

**UNIVERSITY OF MINNESOTA**

**BOARD OF REGENTS**

**September 9, 2005**

A meeting of the Board of Regents of the University of Minnesota was held on Friday, September 9, 2005, at 10:30 a.m. in the Boardroom, 600 McNamara Alumni Center.

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

Staff present: President Robert Bruininks; Chancellor Samuel Schuman; Senior Vice President and Provost Thomas Sullivan; Senior Vice Presidents Frank Cerra and Robert Jones; Vice Presidents Kathryn Brown, Carol Carrier, R. Timothy Mulcahy, Kathleen O'Brien, Richard Pfitzenreuter, and Linda Thrane; Executive Director Ann Cieslak; Provost David Carl; Executive Associate Vice President Al Sullivan; and Associate Vice Presidents Gerald Fischer, Donna Peterson, and Michael Volna.

**INTRODUCTIONS**

**Dean of the School of Nursing**

President Bruininks introduced Dr. Connie White Delaney, the newly-appointed Dean of the School of Nursing.

**Dean of the Graduate School**

President Bruininks introduced Dr. Gail Dubrow, newly-appointed Dean of the Graduate School.

**APPROVAL OF MINUTES**

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

Audit Committee - July 6, 2005  
Faculty, Staff & Student Affairs Committee - July 6, 2005  
Finance & Operations Committee - July 6, 2005  
Educational Planning & Policy Committee - July 6, 2005  
Facilities Committee - July 6, 2005  
Board of Regents - July 6, 2005

**REPORT OF THE PRESIDENT**

President Bruininks reported on measures that the University has taken to accommodate students whose education was interrupted by the recent hurricane that hit the Gulf regions of the United States.

He reported on an increase in funding from the National Science Funding to the University's Institute of Mathematics and Applications; the announcement of a

\$1 million grant from the Osher Lifelong Learning Institute; and provided an update on several scholarship efforts.

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

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

Chair Baraga welcomed students and staff back to campus. He spoke briefly about the University accepting displaced students as a result of the recent hurricane. He reported that the October 6-7, 2005 meetings of the Board will be held at the Landscape Arboretum in Chanhassen, Minnesota.

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

Chair Baraga noted the receipt and filing of the Annual Report on Legal Matters and the Quarterly Report of Grant & Contract Activity.

#### **GIFTS**

Associate Vice President Gerald Fischer presented the monthly list of gifts to the University of Minnesota, the University of Minnesota Foundation, the Arboretum Foundation, and the Minnesota Medical Foundation for two months from June 1 through July 31, 2005, which is on file in the Board Office.

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

#### **REPORT OF THE ALL-UNIVERSITY HONORS COMMITTEE**

Regent Baraga stated that the Report of the All-University Honors Committee was forwarded to the Board from President Bruininks on August 26, 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 Baraga presented the Quarterly Summary of Expenditures for the Office of the Board of Regents, the President's Office, and Eastcliff Operations, for twelve months ending June 30, 2005 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 June 30, 2005.

#### **REPORT OF THE FACULTY CONSULTATIVE COMMITTEE**

Professor Jean Bauer, Chair of the Faculty Consultative Committee (FCC), reported on the activities of the committee since its last report to the Board of Regents and issues to be addressed in the 2005-06 academic year.

A copy of the full report is included in the docket materials and is on file in the Board Office.

### **BOARD OF REGENTS POLICY REPORT**

Regent Baraga presented a status report on the comprehensive review of all Board of Regents policies, as contained in the docket materials. It was noted that as of July 2005, policy reviews have been completed on 56 percent of all Board of Regents policies. A list of all policies and their anticipated review dates was also included in the materials.

### **2005 LEGISLATIVE SUMMARY & 2006 LEGISLATIVE PREVIEW**

President Bruininks introduced Associate Vice President Peterson who presented a brief review of the 2005 legislative session. She reviewed information relating to the bonding bill, the biennial budget appropriation, and the possibility of a late fall special session that could include a number of issues that might impact the University, i.e. the proposed stadium. She also provided information on issues relating to the 2006 legislative session and the 2006 capital request. Detailed information of the 2005 legislative session was included in the July 2005 docket materials on file in the Board office.

### **STRATEGIC POSITIONING IMPLEMENTATION: STRUCTURE, PROCESS AND TIMETABLE**

President Bruininks provided a brief progress report on the strategic positioning implementation structure, process, and timetable as presented in the docket materials. He reviewed outcomes that are anticipated from this process which will be to:

- Improve student progress and learning;
- Strengthen academic leadership by realigning academic departments;
- Strengthen faculty and staff;
- Reduce operating costs;
- Strengthen and align financial systems and strategies;
- Implement continuous improvement of service, business, and administrative systems; and
- Strengthen the University's unique role in Minnesota's system of higher education.

Bruininks noted action strategies that were included in the Strategic Positioning Report endorsed by the Board at its March 2005 meeting and described ways to measure progress. He provided a flow chart describing the task force implementation structure and a timeline for presentations to the Board.

The President stated that the role of the Board would be to provide oversight and assist in identifying policy issues relating to measures and metrics that are used to determine progress.

Regent Simmons stated that she also believes the role of the Board is to assure that there are adequate resources deployed in a way to support the plan that has been endorsed. As future funding decisions are made by the Board, the strategic positioning plan needs to be taken into consideration.

## 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 September 8, 2005 committee minutes.
- b) Approval of a resolution related to tuition waivers for displaced students of hurricane-affected institutions, as follows:

WHEREAS, the Board of Regents (Board) and the entire University of Minnesota (University) community are both saddened and distressed by the devastating effects of Hurricane Katrina; and

WHEREAS, Hurricane Katrina displaced thousands of students and residents in the Gulf Coast region and has caused a number of colleges and universities to close at least for fall semester 2005; and

WHEREAS, coordination with the hurricane-affected institutions was not possible in advance of implementing educational alternatives for students; and

WHEREAS, students whose education has been disrupted by Hurricane Katrina have sought to attend the University; and

WHEREAS, pursuant to Board of Regents Policy: *Tuition and Fees*, the Board has the authority to grant any new tuition waiver or tuition remission programs to serve humanitarian purposes; and

WHEREAS, the President recommends provision of tuition waivers for up to one year for students who have been displaced from hurricane-affected institutions and are eligible to attend the University.

NOW, THEREFORE, BE IT RESOLVED that the Board concurs that for humanitarian reasons this extraordinary circumstance compels the University's response;

BE IT FURTHER RESOLVED, that the tuition waiver may apply to all Minnesota residents who may have been enrolled in hurricane-affected institutions and to displaced students from other states who may have temporarily relocated to Minnesota; and

BE IT FURTHER RESOLVED, that the Board delegates to the President the authority to determine eligibility for this waiver and associated administrative implementation details.

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

Bell reported that the committee also received presentations on strategies for supporting research and the process and opportunities relating to academic program changes. The committee also discussed the committee's 2005-06 workplan.

## **REPORT OF THE FACILITIES COMMITTEE**

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

- a) Approval of the schematic plans for the Life Science Remodel and Addition project on the University of Minnesota Duluth campus and of the appropriate administrative officers proceeding with the award of contracts for the development of construction documents and construction.
- b) Approval of the schematic plans for the Labovitz School of Business and Economics project on the University of Minnesota Duluth campus and of the appropriate administrative officers proceeding with the award of contracts for the development of construction documents and construction.

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

Regent Metzen reported that the committee also reviewed the Capital Improvement Plan Semi-Annual Report; received an update on the Facilities Condition Assessment; and reviewed the committee's 2005-06 workplan.

## **REPORT OF THE AUDIT COMMITTEE**

Regent Frobenius, Chair of the committee, reported that the committee engaged in discussions relating to institutional risk profile; the internal audit plan; and the committee's 2005-06 workplan. The committee also received an internal audit update and reviewed a number of information items as described in the docket materials.

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

Regent Bohnsack, 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 September 8, 2005 committee minutes.

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

Regent Bohnsack reported that the committee reviewed proposed amendments to Board of Regents Policy: *Nepotism and Consensual Relationships* and Board of Regents Policy: *Awards, Honors, and Recognition*; reviewed information relating to student learning through student employment; engaged in a discussion of the committee's 2005-06 workplan; and reviewed a number of information items as described in the docket materials. Bohnsack reported that the committee also engaged in a work session to discuss University Human Resource policies.

## **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 September 8, 2005 committee minutes.
- b) Approval of a resolution related to refinancing certain University debt, as follows:

WHEREAS, in connection with the issuance by the University of its General Obligation Bonds, Series 1996A (the "1996A Bonds") in the amount of \$190,000,000, the University entered into a set of financial contracts with Goldman Sachs & Co. and certain of its affiliates (collectively, "GS") which permitted the University to maintain its then-current exposure to variable interest rates while simultaneously achieving a lower overall variable rate cost of funds;

WHEREAS, one of such contracts consists of a series of Put Options (collectively, the "Put Option") pursuant to which GS was granted the right from time to time to sell to the University on specified terms and conditions, and upon exercise of such right the University is obligated to purchase, either (i) all or a portion of the 1996A Bonds or (ii) a quantity of municipal securities sufficient to defease all or a portion of the 1996A Bonds;

WHEREAS, GS has delivered to the University official notification of its intent to exercise the Put Option on October 4, 2005;

WHEREAS, the total notional amount now subject to the Put Option is \$159,000,000, which is equal to the outstanding principal amount of the 1996A Bonds;

WHEREAS, GS may specify in its final exercise notice, which is to be delivered not later than ten business days prior to the Final Exercise Settlement Date (as defined in the Put Option), the notional amount with respect to which it shall exercise the Put Option, and the corresponding quantity of securities it intends to deliver (the "Purchase Obligation");

WHEREAS, in resolutions approved unanimously at its meeting of November 8, 1996, a copy of which is attached as Exhibit A (the "1996 Resolutions"), in addition to authorizing the issuance of the 1996A Bonds and related contracts, the Board of Regents authorized a commercial paper program (the "Commercial Paper Program") and the issuance by the University of its Commercial Paper pursuant thereto (the "Commercial Paper") in the amount necessary to purchase the Purchase Obligation that would arise in the event of the exercise of the Put Option, as well as the issuance costs related to the purchase of the Purchase Obligations and issuance of the Commercial Paper;

WHEREAS, it is proposed that the Board of Regents ratify such authorization and update certain specific references therein, as set forth in more detail below;

NOW, THEREFORE, BE IT RESOLVED THAT:

1. The Resolution identified as Section 12 in the 1996 Resolutions, including the relevant portions of the related Resolutions identified in the 1996 Resolutions as Sections 2, 3, 4, 7, 8, 9, and 10, is hereby ratified and confirmed, provided that each of such Resolutions is hereby updated to state that the authority conferred therein upon the Senior Vice President for Finance and Operations is conferred upon the Treasurer of the University.

2. The Treasurer is authorized to approve the Official Statement, Offering Memorandum, Offering Circular or other offering material to be prepared and distributed by the University to any purchaser or potential purchaser of any of the Commercial Paper (however so entitled, the "Offering Memorandum"), and the Treasurer is authorized to execute and deliver the Offering Memorandum.

3. The Secretary and other officers of the University are authorized and directed to prepare and furnish to any purchasers of the Commercial Paper certified copies of all proceedings and records of the University as may be required or appropriate to evidence the facts relating to the legality of the Commercial Paper and the Commercial Paper Program as such facts appear from the books and records in the officers' custody and control or as otherwise known to them; and all such certified copies, certificates, and affidavits, including any heretofore furnished, shall constitute representations of the University as to the truth of all statements contained therein.

4. The execution of any document by the appropriate officers of the University herein authorized shall be conclusive evidence of the approval of such documents in accordance with the terms hereof. In the absence of the President or Treasurer, any Indenture of Trust, Order, Offering Memorandum, purchase agreement with the initial purchaser or purchasers of any of Commercial Paper or any other document to be executed by the President or Treasurer in connection with any of the Commercial Paper or the Commercial Paper Program may be executed by the Chair or Vice Chair instead of the President and by the Secretary instead of the Treasurer.

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

Regent Allen reported that the committee also reviewed proposed changes to Board of Regents Policy: *Investment Social Concerns*; engaged in discussions regarding policy issues related to the Faculty Retirement Investment Plan and issues related to the Annual Asset Management Report. The committee also discussed the committee's 2005-06 workplan and reviewed a number of information items as described in the docket materials.

#### **REPORT OF THE LITIGATION REVIEW COMMITTEE**

Regent Berman, Chair of the committee, reported that the committee met on Thursday, September 8, 2005 to discuss attorney-client privileged matters and that no actions were taken at the meeting.

The meeting adjourned at 11:52 a.m.

**ANN D. CIESLAK**  
**Executive Director and**  
**Corporate Secretary**