

**UNIVERSITY OF MINNESOTA**

**BOARD OF REGENTS**

**November 9, 2001**

A meeting of the Board of Regents of the University of Minnesota was held on Friday, November 9, 2001 at 9:10 a.m. in the Boardroom, 600 McNamara Alumni Center.

Regents present: Maureen Reed, presiding; Anthony Baraga, Robert Bergland, Frank Berman, Dallas Bohnsack, William Hogan, Jean Keffeler, Richard McNamara, David Metzen, H. Bryan Neel, and Michael O'Keefe.

Staff present: President Mark Yudof; Chancellors Donald Sargeant and Samuel Schuman; Executive Vice President and Provost Robert Bruininks; Senior Vice President Frank Cerra; Vice Presidents Tonya Moten Brown, Carol Carrier, Sandra Gardebring, and Christine Maziar; General Counsel Mark Rotenberg; Executive Director Ann Cieslak; Provost David Carl; Associate Vice Presidents Terry Bock, Gerald Fischer, Robert Jones, and Donna Peterson.

**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 - October 4, 2001

Educational Planning & Policy Committee - October 11, 2001

Facilities Committee - October 11, 2001

Faculty, Staff & Student Affairs Committee - October 11, 2001

Finance & Operations Committee October 11, 2001

Board of Regents - October 11, 2001

**REPORT OF THE PRESIDENT**

President Yudof reported that Executive Vice President and Provost Robert Bruininks has announced that he will return to his faculty position in the College of Education at the end of the 2001-02 academic year. Bruininks has served as Executive Vice President and Provost for five years and has made measurable and notable contributions to the University during that time. A search committee will be appointed and it is expected that the position will be filled by July 1, 2002.

Yudof briefly addressed safety issues at the University of Minnesota. He has asked Vice President Brown to oversee an evaluation and revision of the University's existing emergency management policies. The following will be addressed: emergency plans for each department, procedures for handling all types of hazard, expeditious communication plans, and evacuation plans.

## **REPORT OF THE CHAIR**

Chair Reed reported that a summary of October's work session on financial assumptions for the University was included in the docket materials. She called on Regent Hogan who provided a brief update on meetings that have been held with representatives from the Minnesota State Colleges and University System (MnSCU). This working group is focusing on a joint response to the 2000 legislative rider regarding metropolitan higher education that is due at the legislature on February 15, 2002, and to long-term issues that involve both institutions, i.e., developmental education, overlapping courses, joint programs.

Reed called on Regent Bergland who provided an update on the Ad Hoc Committee on Outreach. He reported that the committee held its first meeting in November with Vice President Muscoplat and Dean Casey. The administration has appointed a committee of deans to review the issue and it has been agreed that the Board's ad hoc committee should work closely with the committee of deans as they develop the parameters and goals of the University's outreach program. The ad hoc committee is scheduled to meet again in late November.

Chair Reed reported that the President's employment agreement was before the Board for approval. Highlights of the agreement are:

- Extension of the contract to June 2004;
- A salary increase of \$15,000 for a total of \$350,000 for 2001-2002.
- Elimination of the deferred compensation provisions of the previous contracts and replacement with a defined benefit plan that provides for a monthly pension plan starting at age 65 of \$6,203 if the President fulfills his contract.

Chair Reed noted that national market forces were reviewed in arriving at this contract, including a survey completed by the University of California, salaries of the Big Ten presidents, and other public and private research universities. She added that the Board has high expectations of the president, he has done an excellent job, and she believes this is a fair contract.

A motion was made and seconded and the Board of Regents voted unanimously to approve the President's employment agreement for 2001-2002.

Lastly, Reed noted that five members of the Board of Regents will travel to Michigan with the team to attend the Minnesota/Michigan football game. The Board members will meet with Board members from the University of Michigan on Saturday morning before the game.

## **RECEIVE AND FILE REPORTS**

Chair Reed noted the receipt and filing of 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 through September 30, 2001, as presented in the docket material and 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 Reed stated that the Report of the All-University Honors Committee was forwarded to the Board from President Yudof on October 25, 2001.

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.

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

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

- a. Approval of the Consent Report for the Facilities Committee as presented to the committee and described in the  
  
November 8, 2001 committee minutes.
- b. Approval of the schematic plans for the Sanford Hall Kitchen & Dining Facility Addition project and of the appropriate administrative officers proceeding with the award of contracts and the development of construction documents and construction.

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

Baraga reported that the committee also reviewed proposed amendments to the FY02 Capital Budget for the following projects: a) Architecture Building Addition and Remodeling Project; b) Coffman Memorial Union Renovation Project; and c) Sanford Hall Kitchen & Dining Facility Addition and Remodeling Project. All of the projects are located on the Twin Cities campus. The committee also reviewed a proposed five-year lease for the first floor of the Minnesota Technology Center at 1100 Washington Avenue South in Minneapolis; reviewed an amendment to the Crookston Campus Master Plan; and design guidelines for the Washington Avenue pedestrian bridges. The committee received an outline of the predesign process and reviewed a number of information items as described in the docket materials. The agenda item relating to the Quarterly Capital Improvement Plan Report was delayed until December 2001 due to time constraints.

Venora Hung, Chair of the Student Representatives, addressed the Board regarding the predesign process. She reported that students are impressed with the methodologies in which the University assesses the Community/Neighborhood Impact and the Gender Equity Impact of a proposed project. It would also be helpful within the predesign document if there were a student impact assessment. Because there is a high turnover of student leadership, the addition of this assessment would help to provide continuity of the student vision as well as become a historical record of student needs. Hung urged the administration to consider this addition to the predesign process.

In response to a question, President Yudof indicated that student representation is always included on the program committee for a building. Student input relating to the development of the capital budget prioritization might be another means of increasing student involvement. With regard to the predesign phase of a project, the President stated he would like to assess

the proposal and come back with a recommendation. Regent Neel suggested that a brief outline of the predesign process be presented to the full Board to show where student feedback is received during the process.

## **REPORT OF THE FINANCE & OPERATIONS COMMITTEE**

Regent O'Keefe, 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 November 8, 2001 committee minutes.
- b. Approval of a resolution revising Section 1 of the Bonding Resolution originally adopted by the Board on December 11, 1998 and amended on February 9, 2001, as follows:

WHEREAS, the Board of Regents of the University of Minnesota by a resolution adopted on December 11, 1998 (the "Original Bonding Resolution"), has authorized the sale and issuance of Bonds by the University in an aggregate principal amount not in excess of \$330,000,000 (excluding original issue discount, if any, with respect to the Bonds) in one or more series to provide funds to finance construction and remodeling projects to be undertaken by the University and the acquisition and installation of items of equipment by the University; and

WHEREAS, the Board of Regents of the University of Minnesota by a resolution adopted on February 9, 2001 (the "Amending Resolution"), amended the Original Bonding Resolution to provide authorization for the sale and issuance of Bonds by the University in an aggregate principal amount not in excess of \$380,000,000 (excluding original issue discount, if any, with respect to the Bonds) in one or more series (the Original Bonding Resolution, as amended by the Amending Resolution, is herein called the "Bonding Resolution"); and

WHEREAS, the Amending Resolution authorized the Treasurer to approve the terms of one or more series of additional Bonds to be issued pursuant to the authority contained in the Bonding Resolution up to an aggregate principal amount of \$179,350,000 (excluding original issue discount, if any, with respect to the Bonds); including but not limited to the principal amount thereof, the maturity date or dates thereof, the interest rate or rates thereon, and the provisions, if any, with respect to the redemption of such Bonds prior to the stated maturity thereof, provided that if the interest rate on any series of Bonds shall be a fixed rate as provided in the Indenture of Trust or Order pursuant to which it is issued, the interest rate on any Bonds of such series may not exceed 7.00% per annum, and in no event shall any Bond mature later than 40 years following its date of issuance; and

WHEREAS, the University has General Obligation Bonds, Series 1993A (the "1993A Bonds") outstanding in the principal amount of \$84,000,000 and bearing interest at the rate of 4.8% per annum through their stated maturity on August 15, 2003; and

WHEREAS, the University intends to issue bonds to refund the 1993A Bonds prior to the stated maturity date of the 1993A Bonds in order to provide for the payment of the 1993A Bonds, which refunding bonds will provide for a planned repayment schedule to amortize the principal amount thereof; and

WHEREAS, the University may have an opportunity to realize economies of scale by issuing bonds to refund the 1993A Bonds in conjunction with the sale of Bonds previously authorized to be issued under the Bonding Resolution;

NOW, THEREFORE, BE IT RESOLVED by the Board of Regents of the University of Minnesota, as

follows:

(1) Section 1 of the Bonding Resolution is hereby revised to provide authorization for the sale and issuance of Bonds by the University in an aggregate principal amount not in excess of \$451,000,000 (excluding original issue discount, if any, with respect to the Bonds) in one or more series, \$71,000,000 of the original aggregate principal amount of which Bonds may be issued to refund the 1993A Bonds.

(2) As additional Bonds to be issued to refund the 1993A Bonds pursuant to the authority contained in the Bonding Resolution as amended hereby, the Treasurer is authorized to approve the terms of one or more series of Bonds up to an aggregate principal amount of \$71,000,000 (excluding original issue discount, if any, with respect to the Bonds); including but not limited to the principal amount thereof, the maturity date or dates thereof, the interest rate or rates thereon, and the provisions, if any, with respect to the redemption of such Bonds prior to the stated maturity thereof, provided that if the interest rate on any series of Bonds shall be a fixed rate as provided in the Indenture of Trust or Order pursuant to which it is issued, the interest rate on any Bonds of such series may not exceed 7.00% per annum, and in no event shall any Bond mature later than 40 years following its date of issuance. Such authorization of the issuance of additional Bonds is in addition to the Bonds authorized under Section 2 of the Amending Resolution.

(3) Except to the extent expressly amended hereby, the Bonding Resolution shall remain in full force and effect.

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

O'Keefe reported that the committee received a semi-annual investment consultant report from Cambridge Associates and reviewed a number of information items as described in the docket materials.

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

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

- a. Approval of a resolution related to the proposed labor agreement with AFSCME Council 6 (Unit 4), for Health Care Employees, as follows:

WHEREAS, the parties have met and negotiated over the course of the past few months and have reached agreement regarding terms and conditions of employment regarding the employees of this bargaining unit (a complete copy of which is available in the Office of the Board of Regents); and

WHEREAS, the AFSCME Local Unions 3260 (Unit 4) have ratified acceptance of the agreement, and

WHEREAS, according to the Board of Regents Policy: *Board Operation and Agenda Guidelines*, regental approval of labor agreements is required;

NOW, THEREFORE, BE IT RESOLVED, that on the recommendation of the president, the Executive Vice President and Provost, and the Vice President for Human Resources, the Board of Regents approves this labor agreement as outlined in the docket for November 8, 2001.

- b. Approval of a resolution related to the proposed labor agreement with AFSCME, Council 6, Clerical Employees

(Unit 6), as follows:

WHEREAS, the parties have met and negotiated over the course of the past few months and have reached agreement regarding terms and conditions of employment regarding the employees of this bargaining unit (a complete copy of which is available in the Office of the Board of Regents); and

WHEREAS, the AFSCME Local Unions 3800 and 3801 (Unit 6) have ratified acceptance of the agreement, and

WHEREAS, according to the Board of Regents Policy: *Board Operation and Agenda Guidelines*, regental approval of labor agreements is required;

NOW, THEREFORE, BE IT RESOLVED, that on the recommendation of the president, the Executive Vice President and Provost, and the Vice President for Human Resources, the Board of Regents approves this labor agreement as outlined in the docket for November 8, 2001.

- c. Approval of a resolution related to the proposed labor agreement with AFSCME, Council 6, Technical Employees

(Unit 7), as follows:

WHEREAS, the parties have met and negotiated over the course of the past few months and have reached agreement regarding terms and conditions of employment regarding the employees of this bargaining unit (a complete copy of which is available in the Office of the Board of Regents); and

WHEREAS, the AFSCME Local Unions 3937 and 3801 (Unit 7) have ratified acceptance of the agreement, and

WHEREAS, according to the Board of Regents Policy: *Board Operation and Agenda Guidelines*, regental approval of labor agreements is required;

NOW, THEREFORE, BE IT RESOLVED, that on the recommendation of the president, the Executive Vice President and Provost, and the Vice President for Human Resources, the Board of Regents approves this labor agreement as outlined in the docket for November 8, 2001.

President Yudof noted for the record that in negotiations with the Teamsters, a request was made by the Teamsters to delay the \$12/hour minimum wage for approximately a year to address internal equity issues in that unit. The labor agreement with the Teamsters is anticipated to be presented to the Board in December.

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

Metzen reported that the committee received a progress report on improvements to the paperless financial aid process; reviewed a presentation on graduate and professional student issues; and received an update on academic progress relating to student athletes.

## **REPORT OF THE AUDIT COMMITTEE**

Regent Bergland, Chair of the committee, reported that the committee reviewed proposed revisions to the Department of Audits Charter; reviewed findings from the University's annual financial audit; and reviewed the Controller's semi-annual report. The committee also reviewed a number of information items as described in the docket materials.

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

Regent Hogan, 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 November 8, 2001 committee minutes.

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

Hogan reported that the committee also engaged in a discussion relating to the Academic Program and Compact Review Framework; received an academic program review for the College of Continuing Education; and discussed the committee's 2001-2002 workplan.

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

Regent Neel, Chair of the committee, reported that the committee did not meet this month. He reported on an item of old business indicating that for the first time in the University's 150 year history, the University of Minnesota will appear before the United States Supreme Court on November 26, 2001. The issue before the court concerns the power of Congress in relation to that of state governments. It is a historical event for the University and the Board wishes the University's attorneys well.

## **ANNUAL EASTCLIFF REPORT**

Regent Metzen, immediate past Chair of the Friends of Eastcliff Committee, and Lyndel King, Chair of the Eastcliff Technical Advisory Committee, presented the Annual Eastcliff Report as included in the docket materials.

King reviewed highlights from the report including an update on the furnishing and ongoing facilities work at Eastcliff as well as a summary of the official entertaining events for the year held at Eastcliff. She noted the completion of the carriage house renovation and repair and the imminent installation of the elevator in the residence.

## **ACADEMIC HEALTH CENTER STRATEGIC PLAN: UPDATE**

Senior Vice President Cerra presented an update on implementation of the Academic Health Center's (AHC) six-year strategic plan as provided in the docket materials. Cerra provided details on efforts underway supporting the strategic plan. Cerra also reported that the 2001 Minnesota legislature created a new endowment in support of the AHC's strategic plan and its health professional education programs and interdisciplinary academic initiatives. In establishing the new AHC endowment, the legislature has required a report from the Board of Regents by February 15, 2002 on how the endowment will be spent, how the AHC is working to develop new strategies for health care delivery and professional training in Minnesota, and how the state's health care workforce needs will be met. Cerra reviewed projected spending of the

endowment through 2005 and expanded briefly on proposed use of the funds for fiscal years 2002 and 2003. Details of Cerra's presentation are on file in the Board Office.

In response to Regent Bergland's question regarding when the University expects to receive the first payment from the endowment, Cerra reported that it is anticipated that the University will receive the first payment in April 2002. However, it is contingent upon when the state receives the money. After the state receives the funds, they are invested and the University receives the proceeds from the investment. He added that the amount the University will receive is also contingent on the volume and profitability of the tobacco sales. He stated that contingency plans have been developed if the actual funds received are less than expected.

In response to a question from Regent Neel, Cerra described progress made to enhance the leadership position of the dean of the Medical School.

### **REPORT: UNIVERSITY ACADEMIC PRIORITIES, FY1998 - FY2001**

President Yudof presented a report on the University's academic initiatives and strategic investments for the fiscal years 1998 through 2001.

Yudof stated that the purpose of the presentation was to review how the University has prioritized its investments and to address if the five academic initiatives were the right strategic choices.

Yudof provided data indicating that the University has invested approximately \$1.1 billion dollars in five new broad categories during the past four years. The investment areas are: biological sciences and the Medical School (\$865 million), computer science and engineering (\$106 million), social and behavioral sciences (\$54 million), physical sciences (\$30 million), and arts and humanities (\$56 million). These areas were chosen after extensive consultation with the following goals in mind:

- strengthening and expanding University programs in high-priority areas where its research was or should be ranked at the highest level;
- developing research programs that bear the prospect of strengthening the state's economy; and
- leveraging additional external funding.

Yudof provided ranking information from the National Research Council (NRC) indicating where the University of Minnesota ranked in 1993 in the five major categories. He noted that the top five public research institutions in the country ranked tenth or better in at least four of the five major categories. In 1993, the University of Minnesota ranked tenth or better in only one of the major categories. If the goal for the University of Minnesota is to be ranked as one of the nation's top five public research institutions (by NRC), investments need to be made. The following questions need to be answered:

- Are the investments being made in the appropriate areas?
- Are investments in the physical sciences and arts sufficient?

Regent Keffeler posed an additional question regarding whether the University's internal allocation policies are sufficient to meet the strategic outcome desired.

Regent Reed thanked the President for his presentation indicating that, at future meetings, the Board will discuss the strategic questions raised.

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

The annual report on the status of the University's research programs was delayed until the December 2001 meeting due to time constraints.



The meeting adjourned at 11:42 a.m.

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

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