 a.m.



ANN D. CIESLAK
Executive Director and
Corporate Secretary

UNIVERSITY OF MINNESOTA

BOARD OF REGENTS

Educational Planning & Policy Committee

February 11, 2010

A meeting of the Educational Planning and Policy Committee of the Board of Regents was held on Thursday, February 11, 2010 at 9:45 a.m. in the East Committee Room, 600 McNamara Alumni Center.

Regents present: Maureen Ramirez, presiding; Richard Beeson, Linda Cohen, John Frobenius, and David Larson.

Staff present: Senior Vice President & Provost Thomas Sullivan; Vice President Timothy Mulcahy; Executive Director Ann Cieslak; and Associate Vice Presidents Gail Klatt and Kristin Lockhart.

Student Representatives present: Megan Hines and Matt Privratsky.

**BOARD OF REGENTS POLICY:
OPENNESS IN RESEARCH**

Senior Vice President & Provost Sullivan introduced Vice President Mulcahy, who led the discussion of proposed amendments to Board of Regents Policy: *Openness in Research*. Mulcahy reminded the committee that the proposed changes do not alter the substance of the current policy, but better align policy language with recent changes to Board of Regents Policy: *Mission Statement*.

In response to a number of questions from the committee, Mulcahy stressed that this policy does not address the protection of intellectual property nor the issue of technology commercialization. While technology commercialization continues to be a challenging undertaking, he assured the committee that actions taken over the last five years have greatly improved the University's process. The current goal is to be proactive in improving the public's perception of the University's efforts in this area.

A motion was made and seconded, and the committee voted unanimously to recommend adoption of proposed amendments to Board of Regents Policy: *Openness in Research*.

**BOARD OF REGENTS POLICY:
STUDENT FINANCIAL AID**

Senior Vice President & Provost Sullivan led the discussion of Board of Regents Policy: *Student Financial Aid*. Proposed amendments include the addition of a guiding principle to reflect the University's commitment to the award of financial aid on the basis of merit and/or need and the deletion of redundant language regarding compliance with applicable laws.

In response to a question from Regent Frobenius, Sullivan indicated that it was not possible to be specific about the balance between merit and need because this balance changes with each year's review of financial aid applications.

The policy will return to a future meeting of the committee for action.

**BOARD OF REGENTS POLICY:
ACADEMIC MISCONDUCT**

Senior Vice President & Provost Sullivan led the discussion of Board of Regents Policy: *Academic Misconduct*. He noted that the only amendment proposed, the elimination of administrative language in Subd. 7, has been consulted with faculty.

The policy will return to a future meeting of the committee for action.

**BOARD OF REGENTS POLICY:
COLLEGE CONSTITUTIONS**

Senior Vice President & Provost Sullivan led the discussion of Board of Regents Policy: *College Constitutions*. In response to a number of questions from the committee, he explained that the only change, the addition of language defining a *college*, is intended to bring clarity to the policy.

The policy will return to a future meeting of the committee for action.

FOCUS ON FACULTY TEACHING

Senior Vice President & Provost Sullivan invited Arlene Carney, vice provost for faculty and academic affairs, to lead the discussion of faculty teaching (materials in the docket and associated handouts distributed at the meeting and on file in the Board Office). Carney stated that today faculty teaching involves active learning, engagement, personal interaction, and mentoring in a variety of settings. The faculty assigned to teach courses vary by campus, ranging from almost all instruction provided by regular faculty at the University of Minnesota Morris to the most diverse approach on the Twin Cities campus, where a mix of faculty, academic professional, and graduate assistants are in the classroom.

The teaching-learning process is a dynamic one that involves more than the transmission of facts from faculty to students. Each campus has a system for obtaining for every instructor and class taught information about the quality of faculty teaching. Teaching effectiveness is required by Board of Regents Policy: *Faculty Tenure* as a

criterion for tenure, and each department sets criteria for demonstrating teaching effectiveness and for benchmarking the performance of faculty members relative to the performance of other faculty in that department. University policy also requires peer review of teaching, although its implementation varies across academic units.

The University is pursuing a number of strategies in support of teaching, including the Center for Teaching and Learning, which provides support for all aspects of teaching and learning; the Digital Media Center, which supports teaching with technology and media; the development of best practices by a committee of distinguished faculty; awards for teaching excellence; and membership in the Academy of Distinguished Teachers.

In response to a number of questions from the committee, Carney pointed out that (1) the University is working hard to increase teacher effectiveness in an era of limited resources; (2) the assessment of faculty productivity is accomplished through the centrally-approved criteria each unit establishes that must be applied in all promotion and tenure evaluations; and (3) development of the student learning outcomes and the widespread adoption of the Student Review of Teaching (SRT) have improved the University's ongoing efforts to develop best practices, but each campus is still allowed to determine how teaching is evaluated.

In response to a number of questions from Regent Beeson, Carney reported that each college decides how to allocate its resources, so the instructional environment will vary across colleges. In an era of scarce resources, however, the specific pedagogy being delivered will determine in which courses increased class size can be compensated for by enhanced technology or the addition of teaching assistants. She advised that one critical consideration for all colleges is that departmental majors must be in classes small enough to allow for the development of relationships between students and faculty.

In response to a number of comments from the committee, Carney acknowledged that students have a right to information about the performance of faculty as teachers, but very few universities post broadly the individual ratings of their faculty. She also agreed that it is not easy to routinize a list of best practices because there is an art to teaching and that a variety of teaching styles resonate with students.

In response to questions from Student Representative Hines, Carney emphasized that many faculty use the SRT, which was developed jointly by the Senate Committees on Educational Policy and Faculty Affairs. However, the information obtained through the SRT cannot be used to inform individual student course selections prior to enrollment because these ratings become a part of an instructor's private personnel record.

In response to questions from Student Representative Privratsky, Carney noted that it had been the charge of a faculty committee to develop a set of best practices. The result of their work was the general guidelines outlined in the Rubrics for Peer Review, but colleges choosing to use these guidelines also may choose to revise them.

In closing, Sullivan stated that: (1) the evaluation of teaching is the purview of faculty, who have widely divergent opinions regarding the appropriate process; (2) a database is being developed that will be very helpful in assessing productivity; and (3)

before faculty lines are allowed to lapse, colleges/departments must assess any impact on class size and the need for additional adjunct faculty.

CONSENT REPORT

A motion was made and seconded, and the committee unanimously recommended approval of the following academic program changes:

- **New Academic Programs**
 - Graduate School – Create M.S. and Ph.D. degrees in Experimental and Clinical Pharmacology
 - Graduate School – Create M.S. and Ph.D. degrees in Social and Administrative Pharmacy
 - Graduate School – Create post-baccalaureate certificate in Fundamentals of Quantitative Finance
 - Graduate School – Create post-baccalaureate certificate in Clinical Physiology and Movement Science with tracks in Clinical Physiology and Clinical Movement Science
 - Graduate School – Create minor in Clinical Physiology and Movement Science with tracks in Clinical Physiology and Clinical Movement Science
 - Graduate School – Create minor in Product Design
 - Graduate School – Create minor in Moving Image Studies
- **Changed Academic Programs**
 - College of Design (Twin Cities Campus) – Change name of B.E.D. degree in Environmental Design to Landscape Design and Planning
 - College of Design (Twin Cities Campus) – Change name of minor in Environmental Design to Landscape Design and Planning
 - Graduate School – Change name of minor and post-baccalaureate certificate in Complementary Therapies and Healing Practices to Integrative Therapies and Healing Practices
 - Graduate School – Change name of minor in Feminist Studies to Feminist and Critical Sexuality Studies
- **Discontinued Academic Programs**
 - College of Continuing Education (Twin Cities Campus) – Discontinue the B.A.Sc. degree in Respiratory Care

- Graduate School - Discontinue the M.S. and Ph.D. degrees in Social, Administrative, and Clinical Pharmacy

INFORMATION ITEMS

Senior Vice President & Provost Sullivan directed the committee's attention to the Information Items, which included an announcement of the recent accreditation of the Frederick R. Weisman Art Museum by the American Association of Museums.

The meeting adjourned at 11:43 a.m.



ANN D. CIESLAK
Executive Director and
Corporate Secretary

UNIVERSITY OF MINNESOTA

BOARD OF REGENTS

Faculty, Staff & Student Affairs Committee

February 11, 2010

A meeting of the Faculty, Staff & Student Affairs Committee of the Board of Regents was held on Thursday, February 11, 2010 at 1:30 p.m. in the West Committee Room, 600 McNamara Alumni Center.

Regents present: Dean Johnson, presiding; Anthony Baraga, Dallas Bohnsack, Linda Cohen, David Larson, and Maureen Ramirez.

Staff present: Chancellor Stephen Lehmkuhle; Vice Presidents Carol Carrier and Kathleen O'Brien; Executive Director Ann Cieslak; and Associate Vice Presidents Michael Berthelsen and Kristin Lockhart.

Student Representatives present: Lauren Snively and Sarah Shook.

**COLLECTIVE BARGAINING AGREEMENT WITH LAW ENFORCEMENT
LABOR SERVICES (POLICE OFFICERS, UNIT 1)**

Vice President Carrier introduced Patti Dion, Director of Employee Relations, to present the Collective Bargaining Agreement with Law Enforcement Labor Services (Police Officers, Unit 1), as included in the docket materials.

Dion reported that, once approved, the agreement will be in effect from the date of signing through December 31, 2011. She explained that the contract includes a salary freeze in calendar year 2010 and a one percent raise in salary for 2011.

In response to a question from Regent Johnson, Dion reported that the University offers a total compensation package that is very competitive to adjacent jurisdictions in the Twin Cities metropolitan area.

A motion was made and seconded, and the committee voted unanimously to recommend approval of the collective bargaining agreement with Law Enforcement Labor Services (Police Officers, Unit 1).

BEST PRACTICES IN PERFORMANCE MANAGEMENT

Vice President Carrier introduced Associate Vice President Berthelsen, Trevor Ames, Dean of the College of Veterinary Medicine (CVM), and Mel Mitchell, Director of Organizational Effectiveness, to present information on the University's performance management processes, as detailed in the docket and handouts distributed at the meeting. Carrier emphasized the importance of employee performance monitoring and

management at the University and observed that the institution has prioritized these functions in recent years.

Mitchell referenced Board of Regents Policy: *Employee Performance Evaluation and Development* and noted that the University expects ongoing evaluation of employee performance. He reported that one particular area of recent improvement at the University was in enhanced performance evaluation training for supervisors, which is strongly encouraged throughout the institution.

Berthelsen discussed recent changes to the performance management system in the Facilities Management (FM) department. He observed that FM has undergone a cultural shift, with performance evaluation moving from a discipline model to a coaching model of continuous feedback aimed at improving performance. Berthelsen reported that the percentage of FM employees receiving an annual performance review has increased from 30 percent in FY2006 to 99 percent in FY2009.

Ames discussed the challenges of performance management in a collegiate setting, which includes both faculty and staff. He explained that 95 percent of civil service and bargaining unit staff and 100 percent of faculty and clinicians received performance reviews in the past year. Ames explained how CVM is using a balanced scorecard initiative in the performance management process to ensure that internal activities are aligned with collegiate priorities. The balanced scorecard utilizes a multitude of metrics related to such areas as financial data, internal process performance, employee development, and client satisfaction.

In response to a question from Regent Larson, Mitchell reported that the University measures employee engagement with the annual PULSE survey. In response to a question from Regent Baraga, Ames explained that the CVM performance management system tracks quality metrics for each veterinarian such as client and referring veterinarian satisfaction.

In response to a question from Regent Ramirez, Mitchell observed that although the University's increased commitment to performance management is occurring during a time of institutional financial challenges, there has not been significant employee resistance. Berthelsen added that greater supervisor engagement has been critical to maintaining employee engagement during a period when compensation has not increased.

PREPARING GRADUATES FOR THE WORLD OF WORK

Vice President Carrier introduced Gerald Rinehart, Vice Provost for Student Affairs, and Bob Ruekert, Associate Dean in the Carlson School of Management (CSOM), to present information on career preparation services provided to students on the Twin Cities campus, as detailed in the docket materials and handouts distributed at the meeting. Rinehart documented a greater student demand for career services as 86 percent of incoming freshmen in the United States report job attainment as a very important reason for going to college and 78 percent report financial wealth as an important objective.

Rinehart reported that recent surveys of University students on the Twin Cities campus have shown that attendance in credited career courses resulted in higher 1st-year retention and graduation rates, increased understanding of personal abilities and interests, and greater awareness of post-graduate academic and career options. He

explained that career support on the Twin Cities campus has historically been decentralized and based at the collegiate level. Rinehart cited examples of collaborative ventures between colleges, such as the St. Paul Campus Career Center, the Career Center for Science and Engineering, and the Health Careers Center. He observed that the most successful campus-wide collaboration has been the GoldPass website, which offers a centralized job-opportunity and resume posting system for both students and potential employers.

Ruekert discussed career services provided by CSOM. He observed that the most successful program has been the integration of undergraduate advising and the Undergraduate Business Career Center, which allows students to more effectively adapt their academic curriculum to potential career paths. Ruekert added that a focus on career services has led to enhanced relationships between students, employers, and alumni.

In response to a question from Regent Cohen, Rinehart reported that the Office for Student Affairs (OSA) is looking for ways to expand the CSOM model of integrated career services and advising to other colleges on the Twin Cities campus. In response to a question from Student Representative Shook, Ruekert explained that providing career support to international students is an emerging challenge and that CSOM is working to educate students on the steps required for short- and long-term employment in the United States. Rinehart added that OSA is working with the Office of International Programs to develop career services for all Twin Cities campus international students.

CONSENT REPORT

There was no Consent Report this month.

INFORMATION ITEMS

Vice President Carrier referred the committee to the Information Items contained in the docket materials, including:

- Personnel highlights;
- University highlights;
- Faculty and staff activities and awards; and
- Student activities and awards.

The meeting adjourned at 3:30 p.m.



ANN D. CIESLAK
Executive Director and
Corporate Secretary

UNIVERSITY OF MINNESOTA

BOARD OF REGENTS

Finance & Operations Committee

February 11, 2010

A meeting of the Finance and Operations Committee of the Board of Regents was held on Thursday, February 11, 2010 at 1:30 p.m. in the East Committee Room, 600 McNamara Alumni Center.

Regents present: John Frobenius, presiding; Clyde Allen, Richard Beeson, Venora Hung, and Steven Hunter.

Staff present: Chancellor Charles Casey; Senior Vice President & Provost Thomas Sullivan; Senior Vice Presidents Frank Cerra and Robert Jones; Vice Presidents Steven Cawley, Richard Pfitzenreuter, Timothy Mulcahy, and Steven Rosenstone; Executive Director Ann Ciesak; and Associate Vice Presidents Michael Berthelsen and Michael Volna.

Student Representatives present: Martin Chorzempa and Matt Privratsky.

**BOARD OF REGENTS POLICY: TARGETED BUSINESS, URBAN COMMUNITY
ECONOMIC DEVELOPMENT, AND SMALL BUSINESS PROGRAMS**

Vice President Pfitzenreuter invited Associate Vice President Volna to present for action proposed amendments to Board of Regents Policy: *Targeted Business, Urban Community Economic Development, and Small Business Programs*, as detailed in the docket materials. Volna noted that there were additional amendments added to the policy in response to recommendations from the committee at the December 2009 meeting. He stated the changes to the policy are not substantive, and that they bring the policy into conformity with Board of Regents policy language regarding delegations of authority.

A motion was made and seconded, and the committee voted unanimously to recommend adoption of proposed amendments to Board of Regents Policy: *Targeted Business, Urban Community Economic Development, and Small Business Programs*.

**ISSUES RELATED TO: ANNUAL CAPITAL FINANCING &
DEBT MANAGEMENT REPORT**

Vice President Pfitzenreuter invited Carole Fleck, Director of Debt Management, to present an update on the University's debt profile, as detailed in the docket and associated materials distributed at the meeting and on file in the Board Office. Fleck highlighted significant items from the FY2009 report, including:

- The University's capital structure, including long-term debt, issuance of general obligation bonds, and the current amortization structure;
- A review of significant debt transactions, noting the issuance of Building America Bonds, the first by an institution of higher education; the Lehman Brothers Inc. bankruptcy; and the issuance of TCF Bank Stadium bonds;
- A market update, highlighting taxable and tax-exempt interest rates;
- The impact of the University's credit rating and debt capacity on Moody's Aa2 and Standard and Poor's AA ratings for the University;
- Key financial indicators of credit ratios over the past five years with comparable peer institutions; and
- Moody's peer group analysis of public institutions with ratings of Aa2 or better.

In response to questions from the committee, Pfutzenreuter indicated that the University will occasionally issue debt before receiving funds from the state, but is wary of doing so because the state must balance its budget before distributing funds. The debt management team is considering a move from commercial paper investments to fixed rate investments in order to better manage temporary delays in state funding.

**ISSUES RELATED TO:
ANNUAL INSURANCE & RISK MANAGEMENT REPORT**

Vice President Pfutzenreuter invited Associate Vice President Volna and Steven Pardoe, Director of Risk Management, to present the Annual Insurance & Risk Management Report, as detailed in the docket materials.

Pardoe presented highlights from the FY2009 report, including: 1) the expansion of department outreach by creating a new associate director position; 2) the completion of a comprehensive review of the Workers Compensation Program with a focus on enhancing usability and efficiency; and 3) the establishment of greater general and auto liability limits for suits outside of Minnesota in states with no Tort Cap liability protection. Volna reported that an estimated five-year savings of \$2.5 million was realized by using self-insurance for the University's Worker's Compensation program.

Pardoe described goals for additional FY2010 cost savings, including a request for proposal to compare options in anticipation of the July 2010 policy renewal date, and continuing efforts to improve efficiency through Worker's Compensation program administration.

In response to a question from Regent Hunter, Pardoe explained that several University resources, including Environmental Health and Safety, Occupational Health and Safety, and Disability Services, are utilized to mitigate worker's compensation claims on campus.

PROGRESS REPORT: FY2010 OPERATING BUDGET

Vice President Pfutzenreuter and Julie Tonneson, Director, Budget and Finance, presented a status report on the implementation of the President's FY2010 Operating Budget, as detailed in the docket and associated materials distributed at the meeting and on file in the Board Office. Pfutzenreuter noted that the scope of the FY2010 cuts resulted in an appropriation of \$623.4 million, equal to the state's FY2002 appropriation.

Tonneson reported that FY2010 academic unit reallocations of \$70 million were achieved through the following actions:

- Reduction of faculty, staff, and student positions through the elimination of open positions, the Retirement Incentive Option, and lay-offs;
- Reduction in general expenses including printing, travel, supplies, and professional development;
- Reduction of reserves held for tuition fluctuations, program start-ups, Deans discretionary spending, and seed funding;
- Restructuring of instructional delivery through increased teaching loads, section sizes, a reduced number of sections, and altered teaching assistant allocations; and
- Reduction or elimination of selected program funds.

Tonneson described additional budget cuts, including: 1) reduction in preventive maintenance (frequency and overtime), private office cleaning, and the costs of maintenance parts and custodial supplies; 2) the restructuring of classroom technical services and canceled or delayed classroom upgrades, repairs, and replacements; 3) the reconfiguring and reduction in the number of service points in Wilson Library, reduced workstation funding, and lengthened replacement cycles; and 4) the elimination of selected software maintenance support; and 5) a hiring freeze.

Pfutzenreuter reviewed key budget financial indicators and the status of federal stimulus funds. He described the FY2011 preliminary budget planning guidelines and noted that the 7.5 percent tuition increase will be offset, in part, by federal stimulus funds. A 2 percent salary increase is planned, but employee furloughs are under serious consideration.

In response to questions from Regent Hunter, Pfutzenreuter clarified that stimulus funds are being used to bridge selected positions. Hunter noted that the largest percentage of positions eliminated had occurred in the civil service/bargaining unit classification, and he expressed concerns about the long-term costs of eliminating jobs as they become vacant.

CONSENT REPORT

Vice President Pfutzenreuter presented the Consent Report, as detailed in the docket materials. Consent Items include the following:

Purchase of Goods and Services Over \$250,000 to:

- AT&T for an estimated \$625,000 to provide Integrated Switched Digital Network Primary Rate Services for the period of March 1, 2010 through February 28, 2013 for Networking and Telecommunications Services, a division of the Office of Information Technology. This purchase has been budgeted for FY10 and will be included in the budget for FY11 through FY13.
- Buyers Health Care Action Group for \$282,400 for the service of providing modifications to and the use of Personal Health Records as needed for the period of October 2009 through October 2011 for the Institute for Health Informatics.
- Communication Power Corporation for \$510,450 for the purchase of 9.4T magnet power amplifiers for the Center for Magnetic Resonance Research, Department of Radiology.
- Johnson Controls, Inc. for \$353,771 for the conversion of the terminal HVAC controls in EE/CS (building 165) from pneumatic to Direct Digital Controls.
- Key Solutions, Inc., an enterprise Research Compliance Module software company, for an estimated \$800,000 to provide software for the period of February 15, 2010 through February 14, 2013 for the Office of Information Technology and the Office of the Vice President for Research.
- Key Solutions, Inc., an enterprise Research Compliance Module software company, for an estimated \$380,000 to provide technical installation and configuration of their e-Protocol software for the period February 15, 2010 through February 14, 2013 for the Office of Information Technology and the Office of the Vice President of Research.
- RADIL for an estimated \$550,000 for laboratory diagnostic testing as needed for the period of March 1, 2010 through February 28, 2014 for the department of Research Animal Resources.
- Qwest for an estimated \$625,000 to provide Centrex service for the period of March 1, 2010 through February 28, 2013 for Networking and Telecommunications Services, a division of the Office of Information Technology.
- Qwest for \$500,000 to provide long-distance calling services for the period of March 1, 2010 through February 28, 2013 for Networking and Telecommunications Services, a division of the Office of Information Technology.

The committee voted unanimously to recommend approval of the Consent Report.

INFORMATION ITEMS

Pfutzenreuter referred committee members to the Information Items contained in the docket materials, including:

- Annual Report on Central Reserves; and
- Debt Transactions.

The meeting adjourned at 3:18 p.m.



ANN D. CIESLAK
Executive Director and
Corporate Secretary

UNIVERSITY OF MINNESOTA

BOARD OF REGENTS

February 12, 2010

A meeting of the Board of Regents of the University of Minnesota was held on Friday, February 12, 2010 at 9:00 a.m. in the Boardroom, 600 McNamara Alumni Center.

Regents present: Clyde Allen, presiding; Anthony Baraga, Richard Beeson, Dallas Bohnsack, Linda Cohen, John Frobenius, Venora Hung, Steven Hunter, Dean Johnson, David Larson, Maureen Ramirez, and Patricia Simmons.

Staff present: Chancellors Charles Casey and Stephen Lehmkuhle; Senior Vice President and Provost Thomas Sullivan; Senior Vice President Frank Cerra; Vice Presidents Kathryn Brown, Carol Carrier, Steve Cawley, Karen Himle, Timothy Mulcahy, Kathleen O'Brien, Richard Pfitzenreuter, and Steven Rosenstone; General Counsel Mark Rotenberg; Executive Director Ann Cieslak; and Associate Vice Presidents Gail Klatt, Sharon Reich Paulsen, and Michael Volna.

Chair Allen reported President Bruininks is recovering well from his recent surgery and that Senior Vice President and Provost Sullivan would represent the President at today's Board meeting.

**INTRODUCTIONS: VICE PROVOST & DEAN OF GRADUATE EDUCATION; AND
DEAN, COLLEGE OF EDUCATION & HUMAN DEVELOPMENT**

Senior Vice President and Provost Sullivan introduced Henning Schroeder, newly appointed Vice Provost and Dean of Graduate Education. Professor Schroeder assumed his duties on January 19, 2010. Sullivan also introduced Jean Quam, newly appointed Dean, College of Education and Human Development. Professor Quam assumed her duties on November 13, 2009.

APPROVAL OF MINUTES

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

Finance & Operations Committee – December 10, 2009
Faculty, Staff & Student Affairs Committee – December 10, 2009
Facilities Committee – December 10, 2009
Educational Planning & Policy Committee – December 10, 2009
Litigation Review Committee – December 10, 2009
Board of Regents Work Session – December 10, 2009
Board of Regents Meeting – December 10, 2009
Board of Regents – December 11, 2009

REPORT OF THE PRESIDENT

Senior Vice President and Provost Sullivan offered greetings from President Bruininks and presented the Report of the President on Bruininks' behalf. Sullivan provided an update on the President's Steering Committee on Advancing Excellence, which addresses a number of strategic positioning efforts. Sullivan provided several examples where academic reforms, increased efficiencies, and reallocations will enhance University productivity and reduce costs.

Sullivan reported that applications for admission to the fall 2010 class have risen 10 percent over the previous year. He also noted that graduation rates for the University of Minnesota have shown the greatest improvement among all colleges in Minnesota.

Sullivan announced that the Weisman Art Museum was recently awarded accreditation by the American Association of Museums.

A copy of the Report of the President is on file in the Board Office.

REPORT OF THE CHAIR

Chair Allen reported on continuing negotiations between the University of Minnesota and the Metropolitan Council (Council) regarding the Central Corridor Light Rail Transit (CCLRT). Both the University and the Council are in agreement regarding the performance standards that will adequately protect the integrity of the research facilities along Washington Avenue, but there has been no resolution regarding the course of action when agreed-upon performance standards are not met. Allen reiterated the University's position in support of an important component of regional transportation planning, but he emphasized that the institution's investments and mission must not be jeopardized over the long term.

RECEIVE AND FILE REPORTS

Chair Allen noted that there were no reports for receipt and filing this month.

CONSENT REPORT

Chair Allen presented the Consent Report, as described in the docket materials, including:

- Report of the All-University Honors Committee from a recommendation forwarded in a letter from President Bruininks dated January 29, 2010 to the Board of Regents; and
- Summary of Gifts through December 31, 2009.

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

**BOARD OF REGENTS POLICY: RESERVATION AND DELEGATION
OF AUTHORITY**

**BOARD OF REGENTS POLICY: FOUNDING DATE, CORPORATE NAME AND SEAL,
AND UNIVERSITY MARKS**

Chair Allen invited Vice President Himle and General Counsel Rotenberg to lead the discussion of amendments to two Board of Regents policies: *Reservation and Delegation of Authority*; and *Founding Date, Corporate Name and Seal, and University Marks*, as detailed in the docket materials on file in the Board Office.

Rotenberg reminded the Board of their discussion in December 2009 regarding proposed amendments to Board of Regents Policy: *Reservation and Delegation of Authority*, and Board of Regents Policy: *Founding Date, Corporate Name and Seal, and University Marks*. The amendments relate to the Board's authority regarding the use of the corporate name by any University entity or by any non-University person or entity; reserves the Board's authority to remove permission to use its corporate name; reserves authority with respect to names on University buildings and other substantial assets; and includes amendments that relate to specified commercial transactions or matters not covered in earlier versions. The proposed amendments also include a new provision to reserve authority to approve any commercial transaction or matters not otherwise subject to Board approval if the transaction or matter raises unusual questions of public interest or public policy; has a significant impact on the University mission; or has a value greater than \$2 million. He noted the amendments clarify the relationship between the administration to the Board of Regents on these kinds of matters.

Rotenberg pointed out that additional amendments were made to the policy following the Board's review in December 2009 and relate to reserving the Board's authority to:

- Name colleges, academic institutes, programs, and courses of study;
- Approve any modifications to the central reserves budget and expenditures from the central reserves general contingency account; and
- Take final action on environmental reviews initiated by the administration with respect to historic resources.

A motion was made and seconded to approve Board of Regents Policy: *Reservation and Delegation of Authority*.

A lengthy discussion ensued.

Regent Frobenius raised a number of questions and concerns related to the University's relationship with Fairview Health Services (FHS) and University of Minnesota Physicians (UMP), including how the adoption of these policies will affect current contractual agreements. He questioned whether the Board should pass the policies without fully understanding the implications for implementation and whether the Board should have absolute authority reserved to itself.

Rotenberg responded that the proposed amendments do not alter the existing contractual agreements and that none of the substantive issues that were raised related to naming will be affected. The only change is that the Board is reserving authority to itself.

Regent Simmons stated that Frobenius' comments highlight the important reason why this policy is needed and why the Board itself should determine how this University asset, its name, should be used.

Regent Hunter observed that as the institution faces additional budget reductions, there may be an increasing temptation to sell naming rights or allow use of the name on buildings and for programs. Thus, it is critical that it is clear that the Board retains the authority on those decisions.

Himle stressed that having a policy in place is critical, as the area of brand application continues to evolve and entities are trying to make money from the strength of the University brand. With the University's current affiliations the relationships are evolving and extension of the brand to various lines of medical brands to various parts of the state was not contemplated at the point that the basic agreements were enacted in 1997.

In response to questions regarding whether these policy changes would adversely affect University partners, and Regent Larson's comment about unintended consequences, Himle and Rotenberg provided assurances. Himle observed that the relationship with FHS and UMP is stronger than ever. Rotenberg noted that there is an array of existing contractual arrangements that will continue to deal with many of the "smaller" issues.

Simmons pointed out that the policy makes no decisions about use of the University name, but rather it acknowledges that the Board is the trustee of the name and how the name is used will come to the Board for review.

A motion was made and seconded to adopt the amendments to Board of Regents Policy: *Reservation and Delegation of Authority*. Regent Frobenius moved that the item be tabled. The motion failed due to the lack of a second. The Board voted by a majority of 11-1 to adopt amendments to Board of Regents Policy: *Reservation and Delegation of Authority*, as follows. Regent Frobenius voted against the motion.

Reservation and Delegation of Authority

ARTICLE I

RESERVATION OF AUTHORITY

SECTION I. GENERAL RESERVATIONS OF AUTHORITY.

Subd. 1. The Board of Regents reserves to itself all authority necessary to carry out its legal and fiduciary responsibilities under the University Charter, the Constitution of the State of Minnesota, and the Board of Regents (Board) Bylaws. This reservation specifically includes all authority to enact laws and policies for the governance of the University of Minnesota (University) and to issue Board directives to executive officers and employees. The Board's reserved authority shall be exercised consistent with the University Charter, the Constitution of the State of Minnesota, Board Bylaws, and relevant Board policies.

Subd. 2. The Board reserves to itself authority to ensure constitutional and institutional autonomy, to approve the University's mission and vision, to set the overall direction of the institution, including the adoption of fundamental plans for the educational, financial, and physical development of the University, and to declare a fiscal emergency.

Subd. 3. No authority that the Board reserves to itself in this policy shall be exercised by any other person or body unless expressly authorized by Board policy or directive.

Subd. 4. The Board reserves to itself authority to approve the use, and revocation of the use, of its corporate name or any abbreviated name, including *University of Minnesota*, by any non-University person or entity, consistent with Board policies. The Board also reserves authority over the removal of the corporate name or any abbreviated name from the name of any University campus, college, school, division, or unit, consistent with Board policies.

Subd. 5. The Board reserves to itself authority to approve any commercial transaction or matter not otherwise subject to Board approval if the transaction or matter:

- (a) raises unusual questions of public interest or public policy;
- (b) has a significant impact on the University's mission; or
- (c) has a value greater than \$2 million.

SECTION II. CONDUCT OF BOARD BUSINESS.

The Board reserves to itself authority to establish procedures for the conduct of its business, create committees, set its agenda, require reports from executive officers and employees, hear appeals, and enforce its code of ethics.

SECTION III. ELECTION OF BOARD OFFICERS.

The Board reserves to itself authority to elect and remove Board officers, including the president, chair, vice chair, secretary, and treasurer.

SECTION IV. APPOINTMENT AUTHORITY.

Subd. 1. The Board reserves to itself authority to appoint all individuals and approve any individually negotiated terms of employment for those who serve in each of the following positions:

- (a) Senior Vice President for Academic Affairs and Provost
- (b) Senior Vice President for Health Sciences
- (c) Senior Vice President for System Academic Administration
- (d) Chancellor
- (e) Vice President
- (f) Provost
- (g) General Counsel
- (h) Librarian

- (i) Director of Audits
- (j) Dean
- (k) Athletic Director, Twin Cities campus
- (l) Such other administrative positions as the Board may specify from time to time.

The president shall recommend individuals for appointment to these positions, consistent with Board policies and directives.

Subd. 2. The Board reserves to itself authority to remove University officers as provided in the University Charter. The president (a) may remove the general counsel with Board approval and (b) may remove any other individual appointed under subd. 1 of this section, except the director of audits.

Subd. 3. The Board reserves to itself authority to appoint members of the boards of University-associated foundations, institutes, committees, and other bodies, consistent with Board policies.

SECTION V. ACADEMIC MATTERS.

Subd. 1. The Board reserves to itself authority to grant academic degrees, grant faculty indefinite tenure, grant continuous appointments to academic professionals, and award the title faculty emeritus, consistent with Board policies.

Subd. 2. The Board reserves to itself authority to establish, name, and abolish colleges, academic institutes, programs, and courses of study, consistent with Board policies.

Subd. 3. The Board reserves to itself authority to establish tuition and student fees and approve policies and reciprocity agreements related to such matters, consistent with Board policies.

Subd. 4. The Board reserves to itself authority to: (a) establish and review policies relating to the conduct of research and the receipt and accounting of sponsored research funds; (b) require timely reporting to the Board of sponsored research activity; and (c) approve financial support greater than \$250,000 to non-University entities for the commercialization of technology, consistent with Board policies.

Subd. 5. The Board reserves to itself authority to approve educational policies and procedures, in consultation with the president and the faculty governance process, consistent with Board policies. This policy is not intended to alter the relationship between the Board, the University Senate, and the faculties regarding educational policies.

SECTION VI. AWARDS, HONORS, AND NAMINGS.

Subd. 1. The Board reserves to itself authority to establish and bestow awards, honors, and recognition, consistent with Board policies.

Subd. 2. The Board reserves to itself authority to name and revoke names of University buildings and other assets, consistent with Board policies.

SECTION VII. BUDGETARY, FINANCIAL, AND INVESTMENT MATTERS.

Subd. 1. The Board reserves to itself authority to approve the following: annual operating budgets; the central reserves budget and minimum reserve level; and adjustments and amendments, consistent with Board policies. The Board also reserves to itself authority to approve any modifications to the central reserves budget and any expenditures from the central reserves general contingency account, consistent with Board policies.

Subd. 2. The Board reserves to itself authority to approve all requests for operating and capital budget appropriations from the State of Minnesota and positive or negative adjustments to the budget caused by a 1% or more change in total appropriations within a fiscal year.

Subd. 3. The Board reserves to itself authority to establish investment objectives, approve asset allocation guidelines, hire investment advisers, and approve policies and plans for investment income distribution.

Subd. 4. The Board reserves to itself authority to authorize issuance and retirement of debt and to engage debt advisers and/or underwriters, consistent with Board policies.

Subd. 5. The Board reserves to itself authority to accept gifts for the benefit of the University, consistent with Board policies.

Subd. 6. The Board reserves to itself authority to approve individual purchases of goods and services with a value greater than \$1,000,000, consistent with Board policies.

SECTION VIII. PROPERTY, FACILITIES, AND CAPITAL BUDGETS.

Subd. 1. The Board reserves to itself authority to approve the purchase or sale of real property with a value greater than \$250,000 or larger than ten (10) acres, consistent with Board policies.

Subd. 2. The Board reserves to itself authority to approve leases of real property, easements, and other interests in real property if the initial term amount to be paid by or to the University exceeds \$250,000, consistent with Board policies.

Subd. 3. The Board reserves to itself authority to exercise the power of eminent domain to acquire land for University purposes.

Subd. 4. The Board reserves to itself authority to (a) exercise property owner rights regarding the designation, decommissioning, or demolition of historic resources; and (b) take final action on all environmental reviews of historic resources initiated by the

administration for which the University is the responsible governmental unit, consistent with Board policies and applicable state and federal laws.

Subd. 5. The Board reserves to itself authority to approve campus master plans and amendments thereto.

Subd. 6. The Board reserves to itself authority to approve multi-year capital plans consisting of projects with a value greater than \$1,000,000.

Subd. 7. The Board reserves to itself authority to approve annual capital budgets consisting of projects with a value greater than \$500,000.

Subd. 8. The Board reserves to itself authority to approve capital budget amendments to approved projects and new projects when the amendment has a value greater than \$500,000.

Subd. 9. The Board reserves to itself authority to approve project schematic plans for (a) interior renovations with a value greater than \$5,000,000; (b) projects with a value greater than \$2,000,000 that have an exterior visual impact; (c) projects that vary from adopted campus master plans or that have a significant visual impact; and (d) projects noted during the annual review of the capital budget.

Subd. 10. The Board reserves to itself authority for a subsequent review of approved capital budget projects with a value greater than \$5,000,000 prior to the award of construction contracts.

SECTION IX. LEGAL MATTERS.

The Board reserves to itself, or to one of its committees, authority to direct the president or the general counsel to settle any legal claim or initiate or appeal a lawsuit or administrative proceeding, consistent with Board policies.

SECTION X. AUDIT FUNCTION.

The Board reserves to itself authority to adopt policies regulating the audit function; approve selection of external auditors and the director of audits; and evaluate the performance of the independent auditor, and, jointly with the president, the performance of the internal audit function.

SECTION XI. EMPLOYMENT AND LABOR RELATIONS.

Subd. 1. The Board reserves to itself authority to approve all contracts and other agreements with the exclusive collective bargaining representatives of its employees.

Subd. 2. The Board reserves to itself authority to approve civil service rules and annual pay and benefit plans for University employees.

Subd. 3. The Board reserves to itself authority to establish or discontinue retirement plans for University faculty and staff. For those plans sponsored by the University and governed by formal plan documents, the Board reserves to itself authority to approve amendments to those plans that significantly affect the cost structure of the plans. An amendment is considered to significantly affect the cost structure of the plan if the change causes a cost impact of more than \$250,000.

Subd. 4. The Board reserves to itself authority to review individually negotiated employee severance agreements of unusual importance or significance.

SECTION XII. ASSOCIATED ORGANIZATIONS.

The Board reserves to itself authority to approve the legal structure and scope of any relationship between the University and any associated organization, non-profit corporation, foundation, institute, or similar entity that substantially relies upon University resources or personnel to carry out its mission.

ARTICLE II

DELEGATION OF AUTHORITY

SECTION I. DELEGATION OF AUTHORITY TO THE PRESIDENT.

The Board delegates to the president authority to act as chief executive officer of the University, with such general executive management and administrative authority over the University as is reasonable and necessary to carry out the policies and directives of the Board, subject to the limitations noted in Article II, Section II below.

SECTION II. LIMITATIONS UPON PRESIDENTIAL AUTHORITY.

The authority delegated to the president is limited by the following:

- (a) The provisions of the University Charter and the Constitution of the State of Minnesota;
- (b) The provisions of Board Bylaws;
- (c) The provisions of Board policies and directives, including specifically Article I of this policy; and
- (d) The directive that the president shall notify the Board of any matter not otherwise addressed in this section that significantly involves the authority and role of the Board, including its fiduciary, oversight, and public accountability responsibilities.

SECTION III. DELEGATION OF AUTHORITY BY THE PRESIDENT.

Subd. 1. Unless otherwise restricted by specific Board policies or directives, the president shall be responsible for delegating general executive management and administrative authority to other executive officers and employees as necessary and prudent, including authority to execute contracts and other legal documents. The president may condition, limit, or revoke any presidential authority so delegated.

Subd. 2. All delegations and revocations under this section shall be in writing, name the individual to whom such authority is delegated, describe the scope and limitations of such authority, and prescribe the extent to which such authority may be further sub-delegated.

Subd. 3. All delegations and revocations under this section shall be reviewed as to form, legality, and consistency by the general counsel.

Subd. 4. Annually, the president shall report to the Board significant changes to the delegations.

SECTION IV. DELEGATION OF AUTHORITY TO THE CHAIR AND VICE CHAIR.

The chair and vice chair of the Board shall have such authority as is authorized by Board Bylaws and policies and is customarily exercised by such officers of a corporation. The chair shall have authority to execute any and all instruments and documents on behalf of the Board.

SECTION V. DELEGATION OF AUTHORITY TO THE BOARD SECRETARY, TREASURER, GENERAL COUNSEL, AND DIRECTOR OF AUDITS.

The secretary, treasurer, general counsel, and director of audits shall have authority to perform such duties for the Board as provided by Board Bylaws, policies, and directives.

The secretary shall have authority to execute such instruments and documents that would customarily devolve upon a corporate officer and are usual to that office.

The secretary and the general counsel shall have authority to accept legal service on behalf of the University.

SECTION VI. CONFORMANCE WITH THIS POLICY.

Subd. 1. No executive officer or employee of the University shall have any authority to take any action or make any representation on behalf of the University beyond the scope of, or materially inconsistent with, the authority delegated to such executive officer or employee as provided in this policy.

Subd. 2. The secretary and the general counsel each shall have the duty to inform the Board of any existing or proposed Board policy or directive that is inconsistent with or alters the delegations of authority as provided in this policy.

SUPERSEDES: GENERAL DELEGATIONS ADOPTED OCTOBER 17, 1980, LAST AMENDED OCTOBER 10, 1997.

A motion was made and seconded to adopt amendments to Board of Regents Policy: *Founding Date, Corporate Name and Seal, and University Marks*.

Regent Frobenius indicated that he opposed this action. In response to his request, Allen agreed that the administration would report to the Board on the implementation of this policy change.

The Board of Regents voted 11-1 to adopt amendments to Board of Regents Policy: *Founding Date, Corporate Name and Seal, and University Marks*. Regent Frobenius voted against motion.

***Founding Date, Corporate Name and Seal, and
University Marks***

SECTION I. FOUNDING DATE.

The Minnesota Territorial Laws of 1851, Chapter 3 (Laws), establish the University of Minnesota (University), vest its government in a Board of Regents (Board), and constitute the charter under which the University is governed. The Laws became effective February 25, 1851, which shall be the founding date of the University.

SECTION II. CORPORATE NAME.

Subd. 1. Designation. In accordance with the Laws and as perpetuated in Article XIII, Sec. 3 of the State Constitution, this corporate body shall be known and designated as *Regents of the University of Minnesota*. All its business shall be carried on and written instruments shall be executed in this corporate name by its authorized officers and agents and authenticated, when necessary, by affixing the corporate seal (seal) bearing the name *Regents of the University of Minnesota*.

Subd. 2. Reservation of Authority. The Board reserves to itself authority to approve:

- (a) Use of, and revocation of the use of, the corporate name or any abbreviated name, including *University of Minnesota*, by any non-University person or entity as part of its name or in any other manner that indicates or implies an authorized relationship with the University.
- (b) Removal of the corporate name or any abbreviated name, including *University of Minnesota*, from the name of any campus, college, school, division, or unit.

- (c) Use of the corporate name, including *University of Minnesota*, in a manner other than that prescribed in administrative policy.

Subd. 3. Gifts, Bequests, or Devises. All gifts, bequests, or devises (transfers) made in trust or otherwise in the name of the University or in the name of any school, college, department, or other unit of the University shall be transfers to the Regents of the University of Minnesota. The Regents of the University of Minnesota has the authority to manage all transfers intended for the corporation.

SECTION III. CORPORATE SEAL AND DELEGATION OF AUTHORITY.

The Board adopted the current seal of the *Regents of the University of Minnesota* on May 9, 1939.

- (a) Official Use – The embossed seal is the corporate mark of identification signifying authenticity of contracts, agreements, and other documents executed in the name of the corporation, and its use is limited to that purpose. The instrument of the seal and any replicas shall be in the custody of the corporate secretary of the University.
- (b) Use in Reproductions – In its unofficial, unembossed, reproduced form the seal may be used for purposes authorized by the president or delegate in the following manner:
 - (i) Inside the University in accordance with standards authorized by the corporate secretary of the University and maintained by the president or delegate.
 - (ii) Outside the University, under a license agreement with the University, subject to standards authorized by the corporate secretary of the University and maintained by the president or delegate.
- (c) Standards – Standards regarding use and reproduction of the seal are available from the corporate secretary of the University.

SECTION IV. UNIVERSITY MARKS.

The University shall maintain a consistent visual identity system, including name, marks, and logos, that (a) reinforces and protects the University's identity; (b) distinguishes the University from other institutions; and (c) reflects the University's traditions and heritage.

SECTION V. IMPLEMENTATION.

The president or delegate shall maintain administrative policies and procedures to implement this policy.

SUPERSEDES: FOUNDING DATE OF THE UNIVERSITY DATED OCTOBER 14, 1939; REGENTS OF THE UNIVERSITY OF MINNESOTA AS THE CORPORATE BODY OF THE UNIVERSITY DATED NOVEMBER 4, 1939; AND USE OF THE CORPORATE SEAL DATED JANUARY 8, 1982.

BOARD OF REGENTS POLICY: *LEGAL REVIEW OF CONTRACTS AND TRANSACTIONS*

General Counsel Rotenberg presented proposed amendments to Board of Regents Policy: *Legal Review of Contracts and Transactions*. The amendments require the General Counsel to maintain a framework of control to ensure presentation to the Board all contracts and transactions that require Board notification or specific Board approval. The amendment is intended, along with other changes in Board policy, to ensure that the most important and significant contracts and transactions are presented to the Board. In addition, there are other minor clarifying edits to the policy.

A motion was made and seconded, and the Board of Regents voted unanimously to adopt amendments to Board of Regents Policy: *Legal Review of Contracts and Transactions*, as follows:

Legal Review of Contracts and Transactions

This policy governs all contracts made on behalf of the Board of Regents (Board) of the University of Minnesota (University).

SECTION I. DEFINITIONS.

Subd. 1. Contract. *Contract* shall mean any written commercial contract or other agreement that creates a binding obligation upon the University.

Subd. 2. Transaction. *Transaction* shall mean any agreement for which a contract will be prepared that has not yet been reduced to final written form but whose essential business terms have been approved by the affected University unit.

SECTION II. INTERNAL CONTROL.

The general counsel shall:

- (a) Create and maintain for the University an appropriate framework of internal control (1) to evaluate and protect the University's interests in the execution of contracts and (2) to ensure presentation to the Board of all contracts and transactions that require Board notification or specific Board approval.

- (b) Develop appropriate procedures and forms, in consultation with affected University units, to implement this policy and achieve the objectives as stated in Board policy. The procedures and forms shall be designed so that:
 - (1) contracts comply with applicable laws and regulations and University policies and standards;
 - (2) contracts are properly executed by a person with delegated authority;
 - (3) significant or unique legal risks are brought to the attention of the person authorized to execute the contract; and
 - (4) contractual obligations of the University are undertaken using an appropriate form.

SECTION III. CONTRACTS AND TRANSACTIONS REQUIRING BOARD APPROVAL.

All contracts and transactions that are subject to specific approval by the Board shall be reviewed first by the general counsel to ensure that:

- (a) the contract or transaction summary presented to the Board accurately reflects the terms agreed to by the University;
- (b) the contract is or, in cases where only a transaction summary is presented, will be prepared for execution by an authorized University official; and
- (c) the contract is or, in cases where only a transaction summary is presented, will be in compliance with applicable laws, regulations, and Board and administrative policies.

SECTION IV. EXEMPTION.

The general counsel may exempt from individualized legal review:

- (a) contracts that are prepared on forms developed by the general counsel;
- (b) contracts that are prepared on forms developed by others that have been approved by the general counsel; and

- (c) contracts that do not present material risks because, prior to their execution, they have been evaluated by the president or delegate using procedures, instructions, and checklists provided by the general counsel or otherwise meet criteria for exemption established by the general counsel.

BOARD OF REGENTS POLICY: *INDIVIDUAL BUSINESS OR FINANCIAL CONFLICTS OF INTEREST*

Vice President Brown and General Counsel Rotenberg led the discussion of proposed Board of Regents Policy: *Individual Business or Financial Conflicts of Interest*. If adopted, the policy will be renamed Board of Regents Policy: *Individual Conflicts of Interest*.

Rotenberg noted that this is a comprehensive revision of the existing policy of individual conflicts of interest (COI), a topic that has gained increased attention and interest. This policy builds upon a lengthy and detailed process undertaken by the University of Minnesota Medical School in 2008 resulting in a report focusing on COI related to patient care, gifts to medical faculty, and consulting agreements. This policy and the underlying administrative policy are an attempt to balance two important competing priorities for the University: promotion and expansion of collaboration with the private sector, and ensuring the integrity of the University's research and teaching and public service mission.

Brown described the substantive amendments in the scope, guiding principles, and definitions, as outlined in the docket materials on file in the Board Office. A significant number of changes are editorial and structural in nature, and are intended to make the policy more clear and up-to-date. She noted that the policy has been actively discussed within the University community for a number of months. Brown indicated that the administration is seeking board approval on an ethical standard by which all members of the University community will abide. She stressed that integrity of the University's research and discovery, teaching and learning, and outreach and public service activities is paramount, as is the importance of setting the standard at the Board level.

In response to a question from Regent Frobenius, Brown noted that currently the administration has a very robust process for reporting potential conflicts of interest, and that this policy further clarifies the ethical standard and the application of that standard, and offers a fresh look at the administrative policy and practices.

In response to a comment from Regent Beeson, Brown indicated that putting the Board's policy at this broad level allows the Board to set the ethical standard while providing the administration flexibility to focus on greater detail. She added that an administrative policy is the appropriate place for detailed requirements, and allows for refining as the area of COI evolves over time.

In response to questions from Regent Baraga, Brown indicated that there is a broad commitment to ensure the policy is well publicized to the University community. She added that the University is very closely aligned with other institutions in addressing COI in this manner, as most research universities are addressing COI policies, enhancing them, and making them more rigorous.

Board of Regents Policy: *Individual Business or Financial Conflicts of Interest* will return for action at a future meeting of the Board of Regents.

COMMERCIALIZATION OF TECHNOLOGY REPORT

Chair Allen invited Vice President Mulcahy and Jay Schrankler, Executive Director, Office of Technology Commercialization (OTC) to provide an update on the University's OTC and the activities in regard to commercializing the University's intellectual property. Mulcahy reported that tremendous progress has been made in the last five years in this area and that there are areas to consider to enhance commercialization efforts and increase returns on investment for the University.

Schrankler discussed a number of initiatives within OTC that were designed to expedite the commercialization process for companies working with the University on intellectual property issues. He discussed the evolution of the OTC, and highlighted major entrepreneurial initiatives to increase productivity, improve processes, and allow the OTC to be poised for new license growth. He summarized the process by which OTC incorporates industry-based processes to move technologies through the stages from inception to license. Patents are not a key metric in measuring business potential of technology, as nearly anything can hold a patent; more important is how many patents can be commercialized. Schrankler reviewed a number of Minnesota-based start-up companies and the discoveries and research that led to these recent ventures. He reported revenues overall have increased and OTC is outperforming key market indicators.

Schrankler discussed policy-related challenges for the University. He described how future policy changes could maximize income, address costs, and support academic entrepreneurship. He presented data on how peer institutions fund technology transfer operations, and a number of trends and opportunities to improve OTC and remain self-funded while supporting new ventures.

In response to a questions and comments from Boardmembers, Schrankler noted that it is critical for the University to have access to funds to help bring inventions to market. He added that most leading institutions have funds available, but some may view certain lifesaving inventions too risky for investment by established companies. Mulcahy stressed that the University is a critical part of the continuum, but that the state needs to be an entrepreneurial ecosystem and offer a business climate that supports small companies and investments in innovation.

REPORT OF THE FACILITIES COMMITTEE

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

- a) Approval of a Resolution Related to the Campus Master Plan for the University of Minnesota Morris, as follows:

WHEREAS, in 1993, the Board of Regents adopted the following four campus master planning principles to direct the development of campus master plan on each of the University of Minnesota campuses:

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 came to the campus;

The principle of maximizing the value of existing physical assets while responding to emerging/changing physical needs;

The principle of an inclusive, accountable, and timely process for creating and implementing the master plan vision; and

WHEREAS, in February 2008 Chancellor Johnson charged a faculty, staff, and student steering committee to update the 1995 University of Minnesota, Morris Campus Master Plan; and

WHEREAS, using an professional master planning consultant and internal resources and expertise to update the Morris Campus Master Plan has resulted in the development of an update to the plan that reflects the Campus community and supports academic plan of the Morris Campus; and

WHEREAS, the steering committee engaged in broad consultation with the campus community, adjacent jurisdictions, community partners and adjoining neighborhoods, throughout the master planning process; and

WHEREAS, there is agreement on the vision for the campus; and

WHEREAS, the administration from the University of Minnesota has recommended the adoption of this Amendment to the Morris Campus Master Plan.

NOW, THEREFORE, BE IT RESOLVED that the Board of Regents directs that the Amended Master Plan for the University of Minnesota Morris be used to support the Morris Campus academic mission and guide future land use and capital project decisions in accordance with the four planning principles.

- b) Approval of an amendments to the FY2010 Capital Budget, as presented to the committee and described in the February 11, 2010 minutes, by:
 - 1) \$1,165,000 to provide funding for the Akerman Hall Hangar Renovation and Akerman and Mechanical Engineering Life Safety Improvements, Twin Cities Campus.

- 2) \$572,190 to provide funding for the Veterinary Diagnostic Laboratory – BSL-3 Necropsy Effluent Decontamination project, Twin Cities Campus

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

Hunter reported that the committee also reviewed proposed amendments to Board of Regents Policy: *Monumental Works of Art*; reviewed the following real estate transactions: 1) purchase of 617 South Broadway, Rochester, Rochester campus; 2) purchase of 701 South Broadway, Rochester, Rochester campus; 3) seven-year lease of office, classroom and student life space and 148 beds of student housing at 320 – 1st Avenue SW, Rochester, Rochester campus; reviewed amendments to the FY2010 Capital Budget for the following projects: 1) Griggs Hall addition, Duluth campus; Folwell Hall interior renovation design, Twin Cities campus; Physics and Nano Technology design, Twin Cities campus; and Recreation Sports addition design, Twin Cities campus. He also reported that the committee received the Utilities and Energy Management Annual Report and reviewed a number of information items in the docket materials.

REPORT OF THE FACULTY, STAFF & STUDENT AFFAIRS COMMITTEE

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

- a) Approval of a Resolution Related to the Proposed Labor Agreement with Law Enforcement Labor Services Employees (Police Officers Unit 1) as follows:

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

WHEREAS, Law Enforcement Labor Services members have ratified acceptance of this agreement; and

WHEREAS, according to Board of Regents Policy: *Reservation and Delegation of Authority*, approval of labor agreement by the Board of Regents is required;

NOW, THEREFORE, BE IT RESOLVED that on the recommendation of the President, the Board of Regents approves this labor agreement as outlined in the docket for February 11, 2010.

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

Johnson reported that the committee also discussed best practices in performance management; received a report on preparing graduates for the world of work; and discussed a number of information items contained in the docket materials.

REPORT OF THE FINANCE & OPERATIONS COMMITTEE

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

- a) Approval of the Consent Report for the Finance & Operations Committee as presented to the committee and described in the February 11, 2010 committee minutes.
- b) Adoption of amendments to Board of Regents Policy: *Targeted Business, Urban, Community Economic Development, and Small Business Programs*, as follows:

Targeted Business, Urban Community Economic Development, and Small Business Programs

SECTION I. PURPOSE.

Subd. 1. Targeted Businesses. The Board of Regents (Board) supports the use of the purchasing power of the University of Minnesota (University) to enhance equal employment and business opportunities for minorities, women, and disabled persons. Consistent with the Board's long-standing policies and achievements in advancing diversity, equal employment opportunity, and affirmative action, the University is committed to promote actively the utilization of businesses owned and operated by minorities, women, and disabled persons (targeted businesses) and to prevent discriminatory practices against such businesses.

Subd. 2. Public Service Mission. Consistent with the University's outreach and public service mission, it is appropriate that the University foster economic growth in the urban communities of which it is a part. Reduction of poverty and unemployment in the urban community is of vital interest to the University. The University shall take advantage of opportunities presented by its construction projects and its contracts for goods and services to promote the training and employment of urban community residents in skilled trades and professions.

SECTION II. CONTINUATION OF PROGRAMS.

Subd. 1. Delegation of Authority. The president or delegate shall administer the programs described in subdivisions 2-5.

Subd. 2. Targeted Business Program. The Targeted Business Program requires that a contractor, as a condition of bidding on any construction contract where the aggregate project sum exceeds \$100,000, present objective evidence demonstrating:

(1) its past record and continuing commitment to achieve meaningful levels of participation of targeted businesses as subcontractors and suppliers; and

(2) its commitment to achieve meaningful levels of employment of minorities, women, and disabled persons.

Subd. 3. Urban Community Economic Development Program. The Urban Community Economic Development program requires, as a condition of any construction contract where the aggregate project sum exceeds \$100,000, that the contractor:

(a) employ meaningful numbers of residents of urban communities, such communities designated by the administration based upon levels of poverty and unemployment; and

(b) collaborate with the University in the development, funding, and implementation of programs designed to train residents of such urban communities and to increase the number of such urban residents who are skilled and union-certified in building trades to participate in construction projects at the University and elsewhere.

Subd. 4. Non-construction Contracts. Programs designed to annually achieve meaningful levels of participation for targeted businesses in non-construction contracts for the purchase of goods and services.

Subd. 5. Outreach. Programs designed to continue and strengthen outreach to small businesses to implement the provisions of applicable state law.

SECTION III. OVERSIGHT.

Subd. 1. Monitoring. The Board further directs that the administration actively monitor, and take all reasonable actions necessary to ensure, compliance with the above-stated policy and programs.

Subd. 2. Reporting. The president shall report to the Board annually regarding the implementation of this policy, and shall recommend additional actions that may be necessary to achieve its purposes.

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

Frobenius reported that the committee also discussed issues related to: the Annual Capital Financing and Debt Management Report; the Annual Insurance and Risk Management Report; received a progress report on the FY2010 operating budget; and reviewed a number of information items contained in the docket materials.

REPORT OF THE AUDIT COMMITTEE

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

- a) Approval of the Consent Report for the Audit Committee as presented to the committee and described in the February 11, 2010 committee minutes.

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

Hunter reported that the committee also discussed the external auditor's review of completed audit work and letters to management; discussed the Enterprise Financial System's impact on the University's control environment and appetite for risk; received an internal audit update; and discussed the information items contained in the docket materials.

REPORT OF THE EDUCATIONAL PLANNING & POLICY COMMITTEE

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

- a) Approval of the Consent Report for the Educational Planning & Policy Committee as presented to the committee and described in the February 11, 2010 committee minutes.
- b) Adoption of amendments to Board of Regents Policy: *Openness in Research*, as follows:

Openness in Research

SECTION I. SCOPE.

This policy applies to research conducted at the University of Minnesota (University) by University faculty, staff, students, visiting researchers, and volunteers, except as provided in Section II.

SECTION II. EXCLUSIONS.

This policy shall not apply when:

- (a) the research is performed by faculty members on leave from the University or serving as consultants; or
- (b) the research involves services performed as an external sale, provided that the results of such services either may be published freely in the aggregate or may be used to guide the design of broader research activities.

SECTION III. GUIDING PRINCIPLES.

In carrying out its mission of research and discovery, the University strives to sustain an open exchange of ideas in an environment that embodies the values of academic freedom and responsibility. Absent compelling reasons, the University shall not accept restrictions on

participation in University research or on the dissemination of the results of University research. The University cooperates with research sponsors in the orderly publication of research results, subject to appropriate restrictions on the use of publications or of the University's name for commercial purposes.

SECTION IV. ACCEPTANCE OF RESEARCH AGREEMENTS.

The following provisions shall govern the acceptance of research grants and contracts by the University:

Subd. 1. Disclosure of the Research Relationship. The University shall not accept support from any source for research under a contract or grant that prohibits the disclosure of:

- (a) the existence of the contract or grant;
- (b) the identity of the sponsor or the grantor and, if a subcontract is involved, the identity of the prime contractor if the results of the research must be reported to the sponsor, grantor, or prime contractor; and
- (c) the purpose and scope of the proposed research in sufficient detail (i) to permit informal discussion concerning the wisdom of such research within the University and (ii) to inform colleagues in immediate and related disciplines of the nature and importance of the potential contribution to the disciplines involved.

Subd. 2. Open Dissemination of Research Results. The University shall not accept support for any research under a contract or grant if the contract or grant limits the full and prompt public dissemination of results or specifically permits the retroactive classification of results as nonpublic, except for reasons found compelling through a review process specified in administrative procedures.

Subd. 3. Retroactive Restrictions on Research Results. If a sponsor imposes restrictions on the disclosure of research results after the research has begun, the University shall reevaluate whether to continue the work. In the reevaluation, the University shall apply the provisions of this policy and a review process specified in administrative procedures.

Subd. 4. Use of Facilities. University facilities shall not be available for research that violates this policy. Any exceptions shall be considered through a review process specified in administrative procedures.

SECTION V. PUBLICATION.

The following provisions shall govern the publication of research results:

Subd. 1. University's Right to Publish. The University reserves the right to publish and present research results, individually and in

collaboration with other researchers. When a research sponsor requests prior review, the University shall provide an opportunity for review of the manuscript or presentation materials and will consider suggested modifications prior to publication.

Subd. 2. Attribution. Publications by the University shall properly acknowledge the financial support and other contributions of research sponsors.

Subd. 3. Brand and Trade Names. Publication and presentation of research results by either the University or the sponsor shall not include commercial brands or trade names unless such brand or trade name is essential to the description of the research.

Subd. 4. Publicity. Research grants and contracts may provide that University researchers must obtain prior written approval from the sponsor for any prepublication publicity regarding the research results.

Subd. 5. Authorization for Research Sponsor to Publish. If the University elects not to publish research results, the research sponsor may publish them with the University's consent, which shall not be unreasonably denied.

SECTION VI. USE OF UNIVERSITY NAME.

The name of the University shall not be used in any way by research sponsors for advertising purposes.

SECTION VII. DELEGATION OF AUTHORITY.

The president or delegate is authorized to adopt and amend administrative policy and procedures to ensure implementation of this policy.

SUPERSEDES: PUBLICATION OF INVESTIGATION RESULTS DATED JULY 19, 1940 AND RESEARCH SECRECY DATED JULY 10, 1969.

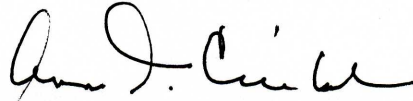
The Board of Regents voted unanimously to approve the recommendations of the Educational Planning & Policy Committee.

Ramirez reported that the committee also reviewed proposed amendments to Board of Regents Policy: *Student Financial Aid*; Board of Regents Policy: *Academic Misconduct*; and Board of Regents Policy: *College Constitutions*; discussed faculty teaching; and reviewed the information items contained in the docket materials.

REPORT OF THE LITIGATION REVIEW COMMITTEE

Chair Allen, reported that the committee did not meet this month.

The meeting adjourned at 11:58 a.m.

A handwritten signature in black ink, appearing to read "Ann D. Cieslak". The signature is fluid and cursive, with a large initial "A" and "C".

ANN D. CIESLAK
Executive Director and
Corporate Secretary