

UNIVERSITY OF MINNESOTA

BOARD OF REGENTS

March 11, 2005

A meeting of the Board of Regents of the University of Minnesota was held on Friday, March 11, 2005, at 9:00 a.m. in the Boardroom, 600 McNamara Alumni Center.

Regents present: David Metzen, presiding; Clyde Allen, Anthony Baraga, Peter Bell, Dallas Bohnsack, John Frobenius, Steven Hunter, David Larson, Richard McNamara, Lakeesha Ransom, and Patricia Simmons.

Staff present: President Robert Bruininks; Chancellor Samuel Schuman; Senior Vice President and Provost Thomas Sullivan; Senior Vice President Robert Jones; Vice Presidents Kathryn Brown, Carol Carrier, Kathleen O'Brien, Richard Pfitzenreuter, and Linda Thrane; General Counsel Mark Rotenberg; Executive Director Ann Cieslak; Provost David Carl; Executive Associate Vice President Al Sullivan; and Associate Vice Presidents Terry Bock, Steve Cawley, Gail Klatt, Michael Perkins, and Michael Volna.

RECOGNITION OF MC KNIGHT LAND-GRANT PROFESSORS

Recognition was given to the recipients of the 2005-07 McKnight Land-Grant Professors. The goal of this program is to advance the careers of the University's most promising junior faculty at a crucial period in their professional lives. Recipients are honored with the title McKnight Land-Grant professor, an endowed chair which they will hold for two years. The recipients are:

Professor Reuben S. Harris
Biochemistry, Molecular Biology & Biophysics

Professor Alex Kamenev
Physics

Professor Dan S. Kaufman
Medicine

Professor Michelle N. Mason
Philosophy

Professor Stuart McLean
Anthropology

Professor Ezra Miller
Mathematics

Professor Randall S. Singer
Veterinary & Biomedical Sciences

Professor Bryan N. Shuman
Geography

Professor T. Andrew Taton
Chemistry

Professor Eric Van Wyk
Computer Science & Engineering

Professor George D. Weiblen
Plant Biology

INTRODUCTION

President Bruininks introduced Steven Crouch, newly-appointed dean for the Institute of Technology. Crouch briefly addressed the Board.

RECOGNITION OF STUDENT REPRESENTATIVES TO THE BOARD OF REGENTS

Recognition was given to the 2004-05 Student Representatives to the Board of Regents:

Johanna Farmer
Morris

Bobak Ha'Eri
Twin Cities

Joshua Jacobsen
Duluth

Richard Laager
Crookston

Andrew Sorsoleil
Twin Cities

Nathan Wanderman
Twin Cities

Tom Zearley
Twin Cities

APPROVAL OF MINUTES

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

Litigation Review Committee - February 9, 2005
Audit Committee - February 9, 2005
Facilities Committee - February 10, 2005
Educational Planning & Policy Committee - February 10, 2005
Faculty, Staff & Student Affairs Committee - February 10, 2005
Finance & Operations Committee - February 10, 2005
Board of Regents Meeting - February 10, 2005
Board of Regents Work Session - February 10, 2005
Board of Regents - February 11, 2005

REPORT OF THE PRESIDENT

President Bruininks noted that he had distributed a brochure providing a short progress report on the President's Interdisciplinary Academic Initiatives.

The President reported on progress of the University's requests before the legislature, including the bonding bill and the University's biennial budget. He noted that an encouraging revenue forecast for the State of Minnesota was recently issued that may also have a positive impact for the University's requests.

The President also reviewed the next steps in the strategic positioning process and provided highlights from his State of the University address.

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

REPORT OF THE CHAIR

Chair Metzen reported that he has appointed Regents Baraga, Berman, and Frobenius to serve as the nominating committee to recommend appointments to the Fairview University Medical Center Board of Trustees.

He stated that the Board will not hold its regular committee and Board meetings in April, however, it is possible that a special Board meeting may be called if necessary.

Lastly, he reported that the leadership from the Minnesota State Colleges and Universities System (MnSCU), the private colleges, and the University of Minnesota recently met to informally discuss common issues in higher education.

RECEIVE AND FILE REPORTS

Chair Metzen noted the receipt and filing of the Quarterly Report of Grant & Contract Activity.

BOARD OF REGENTS POLICY REPORT

Regent Metzen presented a status report on the comprehensive review of all Board of Regents policies, as contained in the docket materials. A list of all policies and their anticipated review dates was also included in the materials.

BOARD CALENDAR ANNUAL REVIEW

Chair Metzen presented the Board of Regents calendar for annual review. The calendar lists required actions, reports, and other items routinely presented for consideration by the Board and its committees. It is reviewed annually as required by Board of Regents Policy: *Board Operations and Agenda Guidelines*.

It was noted in the docket material that the calendar was revised since it was last reviewed by the Board of Regents in March 2004. The revisions were made to bring the calendar into compliance with amended or new Board policies, to reflect existing practice, and to correct inaccuracies.

REPORT OF THE ALL-UNIVERSITY HONORS COMMITTEE

Regent Metzen stated that the Report of the All-University Honors Committee was forwarded to the Board in a letter from President Bruininks on February 23, 2005.

A motion was made and seconded, and the Board of Regents voted unanimously to approve the Report of the All-University Honors Committee. A copy of the report is on file in the Board Office.

QUARTERLY SUMMARY OF EXPENDITURES

Regent Metzen presented the Quarterly Summary of Expenditures for the Office of the Board of Regents, the President's Office, and Eastcliff Operations, for six months ending December 31, 2004 as contained in the docket materials.

A motion was made and seconded and the Board of Regents voted unanimously to approve the Summary of Expenditures for the period ending December 31, 2004.

GIFTS

President Bruininks presented the monthly list of gifts to the University of Minnesota, the University of Minnesota Foundation, the Arboretum Foundation, and the Minnesota Medical Foundation for January 2005, as listed in the docket materials and on file in the Board Office. It was noted that a corrected report presented at the February 2005 meeting was included in the docket materials.

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

BOARD OF REGENTS POLICY: GIFTS RECEIVED AND GIVEN BY REGENTS AND UNIVERSITY OFFICIALS

Regent Metzen presented proposed amendments to Board of Regents Policy: *Gifts Received and Given by Regents and University Officials* for adoption as detailed in the docket materials. He noted that the policy was reviewed by the Board at its February 11, 2005 meeting.

A motion was made, seconded, and the Board of Regents voted unanimously to adopt the amendments to Board of Regents Policy: *Gifts Received and Given by Regents and University Officials*.

GIFTS RECEIVED AND GIVEN BY REGENTS AND UNIVERSITY OFFICIALS.

This policy regulates gifts received and given by members of the Board of Regents (Board) and University of Minnesota (University) officials. Such regulation is essential in order to ensure that:

- (1) Regents and University officials do not influence inappropriately, or appear to influence inappropriately, decisions by federal, state, and local government officials; and
- (2) Regents and University officials are not influenced inappropriately, or do not appear to be influenced inappropriately, in performing their duties.

This policy is not intended to prohibit Regents or University officials from soliciting gifts on behalf of the University for University purposes.

SECTION I. SCOPE.

Subd.1. Constitutional Authority. The Board has considered analogous federal and state laws and policies and has concluded that the University should have its own policy governing gifts, consistent with the Board's exclusive constitutional authority to establish rules for the governance and management of the University.

Subd.2. Application. This policy shall be interpreted and applied with sound practical judgment in a manner that best serves the overall interests of the University, not any individual.

SECTION II. DEFINITIONS.

Subd.1. Gift. *Gift* shall mean any gratuity, favor, discount, entertainment, hospitality, loan, forbearance, services, training, transportation, lodging, meals, or other item that constitutes a personal benefit to the recipient. It does not include any gift made to the University or its foundations for University purposes.

Gift also shall mean a gift to a family member of a Regent or University official or a gift to any other individual based on that individual's relationship with a Regent or University official (1) if it is given with the knowledge and acquiescence of the Regent or University official and (2) if the Regent or University official has reason to believe the gift was given because of the recipient's University status.

The term *gift* shall not include the following:

- (a) anything for which the individual recipient pays the market value;
- (b) anything the individual receives but returns or gives to the University without substantial personal use or benefit;
- (c) food or refreshments of reasonable value in the normal course of University business;
- (d) plaques, trophies, mementos, hats, or similar items of reasonable value;
- (e) any gift from a relative, provided that the Regent or University official has no reason to believe that the gift was provided because of the recipient's official University position;
- (f) informational materials in the form of books, articles, other written materials, audio/video media, and other similar materials;
- (g) anything received because a Regent or University official participated in a group, a majority of whose members are not Regents or University officials and who customarily may receive an equivalent item;
- (h) anything paid for or reimbursed by the University pursuant to University policy;
- (i) tickets to University athletic or cultural events;
- (j) local transportation; and

- (k) political contributions to any candidate, political committee, organization, or party as permitted by state and federal law, provided that no such contributions may be made from University funds or resources.

Subd.2. Financial Interest. *Financial interest* shall mean an actual or foreseeable nontrivial financial benefit resulting from a decision.

Subd. 3. University Official. *University official* shall mean:

- (a) chancellors and vice chancellors;
- (b) deans;
- (c) division I athletic directors;
- (d) general counsel;
- (e) president and president's chief of staff;
- (f) provosts, vice provosts, and associate vice provosts;
- (g) senior vice president and provost;
- (h) senior vice presidents, vice presidents, associate vice presidents, and assistant vice presidents;
- (i) University directors and campus-wide directors; and
- (j) University employees officially engaged in legislative lobbying on behalf of the University.

SECTION III. GIFTS TO AND FROM REGENTS.

Subd.1. Government Officials. No Regent shall give a gift or solicit another to give a gift to any federal, state, or local government officials or to any member of their staff.

Subd. 2. Financial or Personal Interests. No Regent shall solicit or accept a gift from any person or organization having a financial or other direct personal interest in a decision before the Board, provided, however, that a Regent may receive food, lodging, or other benefits resulting from the Regent's outside business or employment activities or other outside activities not connected to their duties as a Regent if (a) such food, lodging, or other benefits have not been offered or enhanced because of the Regent's official status and (b) such benefits customarily are provided to others in similar circumstances.

SECTION IV. GIFTS TO AND FROM UNIVERSITY OFFICIALS.

Subd. 1. Government Officials. No University official shall give a gift or solicit another to give a gift to any federal, state, or local government official or to any member of their staff.

Subd. 2. Financial or Personal Interests. No University official or other University employee authorized to make a decision involving the purchase of goods or services on behalf of the University shall solicit or accept a gift from any person or organization having a financial or other direct personal interest in such decision.

**BOARD OF REGENTS POLICY:
ATTORNEYS AND RELATED SERVICES**

Regent Metzen presented proposed amendments to Board of Regents Policy: *Attorneys and Related Services* for adoption as detailed in the docket materials. He noted that the policy was reviewed by the Board at its February 11, 2005 meeting.

A motion was made, seconded, and the Board of Regents voted unanimously to adopt the amendments to Board of Regents Policy: *Attorneys and Related Services*.

ATTORNEYS AND RELATED SERVICES

Subd. 1. Delegation of Authority. The Board of Regents (Board) of the University of Minnesota (University) delegates to the president authority to hire attorneys from outside the Office of the General Counsel (OGC) and to enter into related contracts for services incurred as part of a legal matter.

Subd.2. Hiring Factors. The following factors shall be considered in the decision to hire outside attorneys and to contract for related services:

- (a) the existence of insurance coverage for the legal matter;
- (b) special expertise or experience in the subject area;
- (c) actual or perceived conflict of interest;
- (d) the need for additional resources beyond those available in the OGC to handle a particular matter because of its size or time demands;
- (e) special need for independent counsel or a second opinion; and
- (f) the need for legal services outside the State of Minnesota.

Subd.3. Exemption from Competitive Bidding. The OGC may retain outside attorneys on a case-by-case basis without competitive bidding.

Subd. 4. Report. The general counsel shall report annually to the Board on the activities of the OGC. The Board's Litigation Review Committee may require from the OGC additional reports regarding legal matters.

RESOLUTION: UNIVERSITY STRATEGIC POSITIONING

President Bruininks presented the following resolution relating to the University Strategic Positioning Report contained in the docket materials:

WHEREAS, the University of Minnesota is the state's public, land grant university charged with the responsibility to pursue knowledge through research and discovery, and to apply this knowledge through teaching and learning, and outreach and public service; and

WHEREAS, it is the responsibility of the Board in cooperation with the president, to articulate the directions and priorities of the institution; identify and analyze the critical issues and challenges confronting the University; assess its operations; and evaluate the performance and success of its colleges and campuses; and

WHEREAS, the Strategic Positioning Report submitted by the University articulates directions and priorities for the future, identifies and analyzes critical issues and challenges confronting the University, and sets forth criteria for setting priorities and evaluating the University's programs and operations; and

WHEREAS, in September 2004, October 2004, and November 2004, the Board reviewed and discussed with the administration the various components of the Strategic Positioning Report; and

WHEREAS, in February 2005 the Board discussed with the administration a draft of the Report;

WHEREAS, on the recommendation of the senior vice president for academic affairs and provost, the president of the University requests the Board endorse the Strategic Positioning Report; and

NOW, THEREFORE, BE IT RESOLVED that the Board endorses the Strategic Positioning Report as presented by the administration on March 11, 2005.

A motion was made and seconded to approve the resolution.

President Bruininks reported that presentations on the University's strategic positioning efforts have been made at four work sessions since September 2004. The report contained in the docket materials is structurally and substantively identical to the report presented at the February 2005 Board meeting.

Senior Vice President and Provost Sullivan noted that the next phases of the process will include recommendations from two task forces that will study options, a sharing of those options with the University community, and the appointment of a task force to assist in developing implementations plans.

Regent Frobenius stated that he is concerned that the document does not address a commitment to meeting the workforce demands of the health care industry predicted for the future. Bruininks responded that the University is committed to a leadership role in this area and that commitment will be specifically addressed as the strategically positioning progresses.

In response to a question regarding public engagement in the process, Sullivan responded that the public has been engaged from the beginning. He reported that there have been numerous presentations, town hall meetings, and four public work sessions before the Board. As the process proceeds, the administration is committed to engaging the public in the specifics of the implementation.

The Board of Regents voted unanimously to approve the resolution related to University Strategic Positioning.

RESOLUTION: UNIVERSITY PLAN, PERFORMANCE & ACCOUNTABILITY REPORT

President Bruininks presented the following resolution relating to the 2004-05 University Plan, Performance, and Accountability Report (Report) that was reviewed by the Board at its February 2005 meeting:

WHEREAS, the president of the University and the Board of Regents (Board) are entrusted with the responsibility in their oversight of

the University to be good stewards of the public interest, resources, and facilities; and

WHEREAS, it is the responsibility of the Board in cooperation with the president, to articulate the directions and priorities of the institution; identify and analyze the critical issues and challenges confronting the University; assess its operations; and evaluate the performance and success of its colleges and campuses; and

WHEREAS, it was resolved that the University Plan, Performance, and Accountability Report (Report) shall include the priorities of the institution; statistical profiles of the University at the campus level; selected statistics related to system trends; University-wide strategies to achieve goals; summaries of accomplishments and investments; progress in institutional performance measures; and summaries of special institutional studies and reports; and

WHEREAS, on the recommendation of the senior vice president for system administration, the president of the University requests the Board accept the 2004-05 Report; and

WHEREAS, in February 2005 the Board reviewed the 2004-05 Report;

NOW, THEREFORE, BE IT RESOLVED that the Board accepts the 2004-05 Report as submitted by the administration.

A motion was made and seconded to approve the resolution and the Board of Regents voted unanimously to approve the resolution relating to the University Plan, Performance & Accountability Report.

SEMI-ANNUAL STUDENT REPRESENTATIVES REPORT

Andrew Sorsoleil, Chair of the Student Representatives to the Board of Regents, presented their semi-annual report as contained in the docket materials. The report reflects the student perspective on issues and concerns facing University students and identifies issues explored by the Student Representatives during the past year. The report addressed: 1) the administrative response to the December 2004 Report of the Student Representatives; 2) the University's process for program changes; and 3) student involvement in the strategic positioning process.

Regarding the strategic positioning process, Chair Metzen reported that it is important to note that decisions are not being made at this time. When recommendations are formulated and presented, input will be solicited widely from the University community and the public.

REPORT OF THE AUDIT COMMITTEE

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

- a) Adoption of amendments to Board of Regents Policy: *Audit Committee Charter*, as follows:

AUDIT COMMITTEE CHARTER

Subd. 1. Organization. The Audit Committee of the Board of Regents (Board) shall be a permanent committee consisting of at least four members of the Board. Audit Committee members shall be appointed by the Board chair, recognizing the need for financial expertise and continuity of membership from year to year.

Subd. 2. Reservation of Authority. Consistent with Board of Regents Policy: *Reservation and Delegation of Authority*, the Board reserves to itself authority to adopt policies regulating the audit function; approve selection of external public accountants and the Director of Internal Audit; review audit plans; and evaluate the performance of the independent auditor and, jointly with the president, the performance of the internal audit function.

Subd. 3. Purpose. The Audit Committee is to assist the Board in discharging its oversight responsibilities related to the audit function by:

- (a) promoting the development of an effective and continuously improving control environment, in concert with the administration, to achieve the institution's objectives through an appropriate system of risk assessment and internal controls;
- (b) overseeing the University's integrated framework of internal controls and risk assessment practices to ensure that the administration executes the provisions of Board of Regents Policy: *Internal Controls*;
- (c) serving as an informed voice on the Board by relaying the audit perspective when related issues are brought before the Board and its standing committees; and
- (d) providing a direct channel of communication to the Board for the internal auditor and the independent public auditor.

Subd. 4. Duties. Specific duties of the Audit Committee include the following:

- (a) Oversight of the Independent Auditor. The independent auditor reports directly to the Board through the Audit Committee. The Audit Committee shall recommend for Board approval the engagement and related fees of the independent auditor to perform the annual financial statement and federal compliance audits. The Audit Committee shall approve in advance all audit and non-audit services provided by the independent auditor with a value greater than \$25,000 or that may impair the audit firm's independence regarding the University. Such impairment of independence is currently limited to prohibited non-audit services as defined in the United States General Accounting Office *Government Auditing Standards*. Engagements not requiring approval by the Board shall be reported to the Audit Committee at the next scheduled meeting of the committee. The Audit Committee shall annually review and evaluate the independent auditor's performance, independence, and effectiveness of

coordination with other assessment activities, including internal audit.

- (b) Oversight of the Internal Audit Function. The Audit Committee shall recommend for Board approval (1) the appointment or removal of the director of audits, (2) changes to the Audit Department charter, and (3) any material revisions to internal audit plans or budgets. In consultation with management and the internal auditor, the Audit Committee shall review the annual internal audit plan and the extent to which it addresses high risk areas.
- (c) Review of Financial Statements. The Audit Committee shall review, in advance of final issuance, the proposed formats and wordings of the annual financial report, including the management's discussion and analysis, financial statements, footnotes, statistics, and disclosures.
- (d) Review of Audit Results. The Audit Committee shall review the internal and external audit results and discuss significant issues of internal control and compliance with the independent auditor, internal auditor, and management. The Audit Committee shall monitor management's progress in addressing audit recommendations.
- (e) Investigation of Reported Concerns Regarding Accounting or Auditing Matters. The Audit Committee shall be apprised of investigations conducted under the administrative policy *Dealing with Allegations of Financial or Operational Misconduct*.
- (f) Requests for Audits. The Audit Committee is authorized to request supplemental reviews or other audit procedures by the internal auditor, the independent auditor, or other advisors.
- (g) Approval of Engagements of Audit Firms Other Than the University's Principal External Auditors. The Audit Committee shall approve all engagements of external audit firms to perform work or provide services with a value greater than \$25,000 or that may impair the audit firm's independence regarding the University. Such impairment of independence is currently limited to prohibited non-audit services as defined in subd. 4 (a) of this policy. Engagements not requiring approval by the Board shall be reported to the Audit Committee at the next scheduled meeting of the committee.

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

Frobenius reported that the committee engaged in a discussion relating to the University's operations risk profile; received an overview of key financial indicators relating to financial oversight; received a report on external auditor relationships and

services; and received information on the process used for the selection of a new external auditor.

REPORT OF THE FACULTY, STAFF, & STUDENT AFFAIRS COMMITTEE

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

- a) Approval of the Consent Report for the Faculty, Staff, & Student Affairs Committee as presented to the committee and described in the March 10, 2005 committee minutes.
- b) Adoption of amendments to Board of Regents Policy: *Private Practice Plan: Medical School*, as follows:

PRIVATE PRACTICE PLAN - UNIVERSITY OF MINNESOTA MEDICAL SCHOOL TWIN CITIES

SECTION I. SCOPE

This policy governs the private practice of medicine by the faculty of the University of Minnesota (University) Medical School Twin Cities. Consulting activities that do not constitute the practice of medicine, as determined by the president or delegate, shall be governed by Board of Regents Policy: *Outside Consulting, Service Activities, and Other Work*.

SECTION II. DEFINITIONS.

Subd. 1. Academic Health Center or AHC. *Academic Health Center (AHC)* shall mean the University of Minnesota Academic Health Center.

Subd.2. Medical School. *Medical School* shall mean the University of Minnesota Medical School on the Twin Cities campus.

Subd.3. University of Minnesota Physicians. *University of Minnesota Physicians (UMP)* shall mean the faculty practice organization, organized as a Minnesota non-profit corporation, established as the designated practice organization of the faculty of the Medical School.

Subd. 4. Delegate. *Delegate* shall mean the person designated by the president to carry out this private practice plan.

SECTION III. PRIVATE PRACTICE STANDARDS.

Subd.1. Contribute to Mission. The private practice of medicine shall be conducted so as to contribute significantly to achieving the mission of the Medical School in teaching, research, and clinical care.

Subd.2. Promote Reputation. The private practice of medicine shall be conducted so as to promote the reputation of the Medical School.

Subd. 3. Use of Assets. Where University assets are used in connection with the private practice of medicine, such assets shall be used in support of the mission of the Medical School and pursuant to appropriate rules and controls established by the president or delegate.

Subd. 4. Faculty Compensation. Faculty compensation shall reflect relative contributions to all the Medical School functions of teaching, research, administration, and clinical care. Compensation limitations shall take into account generally recognized standards for academic medical centers, local market conditions, the value of University faculty appointments and their benefits, and other relevant factors.

Subd.5. Compliance With Other Law and Policy. UMP and Medical School faculty members must comply with applicable law; University, AHC, and Medical School policies; and recognized professional practices.

SECTION IV. ADMINISTRATION.

Subd.1. Responsibility. The president or delegate shall be responsible for assuring, consistent with contractual obligations and limitations, compliance with this policy.

Subd. 2. Governance of Academic Issues. The University shall continue to govern academic issues.

Subd. 3. Board of Regents Policies. UMP and Medical School faculty members remain subject to current and future Board of Regents policies.

SECTION V. IMPLEMENTATION.

Subd. 1. Operating Procedures. The president or delegate shall establish, in consultation with UMP, operating procedures for the implementation of this policy and for assuring that appropriate controls, including audits, are in place.

Subd.2. Consistency With Policy. All contracts, agreements, and operating procedures of the Medical School relating to the private practice of medicine shall be consistent with this policy and shall be subject to review by the president or delegate for compliance.

- c) Adoption of amendments to Board of Regents Policy: *Private Professional Practice: University of Minnesota Medical School Duluth*, as follows:

PRIVATE PROFESSIONAL PRACTICE: UNIVERSITY OF MINNESOTA MEDICAL SCHOOL DULUTH

SECTION I. SCOPE.

This policy governs private professional practice performed by the faculty of the University of Minnesota (University) Medical

School Duluth. Consulting activities that do not constitute private professional practice, as determined by the president or delegate, shall be governed by Board of Regents Policy: *Outside Consulting, Service Activities, and Other Work*.

SECTION II. DEFINITIONS.

Subd.1. Academic Health Center or AHC. *Academic Health Center (AHC)* shall mean the University of Minnesota Academic Health Center.

Subd.2. Medical School Duluth. *Medical School Duluth* shall mean the University of Minnesota Medical School on the Duluth campus.

Subd.3. Delegate. *Delegate* shall mean the person designated by the president to carry out this private professional practice plan.

SECTION III. PRIVATE PROFESSIONAL PRACTICE STANDARDS.

Subd.1. Contribute to Mission. The private professional practice shall be conducted so as to contribute significantly to achieving the mission of the Medical School Duluth in teaching, research, and clinical care.

Subd.2. Promote Reputation. The private professional practice shall be conducted so as to promote the reputation of the Medical School Duluth.

Subd.3. Use of Assets. Where University assets are used in connection with the private professional practice, such assets shall be used in support of the mission of the Medical School Duluth and pursuant to appropriate rules and controls established by the president or delegate.

Subd.4. Faculty Compensation. Faculty compensation shall reflect relative contributions to all the Medical School Duluth functions of teaching, research, administration, and clinical care. Compensation limitations shall take into account generally recognized standards for academic medical centers, local market conditions, the value of University faculty appointments and their benefits, and other relevant factors.

Subd.5. Compliance With Law and Policy. Medical School Duluth faculty members must comply with applicable law; University, AHC, and Medical School Duluth policies; and recognized professional practices.

SECTION IV. ADMINISTRATION.

Subd.1. Responsibility. The president or delegate shall be responsible for assuring, consistent with contractual obligations and limitations, compliance with this policy.

Subd. 2. Governance of Academic Issues. The University shall continue to govern academic issues.

Subd. 3. Board of Regents Policies. Medical School Duluth faculty members remain subject to current and future Board of Regents policies.

SECTION V. IMPLEMENTATION.

Subd. 1. Operating Procedures. The president or delegate shall establish operating procedures for the implementation of this policy and for assuring that appropriate controls, including audits, are in place.

Subd. 2. Consistency with Policy. All contracts, agreements, and operating procedures of the Medical School Duluth relating to the private professional practice shall be consistent with this policy and shall be subject to review by the president or delegate for compliance.

- d) Adoption of amendments to Board of Regents Policy: *Private Practice Plan: School of Nursing*, as follows:

PRIVATE PRACTICE PLAN - UNIVERSITY OF MINNESOTA SCHOOL OF NURSING

SECTION I. SCOPE.

This policy governs the private practice of clinical nursing services by the faculty of the University of Minnesota (University) School of Nursing. Consulting activities that do not constitute the private practice of clinical nursing services, as determined by the president or delegate, shall be governed by Board of Regents Policy: *Outside Consulting, Service Activities, and Other Work*.

SECTION II. DEFINITIONS.

Subd. 1. School of Nursing. *School of Nursing* shall mean the University of Minnesota School of Nursing on the Twin Cities campus.

Subd. 2. Delegate. *Delegate* shall mean the person designated by the president to carry out this private practice plan.

Subd. 3. Faculty. *Faculty* shall mean registered nurses holding full-time (regular or non-regular) appointments to the faculty of the University of Minnesota School of Nursing and other faculty designated by the president or delegate.

Subd. 4. Participating Faculty. *Participating faculty* shall mean faculty members engaged in clinical practice under this policy.

Subd. 5. Clinical Services. *Clinical services* shall mean performance for compensation or personal profit of the professional interpersonal service of:

- (1) providing a nursing assessment of the actual or potential health needs of individuals, families, or communities;
- (2) providing nursing care supportive to or restorative of life; and
- (3) evaluating these actions (Minnesota Nurse Practice Act).

SECTION III. ORGANIZATION.

Subd. 1. Internal Organization. The private clinical practice of faculty in the School of Nursing shall be organized internally under the direction of the president or delegate. All faculty who engage in the private practice of nursing may provide clinical services only through the internal practice plan. Any exceptions to the foregoing must be approved by the president or delegate.

Subd. 2. Advisory Committee. A Faculty Practice Advisory Committee (Advisory Committee) shall be established for the purpose of advising the president or delegate as to administration of the internal practice group (practice group). The Committee shall be made up of participating and nonparticipating regular faculty and shall be appointed by the president or delegate. The Advisory Committee shall select its own chair.

SECTION IV. PARTICIPATION.

Subd. 1. Participation with Outside Health Care Agencies. Faculty may have staff appointments and clinical privileges at health care agencies outside the University only if approved in writing by the president or delegate as being consistent with the teaching and research missions of the School of Nursing. Faculty shall not maintain offices for professional practice outside the University without written approval of the president or delegate.

Subd. 2. Insurance Coverage. All faculty members engaged in private practice activity shall obtain professional liability insurance coverage that fully covers such activity, at coverage limits acceptable to the University, and naming the Regents as an additional insured. Evidence of such coverage shall be filed with the president or delegate.

SECTION V. SOURCES AND USES OF FUNDING.

Subd. 1. Revenues Included. Private practice plan revenues shall include all funds derived, regardless of location, from clinical or patient care services and any other similar source which the president or delegate determines should be deemed practice income. All funds so derived shall be received by or submitted to an appropriate University account as determined by the president or delegate and in keeping with University financial policies and procedures.

Subd. 2. Revenues Not Included. Practice plan revenues shall not include:

- (1) royalties from publications;
- (2) honoraria or speaking fees; and

(3) any other source which the president or delegate determines should be excluded.

Subd. 3. Allowable Expenses. The practice group will record as expenses only those expenses that are ordinary and necessary business expenses and that are consistent with University policy.

Subd. 4. University Charges. The University shall charge the practice group as an expense an appropriate amount for all University personnel, equipment, office space, utilities, or other services or facilities used for the generation of private practice income, but excluding personnel, equipment, or facilities for which charge recovery or cost recovery is ordinarily achieved by the University.

Subd.5. Contribution from Practice Group. The practice group shall annually contribute to the School of Nursing an amount to be determined by the president or delegate, based upon a recommendation of the Advisory Committee. The amount of support to the School of Nursing will be a proportion of projected total practice group income available for distribution (not including base salaries).

Subd. 6. Revenue Distribution. The net revenue available for distribution to participating faculty under this policy, as salaries or income augmentation, shall be allocated to them in a manner that is fair, fosters team work, and recognizes all principal areas of contribution to the activities of teaching, research, clinical care, and administration, and shall be determined and regularly reviewed by the president or delegate. The total level of compensation for those engaged in this practice plan is considered public information.

SECTION VI. OVERSIGHT AND ACCOUNTABILITY.

Subd.1. Oversight and Administration. The president or delegate shall be responsible for oversight and administration of the private practice activity described in this policy.

Subd. 2. Audits. To ensure financial accountability, annual budgets and year end reports shall be prepared by the practice group and submitted to the president or delegate. Audits will be performed by the Department of Audits upon appropriate request.

e) Adoption of amendments to Board of Regents Policy: *Intercollegiate Athletics Philosophy: Twin Cities Campus*, as follows:

INTERCOLLEGIATE ATHLETICS - TWIN CITIES CAMPUS

SECTION I. SCOPE.

This policy applies to the Department of Intercollegiate Athletics (Intercollegiate Athletics) on the Twin Cities campus of the University of Minnesota (University).

SECTION II. GUIDING PRINCIPLES.

The University shall implement Intercollegiate Athletics in a manner consistent with the following guiding principles:

(a) Intercollegiate Athletics shall have a mission consistent with the mission of the University, emphasizing the pursuit of academic and athletic excellence while honoring the highest commitment to integrity.

(b) Intercollegiate Athletics shall serve the well being of student-athletes by promoting academic and athletic accomplishment, encouraging their graduation, and supporting their development as individuals in an educational setting.

(c) Student-athletes shall be held to the same academic and social standards, shall receive the same fair and equitable treatment, and shall be afforded the same opportunities to enjoy a well-balanced experience as all students at the University.

(d) Student-athletes shall meet all appropriate academic standards for admission to the University and for continued progress toward a degree.

(e) Participation in intercollegiate athletics is a privilege, not a right, and student-athletes are expected to adhere to National Collegiate Athletic Association (NCAA), conference, department, and team rules.

(f) The University's intercollegiate athletics programs shall conform to institutional rules and those of the NCAA, Big Ten Conference, Western Collegiate Hockey Association, and other appropriate governing bodies.

(g) The University shall provide equal opportunity in intercollegiate athletics and promote equitable treatment of all sports in a manner consistent with all Board of Regents (Board) and University policies and Title IX requirements.

(h) The University shall honestly and responsibly recruit student-athletes who can benefit from a University education and who can contribute to the University as members of its academic and athletic programs.

(i) The University shall promote a culture that integrates Intercollegiate Athletics into the campus mainstream.

(j) The University welcomes the support of, and involvement by, alumni, booster groups, and others who help serve the outreach mission of Intercollegiate Athletics, provided their activities conform with all applicable law and University policy and with oversight by appropriate University personnel.

(k) Intercollegiate Athletics shall work cooperatively with all departments of the University to promote the best interests of the athletic programs, the University, and the University community.

(l) Intercollegiate Athletics shall administer its budgetary, financial, and managerial affairs with transparency and shall

comply with the uniform business and audit standards of the University.

(m) Intercollegiate Athletics shall serve as an ambassador for the University with the purpose of fostering institutional pride and goodwill for the state through academic and athletic accomplishment, while providing opportunities to unite the University's faculty, staff, students, and alumni, and citizens of the State of Minnesota.

SECTION III. IMPLEMENTATION.

Subd. 1. Competition Level. Intercollegiate Athletics shall participate at the NCAA Division I level of competition.

Subd. 2. Compliance. In all areas of Intercollegiate Athletics, the University shall comply with the letter and spirit of all institutional policies and procedures, conference and NCAA rules and regulations, and civil laws.

Subd. 3. Academic Counseling and Compliance Administration. To avoid conflicts of interest, academic counseling and athletics compliance shall work cooperatively with Intercollegiate Athletics, but shall be independent of and have a separate reporting relationship from Intercollegiate Athletics.

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

Simmons reported that the committee also reviewed proposed amendments to Board of Regents Policy: *Student Records* and received presentations on faculty recruitment and retention, and the impact of recreational sports programs and activities on the student experience. Simmons noted that the committee also reviewed proposed amendments to Board of Regents Policy: *Political Office, Appointments, and Positions* but delayed action on the item until a future meeting.

REPORT OF THE FINANCE & OPERATIONS COMMITTEE

Regent Allen, 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 March 10, 2005 committee minutes.
- b) Adoption of amendments to Board of Regents Policy: *Purchasing*, as follows:

PURCHASING

Purchasing activities at the University of Minnesota (University) shall include goods and services, professional services, and design and construction services.

SECTION I. GUIDING PRINCIPLES.

The following principles shall guide the University's purchasing process:

- (a) purchasing activities shall comply with all applicable laws and policies of the Board of Regents (Board), including, but not limited to, Board of Regents Policy: *Targeted Business, Urban Community Economic Development, and Small Business Programs*;
- (b) purchasing activities shall be conducted in a manner that promotes integrity, stewardship, diversity, and sustainability;
- (c) purchasing activities shall provide goods and services, professional services, and design services at the best value and appropriate standards of quality, considering total cost of ownership; and
- (d) purchasing procedures shall be efficient, timely, and transparent.

SECTION II. COMPETITIVE PROCESSES.

Subd. 1. Competitive Threshold. Except as provided in this policy, vendors shall be selected by a competitive process for purchases above a dollar threshold determined by the administration. This threshold shall be reviewed and approved by the Board biennially.

Subd. 2. Vendor Selection. The University reserves the right to establish competitive and non-competitive negotiated agreements with vendors when it is in the best interest of the University. Vendor selections shall be made using an objective process and may be based on total benefits to the University, considering price, level of service, and other variables as appropriate.

Subd. 3. Bid/Proposal Rejection. The University may reject any bid/proposal when it determines in the exercise of its sole discretion that such bid/proposal is not in the best interest of the University. A bid/proposal shall be rejected when it is determined that a vendor or bid/proposal does not comply with required specifications or with applicable federal/state laws and University policies relating to equal opportunity. Records of such rejections shall be maintained and available for review. For bids/proposals over a threshold determined by administrative policy, vendors shall be notified in writing of the reasons for rejection.

Subd. 4. Exceptions to Competitive Process. If a competitive process is not in the best interest of the University, the president or delegate may except a purchase from the required competitive process referenced in subd. 1 of this section. Such exceptions shall be reported to the Board, consistent with Board policies.

Subd. 5. MINNCOR. The University shall assist the Minnesota Department of Corrections in providing work opportunities and training for offenders in Minnesota's correctional facilities by providing information to the University community about MINNCOR's products and services and by advising MINNCOR of bidding opportunities at the University.

The Board of Regents voted unanimously to approve the recommendation of the Finance & Operations Committee.

Allen reported that the committee reviewed proposed amendments and a proposed resolution relating to Board of Regents Policy: *Endowment Fund* and received a presentation from investment consultant Cambridge Associates. The committee also reviewed a number of information items contained in the docket material.

REPORT OF THE EDUCATIONAL PLANNING & POLICY COMMITTEE

Regent Bell, 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 March 10, 2005 committee minutes.

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

Bell reported that the committee also engaged in a discussion regarding student participation in international programs and reviewed information relating to issues and directions of academic support programs.

REPORT OF THE FACILITIES COMMITTEE

Regent Bohnsack, Chair of the committee, reported that the committee received an update of the University of Minnesota Twin Cities Campus Master Plan; received a presentation on implementation and strategies related to capital planning and project management; and received the Capital Improvement Plan Semi-Annual Report.

REPORT OF THE LITIGATION REVIEW COMMITTEE

Regent Simmons, Vice Chair of the committee, reported that the committee did not meet this month.

Following the committee reports, the President was presented with a check and vouchers in the amount of \$5 million representing the settlement of a class action antitrust lawsuit against the Microsoft Corporation. It was noted that the proceeds from this settlement will benefit the Institute of Technology and will be used for a new initiative titled the Consortium for Bioinformatics and Computational Biology.

The meeting adjourned at 11:20 a.m.

ANN D. CIESLAK
Executive Director and
Corporate Secretary