

UNIVERSITY OF MINNESOTA

BOARD OF REGENTS

December 13, 2002

A meeting of the Board of Regents of the University of Minnesota was held on Friday, December 13, 2002, at 9:00 a.m. in the Boardroom, 600 McNamara Alumni Center.

Regents present: Maureen Reed, presiding; Anthony Baraga, Peter Bell, Frank Berman, Robert Bergland, Dallas Bohnsack, William Hogan, Jean Keffeler, Richard McNamara, David Metzen, and Lakeesha Ransom.

Staff present: President Robert Bruininks; Chancellor Samuel Schuman; Executive Vice President and Provost Christine Maziar; Senior Vice President Frank Cerra; Vice Presidents Carol Carrier, Sandra Gardebring, Robert Jones, and Kathleen O'Brien; Interim Vice Presidents Kathryn Brown and David Hamilton; General Counsel Mark Rotenberg; Executive Director Ann Cieslak; and Associate Vice Presidents Gerald Fischer and Richard Pfitzenreuter.

INTRODUCTION OF SUSAN G. STAFFORD

DEAN, COLLEGE OF NATURAL RESOURCES

Executive Vice President & Provost Maziar introduced newly-appointed Susan G. Stafford, Dean of the College of Natural Resources. Stafford spoke briefly to the Board.

INTRODUCTION OF REGENTS PROFESSOR LANNY SCHMIDT

Newly-appointed Regents Professor Lanny Schmidt, Professor of Chemical Engineering & Materials Science, was introduced to the Board. Regents Professorships are the highest honor that the University of Minnesota bestows on its faculty. The individual holds the title as long as the individual retains a full-time, tenured appointment as a faculty member of the University. Schmidt briefly addressed the Board.

APPROVAL OF MINUTES

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

Emergency Board of Regents ó November 4, 2002

Board of Regents ó November 7, 2002

Board of Regents Work Session ó November 7, 2002

Audit Committee ó November 7, 2002

Educational Planning & Policy Committee ó November 7, 2002

Facilities Committee ó November 7, 2002

Board of Regents ó November 8, 2002

REPORT OF THE PRESIDENT

President Bruininks reported on the projected state deficit. In light of the looming deficit and the difficult decisions it forces upon lawmakers and the incoming state administration, he believes it is even more important for the University to make its case to the Legislature this year. He talked briefly about the networking planned to keep legislators and constituencies informed of the University's impact on the state.

Bruininks reported on the status of a possible joint stadium for the Gophers and the Minnesota Vikings. He reported that the University worked diligently to reach an agreement, as the Legislature had requested. The Vikings have rejected the joint on-campus stadium, indicating that it is unworkable from their business point of view. He talked about what the University needs in order to play within a competitive athletic conference and stated that he has serious reservations whether a joint stadium facility could ever yield the outcomes desired by the University.

With the Vikings terminating the negotiations and projected state budget deficits, the University will need to explore options for Gopher football once the Metrodome lease expires in 2011. Bruininks noted the broad community support for bringing Gopher football back to campus. One option to be explored is an on-campus, Gopher-only facility. The administration will continue to refer to the Board of Regents Principles to guide in the stadium explorations.

He added that the time and funding spent to explore a joint stadium with the Vikings has not been wasted. The University learned a great deal regarding the costs associated with pollution cleanup, infrastructure, and transit issues from this exploration.

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

REPORT OF THE CHAIR

Chair Reed reported that during the past month she has received broad approval on the appointment of Robert Bruininks as president. She noted that Susan Hagstrum has been given the title of Associate to the President. Related to the presidential transition, she authorized up to \$15,000 for repairs, painting, and the purchase of some furniture for Eastcliff.

Reed commented on upcoming commencements in December and thanked the Regents who will be participating in the ceremonies. She added that the Board will not hold its meetings in Morris during April as scheduled due to a conflict with Morris campus activities. Meetings on that campus will be rescheduled for a later date in the 2003-04 academic year.

Members of the Board of Regents were invited to the Music City Bowl as part of the official party. Several Regents have indicated an interest in attending.

Finally, Reed indicated there would be no board meetings in January. The next meetings will be held on February 13-14, 2003.

RECEIVE AND FILE REPORTS

Chair Reed noted the receipt and filing of the Annual Report on Conformance with Campus Master Plans.

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 October 31, 2002, as listed 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 Bruininks on December 6, 2002.

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 Reed presented the Quarterly Summary of Expenditures for the Office of the Board of Regents, the President's Office, and Eastcliff Operations, for three months ending September 30, 2002 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 September 30, 2002.

REPORT OF THE AUDIT COMMITTEE

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

REPORT OF THE FACULTY, STAFF, & STUDENT AFFAIRS COMMITTEE

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

- Approval of the Consent Report for the Faculty, Staff, & Student Affairs Committee as presented to the committee and described in the December 12, 2002 committee minutes.
- Approval of resolution relating to the adoption of amendments to Board of Regents Policy: *Awards, Honors, and Recognition* as follows:
- Be it resolved that the Board of Regents adopts amendments to the Board of Regents Policy: *Awards,*

Honors, and Recognition, as presented in the docket. The amended policy is effective upon adoption with the exception of Section II, subds. 2, 4, and 5, which shall become effective July 1, 2003.

AWARDS, HONORS, AND RECOGNITION

Recognition plays an important role in every culture. The University of Minnesota (University) confers a number of awards and honors on prominent local, state, national, and international persons who have achieved distinction and recognition in public service enterprise, education, science, literature, and the arts. The bestowing of awards and honors compliments the recipients and adds vitality to the institution.

The honors described in this policy recognize excellence. The common denominator of each award is the achievement of quality. Implied is the philosophy that meaningful recognition must be selective, fair, and determined with careful thought. Although only a few individuals receive these awards annually, each member of the University community shares in celebrating their achievements and thus in the benefit of a well-executed program of awards.

Article 1

Consistency with Board of Regents Policy

Subd. 1. Equal Opportunity. The honors, awards, and recognitions described in this policy shall be bestowed in accordance with the provisions of Board of Regents Policy: *Equal Opportunity*.

Subd. 2. Reservation and Delegation of Authority. This policy is consistent with the reservation provisions of Board of Regents Policy: *Reservation and Delegation of Authority*.

Article 2

All-University Honors and Awards

Section I. Definition.

The University Senate All-University Honors Committee (Honors Committee) is the University Senate committee that establishes procedures for nominations and solicits, reviews, and recommends nominations for All-University honors and awards for the University of Minnesota System. Recommendations of the Honors Committee shall be based on the provisions of this policy and on procedures established by the Honors Committee.

Upon recommendation by the Honors Committee, nominations shall be submitted to the president and to the Board of Regents (Board) for approval. No disclosure is to be made to nominees during the nominating process.

Section II. Honors and Awards.

The Honors Committee considers nominations for honorary degrees, outstanding achievement awards, alumni service awards, and the naming of buildings and grounds.

Subd. 1. Honorary Degrees. The award of honorary degrees by a university is an extension of its role as the unique institution in our society devoted to the discovery, transmission, and preservation of

knowledge. The award of an honorary degree constitutes recognition of distinctive achievement that has added materially to knowledge and to the betterment of society. The honorary degree is the highest award conferred by the University.

(a) Selection Criteria and Degree Titles. An honorary degree may be awarded to an individual who has achieved acknowledged eminence in cultural affairs (Doctor of Humane Letters), public service (Doctor of Laws), or a field of knowledge and scholarship (Doctor of Science). The University honors qualified persons within the academic community, as well as those in other arenas, such as public service or enterprise. Persons receiving honorary degrees need not have received their education at, or have been otherwise associated with, the University. Honorary degrees shall not be awarded solely to encourage or reward contributions to the University.

(b) Annual Public Recognition. The awarding of honorary degrees is an event at which achievement is celebrated and given public recognition. It is customary to award several honorary degrees each year.

Subd. 2. Outstanding Achievement Awards. Outstanding Achievement Awards may be conferred upon former students of the University who have attained unusual distinction in their chosen fields, professions, or public service, and who have demonstrated outstanding achievement and leadership on a community, state, national, or international level. Education at the University should represent a significant portion of a candidate's total education.

Subd. 3. Alumni Service Awards. The Alumni Service Award may be conferred upon former students in recognition of volunteer service to the University, its schools, colleges, departments, or faculty, or to the

University of Minnesota Twin Cities Alumni Association (Alumni Association) or any of its constituent groups. Nominations are submitted initially to the executive director of the Alumni Association. After review by the Alumni Association's Alumni Honors Committee, recommendations are forwarded to the Honors Committee.

Subd. 4. Naming of Buildings and Grounds. University buildings and grounds may be named to honor an individual or individuals.

(a) Naming Criteria. The naming of buildings as hall or library is limited to the names of persons who have had an association with the University and who have achieved prominence in a field of endeavor. A building may be named for a person still living who has left the service of the University.

(b) Naming for Past Presidents. The University traditionally names buildings for past presidents. When a president's association with the University ends, a committee composed of representatives of the Board and the Faculty Consultative Committee shall consider naming a building in honor of that individual. Recommendations of this committee shall be forwarded to the Honors Committee for endorsement prior to submission to the Board for final approval and implementation.

(c) Naming for Significant Financial Contribution. A building, separate parts of a building, or grounds also may be named for a donor whose gift has significantly financed the construction of that structure or area. In order to ensure consistency in the size of gifts relative to the size of the structure or area to be named, the University of Minnesota Foundation (Foundation) shall maintain guidelines to implement this policy.

Article 3

Other University Awards

Subd. 1. Approval. The awards described in Article 3, subds. 2-10 do not require action by the Honors

Committee or approval by the Board.

Subd. 2. Certificate of Appreciation. This award may be made to any person for contributions or services at the collegiate or all-University level. Nominations shall be forwarded to the relevant unit for approval.

Subd. 3. Naming of Separate Building Parts. With the approval of an independent committee, separate names may be given to separate parts of a building already named for another individual.

Subd. 4. Horace T. Morse University of Minnesota Alumni Association Award. On the recommendation of the University Senate Committee on Educational Policy, this award is given to faculty members in recognition of outstanding contributions to undergraduate education.

Subd. 5. Josie R. Johnson Human Rights and Social Justice Award. This award recognizes individuals who, through their principles and practices, exemplify a high standard of excellence in creating respectful and inclusive learning and working environments. Recipients must have made outstanding contributions to the promotion of human rights and social justice within the University community. At least one faculty or staff member and one student shall receive this award each year. Nominations must be submitted according to guidelines established by the Josie R. Johnson Human Rights and Social Justice Award Selection Committee.

Subd. 6. Naming of Chairs. Departmental chairs may be named to honor an individual. This is an administrative decision to be made with the concurrence of the faculty.

Subd. 7. Outstanding Community Service Award. This award recognizes the outstanding contributions and accomplishments of faculty, staff, or community members who have made substantial, enduring contributions to the community and improved public life and the well-being of society. Such contributions and accomplishments must result in long-term and lasting changes for the public good and demonstrate an unusual commitment to the University and the larger Minnesota community. Nominations must be submitted according to the guidelines established by the University Outstanding Community Service Award Selection Committee through the Office of the Executive Vice President and Provost.

Subd. 8. Outstanding Contributions to Graduate and Professional Education Award. On the recommendation of the University Senate Committee on Educational Policy, this award is given to faculty members in recognition of their outstanding contributions to post-baccalaureate graduate and professional education.

Subd. 9. President's Award for Outstanding Service. This award recognizes exceptional service to the University and its schools, colleges, departments, and service units by any active or retired member of the faculty or staff. Such service must go well beyond the regular duties of a faculty or staff member and must demonstrate unusual commitment to the University community. Nominations must be submitted according to the guidelines established by the President's Award Committee.

Subd. 10. Teaching Awards. Some individual collegiate units recognize teaching excellence. Nominating procedures are governed by the rules of each collegiate unit.

Article 4

Regents Awards

Subd. 1. Definition. The Board recognizes excellence and achievement through the Certificate of Outstanding Merit, the Certificate of Recognition, the Distinguished International Service Award, the

Regents Award, and emeritus titles, as described in Article 4, subds. 2-7. These awards are under the purview of the Board and their presentation is scheduled through the Board's executive director.

Subd. 2. Certificate of Outstanding Merit. This award is given to an individual or group of individuals in the University in recognition of outstanding community service. Recipients are determined by the chair and vice chair of the Board and the president.

Subd. 3. Certificate of Recognition. This award recognizes significant achievement by members of the University community who have attained unusual distinction in a field of knowledge and scholarship. Recipients are determined by the chair and vice chair of the Board and the president.

Subd. 4. Distinguished International Service Award. This award recognizes distinguished foreign dignitaries visiting the University. Recipients are determined by the chair and vice chair of the Board and the president.

Subd. 5. Regents Award. The Regents Award may be conferred upon individuals who have performed exceptionally valuable and meritorious service to the University or contributed to the building and development of the University through significant benefactions. Candidacy is not limited to graduates or former students of the University.

The Regents Award nominating committee shall include the president, the executive vice president and provost, the chairperson of the Senate Consultative Committee, and three members of the Board who are appointed by the Board chair. The president of the Foundation serves as an ex officio member. Recipients are determined by this committee.

Subd. 6. Regent Emeritus Title. Regents are awarded the title of Regent Emeritus upon their retirement from the Board.

Subd. 7. President Emeritus Title. The title President Emeritus may be bestowed upon a president who has completed service as president of the University.

Article 5

Regents Professor

Section I. Definition.

The special title of Regents Professor is the highest recognition the University gives to a member of its faculty. This title is granted to a limited number of faculty members who shall be selected according to the provisions of Section II, below.

Section II. Process.

Subd. 1. Nomination. Any person or group may nominate a faculty member to receive the title Regents Professor. Nominations are made to the president.

Subd. 2. Selection Criteria. Nominees shall be judged according to:

- * the criteria used by the University to evaluate eligibility for the rank of full professor;
- * the scope and quality of scholarly and/or artistic contributions;

- * the quality of teaching; and
- * contributions to the public good.

Only nominees whose academic distinction is clearly outstanding and whose distinction is clearly recognized by the academic community locally, nationally, and perhaps internationally should be recommended for the award.

Subd. 3. Selection Advisory Committee. After consultation with the University community, the president shall appoint a Selection Advisory Committee to review nominees. This committee serves at the president's pleasure. It is assumed that provision shall be made for some continuity of membership and that the committee shall consult with persons from other universities as appropriate. Recommendations of the Selection Advisory Committee shall be made to the president who shall take them to the Board.

Subd. 4. Board Approval. The Board shall designate persons to receive the title Regents Professor.

Subd. 5. Restriction on Number of Recipients. The best guarantee of the significance of this award is careful restriction of the total number of recipients. As a general procedure, not more than one or two persons shall be designated as Regents Professor in any given year.

Section III. Miscellaneous Provisions.

Subd. 1. Title of Regents Professor. The title Regents Professor, once awarded, shall be held as long as the recipient retains a full-time, tenured appointment as a faculty member of the University. To be considered "full-time," the recipient must hold at least a 66 percent time appointment or be on a sabbatical or other approved leave, including phased retirement. Upon retirement or reduction of the appointment to less than 66 percent time, the faculty member becomes Regents Professor Emeritus. The academic field of accomplishment shall continue to be a part of the title, as, for example, "Regents Professor of _____ (academic department or field)."

Subd. 2. Duties and Responsibilities. Designation as a Regents professor does not necessarily imply any changes in duties and responsibilities.

Subd. 3. Recognition. A person named as a Regents professor shall be suitably recognized in a public ceremony and shall receive from the University a medallion suitable for desk use and for use with academic costume.

Subd. 4. Annual Stipend. A Regents professor shall receive an annual stipend from the Foundation during their tenure as a faculty member. The stipend shall cease upon retirement or a reduction of appointment to less than 66 percent time, excluding phased retirement.

Subd. 5. Private Financial Support. The University welcomes private donor support for Regents' professor stipends. However, no endowment shall be accepted to underwrite creation of a Regents professorship in a given department or college.

Subd. 6. Salary. Appointment as a Regents professor shall not imply any particular salary level for the faculty member receiving such an honor. The salaries of Regents professors shall be determined independently and without reference to their receipt of an annual stipend from the Foundation.

Subd. 7. Budget Items. The budget item for a person named as a Regents professor shall be transferred to the college in which the recipient holds appointment. The president maintains oversight of budget items for Regents professors.

Article 6

Lectureships, Fellowships, Professorships, and Chairs

Section I. General Provisions.

Subd. 1. Private Financial Support and Naming of Lectureships, Fellowships, Professorships, and Chairs. The University seeks and welcomes private financial support for lectureships, fellowships, professorships, and chairs. Such awards contribute to the quality of the University in extremely significant ways, enabling the University to attract and retain the very best scholars in particular fields and to carry out research in important areas. By providing a continuing and reliable source of support, these awards free scholars to pursue their research and teaching without the need to pursue funding.

Funds may be used for salary or salary augmentation, graduate student stipends, secretarial support, supplies, travel to scholarly conferences, publishing expenses, and other items necessary to support the work and increase the effectiveness of an outstanding scholar.

Awards established under this policy typically shall carry the name of the donor, of a person or institution designated by the donor, or of a person in whose name the University seeks funds to endow the award.

Subd. 2. Restriction on Use of Title. Lectureships, professorships, and chairs shall not include such terms as University, distinguished, or the title Regents Professor. These titles are conferred only by the Regents of the University. Additional guidelines for use of the title Regents Professor are specified in Article 5.

Subd. 3. Recommendations and Approvals. Proposals to establish a lectureship, fellowship, professorship, or chair require approval of the executive vice president and provost after consultation with the department and college concerned and approval from the appropriate dean and the senior vice president for health sciences in the case of units reporting to that office. Normally, such proposals shall specify the conditions of the award, the activities to be supported by the award, and the amount of the endowment or the annual level of funding. As with other gifts to the University, the award and its terms and conditions must be acceptable to the Board and consistent with Board policies.

Section II. Level of Endowment.

Subd. 1. Approval. The executive vice president and provost must approve the level of the endowment. The minimums required are defined in subds. 2, 4, 5, and 6.

Subd. 2. Endowment for Chairs. A permanent chair may be established when \$2,000,000 or more has been placed in an endowment that provides in perpetuity the annual funds needed for support. Alternatively, a chair also may be established if a minimum of \$200,000 per year of expendable funds is made available for at least ten years. In this latter case, the chair designation shall continue during the term of the support. The combination of salary and chair endowment shall be sufficient to provide salary and fringe benefits for the recipient, staff support, travel, and other expenses. Board of Regents Policy: *Faculty Tenure* shall govern the appointment of the faculty member holding the chair beyond that period.

In the case of chairs established on a term basis, the number in a particular unit shall be limited in accordance with other applicable University policies to avoid excessive dependence on nonrecurring sources of support. In situations where sufficient funding is available, more than one chair may be supported with the income stream, assuming the original intent of the gift is maintained.

Subd. 3. Appointment Process. The process of appointing faculty members to a named chair must

conform to the search and selection procedures generally followed in the unit in which the named chair is to be placed, except as noted in Article 6, Section III, subd. 1.

Subd. 4. Endowment for Professorships. The combination of salary and professor endowment shall be sufficient to provide salary and fringe benefits for the recipient, staff support, travel, and other expenses. Professorships require a minimum of \$1,000,000 in permanent endowment or a minimum of \$100,000 per year of expendable funds for ten years. In the former case, the professorship shall continue in perpetuity; in the latter case, it shall continue during the period for which support is provided. Generally, these funds supplement other support available for faculty salaries in the designated area and may be used for any purpose that enhances the quality of teaching, scholarship, or service in that field.

In situations where sufficient funding is available, more than one professorship may be supported with the income stream, assuming the original intent of the gift is maintained. In accepting the gift, the department or other unit must accept responsibility for providing such additional funds as may be necessary for the faculty member(s) holding the professorship to carry out the intent of the gift.

Subd. 5. Endowment for Faculty Fellows. Faculty fellows require a minimum of \$500,000 in permanent endowment or a minimum of \$50,000 per year of expendable funds for a period of years. Generally, these funds are used as a supplement to a professor's salary, to provide stipends and support for fellowships, or to cover expenses incurred in a lecture series. In situations where sufficient funding is available, more than one faculty fellow may be supported with the income stream, assuming the original intent of the gift is maintained.

Subd. 6. Other Named Endowments and Awards. Lectureships, fellowships, scholarships, or other named awards title may be used for gifts of less than \$500,000 in permanent endowment or \$50,000 a year for a period of years. A minimum award in this category would provide at least \$1,000 per year for ten years.

Section III. Donor Support.

Subd. 1. Accepting Donor Support. The University shall be the sole judge of the qualifications of candidates for the awards in Article 6, Section I, subd. 1. However, this does not preclude accepting support for a named chair or professorship for a particular University professor when this appointment has been approved by the department, the college, and the executive vice president and provost.

Subd. 2. Coordination With Foundation Office. All contracts, proposals, and negotiations shall be coordinated with the Foundation's Office of Development to ensure that there is no conflict with other donor/proposal contracts and that the proposal is in compliance with all applicable policies.

Subd. 3. Coordination Between Fund-Raising and Academic Units. It is important that all fund-raising units and academic units involved in preparing proposals and in cultivating prospective donors work closely together to ensure that all parties agree as to how the donation shall be applied. Insofar as possible, non-salary supplement awards recognizing a particular merit or achievement shall be established as tax-exempt prizes. The minimum levels specified in this policy should be reviewed at least every five years to determine whether these levels can sustain salary support and the costs associated with professorships or chairs.

Article 7

Conflict of Interest Relating to a Regent

When a Regent or former Regent is under consideration for an award (other than Regent Emeritus), a special committee, chaired and appointed by the chair of the Honors Committee, shall be convened to

review and approve the award. The special committee shall have final approval and shall include the chair of the Board (or the vice chair if the recommended award recipient is the chair); the vice president for University Relations; the executive vice president and provost; and the president of the Foundation.

- a. Adoption of amendments to Board of Regents Policy: *Private Practice: Medical School*, as follows:

PRIVATE PRACTICE

MEDICAL SCHOOL

Section I. 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 II. 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 of Minnesota (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 III. 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, except as provided in subd. 4.

Subd. 4. Application. This policy applies to Medical School faculty and supersedes Board of Regents Policy: *Outside Consulting, Service Activities, and Other Work* as to the private practice of medicine, except as to consulting activities which do not constitute the practice of medicine, as determined by the president or delegate.

Section IV. 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.

Supersedes: Medical School Private Practice Plan dated September 20, 1963.

- b. Adoption of amendments to Board of Regents Policy: *Private Practice Plan: School of Dentistry*, as follows:

PRIVATE PRACTICE PLAN

SCHOOL OF DENTISTRY

Section I. Definitions.

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

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

SECTION II. Organization.

Subd. 1. Board of Regents Policy. The private clinical practice of the faculty in the School of Dentistry shall be organized under the terms of Board of Regents Policy: *Outside Consulting, Service Activities, and Other Work*, which permits one day per week for such activities (48 days for a term appointee), under the direction of the president or delegate.

Subd. 2. Faculty Practice Committee. A Faculty Practice Committee shall be appointed annually by the president or delegate and shall be composed of participating faculty. The president or delegate will first appoint the chair of the committee who will, in turn, recommend committee composition from members of the faculty practice.

The Faculty Practice Committee shall be responsible for managing clinical activities and making recommendations to the president or delegate on the faculty payout formula based upon participant production and assessment of overhead and recovery costs.

Section III. Participation and Scope of Policy.

Subd. 1. Eligibility. Full-time dental faculty, licensed to practice dentistry in the State of Minnesota, are eligible to participate in the School of Dentistry's internal private practice.

Subd. 2. Execution of Contracts. All participating faculty shall execute individual contracts binding them to the terms of this and other applicable policies, including School of Dentistry policies and procedures for patient registration, records management, and patient accounting. The contracts, which shall be countersigned by the president or delegate, shall be reviewed and renewed biennially.

Subd. 3. Compliance with Policies. Participating faculty shall adhere to University of Minnesota (University) and School of Dentistry policies and procedures related to business and personnel practices.

Subd. 4. Insurance Coverage. Faculty shall obtain verified professional liability insurance coverage for the scope of their private practice activity at limits acceptable to the University, and such coverage shall include the Regents of the University of Minnesota as an additional insured. Evidence of such coverage shall be filed with the president or delegate.

Section IV. Sources and Uses of Funds.

Subd. 1. Compensation Levels. Private practice income, salary level, and total compensation shall be reviewed and established annually and administered through the president or delegate. The total level of compensation for those participating in this plan is considered public information.

Subd. 2. Operating Expenses. Participating faculty shall pay operating expenses through income of the private practice plan. Operating expenses, when applicable, are to include facility costs, professional payments, salaries, and fringe benefits of clinical/technical staff, bad debt, marketing and advertising, laboratory costs, laboratory supplies, office supplies, shipping and mailing costs, equipment, or any other expenditure categories necessary for operation and maintenance of the private practice activity.

Subd. 3. Overhead Costs. The private practice plan shall annually provide to the dean's fund a total amount of not less than 6 percent of the annual overhead cost. Overhead costs which vary from generalists to specialist, and specialist to specialist, are calculated according to a payout formula and equal 40 to 60 percent of the gross income.

SECTION V. OVERSIGHT AND ACCOUNTABILITY.

Subd. 1. Consulting Activities. All consulting activities of the faculty will be reported and monitored annually in accordance with the guidelines of Board of Regents Policy: Outside Consulting, Service Activities, and Other Work. Additionally, the faculty shall annually complete a Consultation Validation/Survey Form as specified by the president or delegate.

Subd. 2. Audits. Financial accountability shall be verified regularly by the School of Dentistry's Office of Patient Accounting and the Office of Finance. Audits will be performed by the Department of Audits

upon appropriate request.

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

PRIVATE PRACTICE PLAN

SCHOOL OF NURSING

Section I. 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 is defined as 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 is defined as faculty members engaged in clinical practice under this policy.

Subd. 5. Clinical Services. Clinical services are defined as 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 II. 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.

Subd. 3. Policy Governance. This policy, as it may be amended from time to time, governs all clinical services provided by faculty, regardless of where the services are provided, and such activity shall be

governed by this policy rather than Board of Regents Policy: *Outside Consulting, Service Activities, and Other Work*.

Section III. Participation and Scope of Policy.

Subd. 1. Participation with Outside Health Care Agencies. Faculty may have staff appointments and clinical privileges at health care agencies outside the University of Minnesota (University) only if this has been 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 which 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 IV. 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 V. 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.

- a. Adoption of Board of Regents Policy: *Private Professional Practice: University of Minnesota Duluth School of Medicine*, as follows:

PRIVATE PROFESSIONAL PRACTICE:

UNIVERSITY OF MINNESOTA DULUTH SCHOOL OF MEDICINE

Section I. Definitions.

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

Subd. 2. University of Minnesota Duluth School of Medicine. University of Minnesota Duluth School of Medicine (School of Medicine) shall mean the University of Minnesota School of Medicine 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 II. 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 School of Medicine 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 School of Medicine.

Subd. 3. Use of Assets. Where University of Minnesota (University) assets are used in connection with the private professional practice, such assets shall be used in support of the mission of the School of Medicine 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 School of Medicine 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. School of Medicine faculty members must comply with applicable law; University, AHC, and School of Medicine policies; and recognized professional practices.

Section III. 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. School of Medicine faculty members remain subject to current and future Board of Regents policies, except as provided in subd. 4.

Subd. 4. Application. This policy applies to School of Medicine faculty and shall supersede Board of Regents Policy: *Outside Consulting, Service Activities, and Other Work* as to the private professional practice, except as to consulting activities that do not constitute the private professional practice, as determined by the president or delegate.

Section IV. 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 School of Medicine 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.

- b. Approval of a resolution relating to the proposed labor agreement with Graphic Communications International Union, Local 1B, as follows:

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

WHEREAS, Graphic Communications International Union Local 1B has ratified acceptance of the agreement; and

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

NOW, THEREFORE, BE IT RESOLVED, that on the recommendation of the President and the Executive Vice President & Provost, the Board of Regents approves this labor agreement as outlined in the docket for December 12, 2002.

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

Metzen reported that the committee reviewed a proposed Board of Regents Policy: *Protection of Individual Health Information*; received an academic progress report on Twin Cities student athletes; and received a presentation on student credit card use. The committee also reviewed a number of information items as described in the docket materials.

REPORT OF THE FINANCE & OPERATIONS COMMITTEE

Regent Baraga, 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 December 12, 2002 committee minutes.

Regent Reed recused herself from the discussion and action on the Consent Report due to a possible conflict of interest. She called on Vice Chair Bergland to chair this portion of the meeting and left the room. A motion was made and seconded to approve the recommendation of the Finance & Operations Committee.

The Board of Regents voted unanimously to approve the recommendation of the Finance & Operations Committee. Regent Reed rejoined the meeting.

Baraga reported that the committee also reviewed proposed amendments to Board of Regents Policy: *Endowment Fund*. Due to the Board not meeting until February, the committee decided to act on the proposed amendments at this time. The committee voted unanimously to recommend:

- a. Adoption of amendments to the Board of Regents Policy: *Endowment Fund*, as follows:

Endowment Fund

Section I. Investment Objectives.

Subd. 1. Overall Objectives. The overall objectives for the University of Minnesota (University) endowment fund shall be to:

- (1) preserve the inflation-adjusted value of the fund; and
- (2) maximize total return (income plus capital appreciation) within acceptable risk parameters and a goal of at least 500 basis points annually above inflation (as measured by the Consumer Price Index) over three- to five-year trailing periods.

Subd. 2. Investment Manager Objectives. The objectives for the investment managers of the fund shall be to:

- (1) exceed the performance of appropriately established benchmarks of various indices; and
- (2) rank in the top quartile of performance of similarly managed funds.

Both investment manager objectives shall be effective over three- to five-year trailing periods.

Section II. Asset Allocation Guidelines.

Subd. 1. Domestic Equities. The long-term target allocation for domestic equities shall be 40 percent. The strategic allocation range around this target shall be 30-50 percent.

Subd. 2. Foreign Equities. The long-term target allocation for foreign equities shall be 20 percent. The strategic allocation range around this target shall be 10-30 percent.

Subd. 3. Fixed Income. The long-term target allocation for fixed income shall be 20 percent. The strategic allocation range around this target shall be 10-30 percent.

Subd. 4. Alternative Investments. Alternative investments include private equity, timberland, venture capital, real estate, or other limited partnerships. The long-term target allocation for alternative investments shall be 20 percent. The strategic allocation range around this target shall be 15-25 percent. Each new alternative investment shall be reported to the Board of Regents (Board).

Subd. 5. Futures and Options. Trading in futures is authorized for up to 20 percent of the endowment portfolio. Futures may only be employed on an unleveraged basis, primarily for hedging of cash during manager transitions or for other hedging activities. Futures shall not be employed for speculative purposes. Trading in options shall be limited to the purchase of options and the sale of covered options only. Up to 10 percent of the endowment may be committed to options.

Subd. 6. Short-Selling of Securities. Short-selling of securities is allowed for up to 10 percent of the endowment fund.

Subd. 7. Securities with No Public Market. No investments shall be made in securities without a public market, other than venture capital, real estate, or other limited partnerships, unless specifically authorized by the Board.

Subd. 8. Management Control. No investments shall be permitted for the purpose of exercising management control in the underlying companies.

Subd. 9. Investment Management Firm Limit. A maximum of 25 percent of the endowment may be invested by any one investment management firm. The president or delegate shall make adjustments to a portfolio if an investment management firm exceeds this limit for 12 consecutive months.

Subd. 10. Calculations of Limits. Calculations of all percentage limitations shall be done on a market value basis.

Section III. Spending Guidelines.

Subd. 1. Distribution Level. Endowment fund distributions for expenditures in support of current operations shall be at an annual level that is approximately 5-6 percent of average market value on a three-year trailing basis. Distributions shall be made on a total return basis taking into account capital appreciation as well as income.

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

Baraga reported that the committee also voted unanimously to recommend:

- a. Approval of a resolution relating to the Board of Regents Policy: *Investment of Reserves*, as follows:

WHEREAS, the Office of Asset Management (OAM), working with the Investment Advisory Committee (IAC), is currently in the process of drafting amendments to Board of Regents Policy: *Investment of Reserves*; and

WHEREAS, the revised policy is expected to be brought to the Board of Regents (Board) in Spring 2003 for review with action no later than May 2003; and

WHEREAS, if several changes to the policy could be allowed immediately on an interim basis, the University of Minnesota (University) could enhance its investment return significantly; and

WHEREAS, the IAC has reviewed these changes and recommends the Board allow an exemption to this policy;

NOW, THEREFORE, BE IT RESOLVED, that the Board grants an exemption to Board of Regents Policy: *Investment of Reserves* as follows:

- ï allowing the use of "duration" rather than "maturity" as a risk measure in the Temporary Investment Pool (TIP);

- ï allowing the credit quality of TIP to include investments in "investment grade securities," meaning "BBB/Baa" in addition to "A"; and

- ï allowing TIP investments in securities with durations not to exceed 7 years.

BE IT FURTHER RESOLVED that this exemption begins upon adoption of this resolution and ends May 31, 2003 or earlier upon adoption of amendments to the policy.

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

Baraga reported that the committee received an update on the economic forecast for the State of Minnesota; reviewed the Annual Financial Report; received a status report on the Financial Systems Replacement Project; and reviewed a number of information items as described in the docket materials.

REPORT OF THE FACILITIES COMMITTEE

Regent Baraga, Vice 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 December 12, 2002 committee minutes.

- a. Approval that the FY03 Capital Budget be amended by:

- ï \$2,200,000 to incorporate funding for the Phillips Wangensteen Building UMPhysicians Imaging Center

project located on the Twin Cities Minneapolis campus.

i \$850,000 to incorporate funding for the design of the Sports and Health Center Expansion project located on the Duluth campus.

- b. Approval of the schematic plans for the Translational Research Facility and of the appropriate administrative officers proceeding with the award of contracts, the development of construction documents and construction.
- c. Approval of the schematic plans for the Crookston campus Student Center project and of the appropriate administrative officers proceeding with the award of contracts, the development of construction documents and construction.
- d. Approval of a resolution relating to the University of Minnesota Sports Fields and Facilities District Plan(s), Phase I, as follows:

WHEREAS, on September 6, 1996, the Board of Regents approved the *University of Minnesota Twin Cities Campus Master Plan 1996* (the Master Plan); and

WHEREAS, Section 5 of the Master Plan divides the Twin Cities campus into fifteen precincts (also known as districts) and a corridor; and

WHEREAS, based on the Structure Plan Elements and Policies developed in Section 4 of the Master Plan, the Precinct Plan Guidelines with accompanying illustrations in Section 5 of the Master Plan direct decision making at the level of the Precinct; and

WHEREAS, through the process described in Section 6, Implementation of the Master Plan, Precinct Plans are intended to be refined and amended over time, ensuring the Master Plan remains a current, living, and relevant decision making tool; and

WHEREAS, the *University of Minnesota Sports Fields and Facilities District Plan(s), Phase I* dated fall 2002 is based upon the principles contained in the Master Plan, the need for additional Recreational Sport facilities noted in the *Review of the Department of Recreational Sports ó Twin Cities* report presented to the Board of Regents in May 2002 and the issues addressed by the *Regents of the University of Minnesota Resolution on Intercollegiate Athletics* approved by the Board of Regents in June 2002, and

WHEREAS, the *University of Minnesota Sports Fields and Facilities District Plan(s), Phase I* dated fall 2002 has been developed to guide decision making for the development of sports fields on the Twin Cities, Minneapolis, East Bank campus in response to future programmatic decisions within the Departments of Recreational Sports and Intercollegiate Athletics,

NOW, THEREFORE, BE IT RESOLVED that the Board of Regents accepts the *University of Minnesota Sports Fields and Facilities District Plan(s), Phase I* dated fall 2002 as a guide for the future development of sports fields on the Twin Cities, Minneapolis, East Bank campus.

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

Baraga reported that the committee voted by a majority to recommend:

- a. Approval that the appropriate administrative officers be authorized to execute the appropriate documents providing for the following real estate transaction:
 - a. Sale of 10.7 Acres of Land near Glensheen, Duluth (Duluth campus)

Regent Metzen indicated that he did not support this item at the committee meeting but is prepared to do so now. He is concerned that land is being sold to provide funds for maintenance of Glensheen. After discussion in committee, he is optimistic that the University will develop a long-range comprehensive plan for Glensheen.

Regent Berman concurred adding that he is also concerned that the committee did not receive sufficient information to warrant the sale of this property. He believes the Board should be provided with clear and convincing facts regarding facility issues before proposals are forwarded to the Board for approval. He does not believe the Board received convincing facts to sell this land.

In answer to a question, President Bruininks stated that he is supportive of the sale of this property as he does not believe the parcel has a strong material value to Glensheen at this time, being located across the street, and the money acquired from this sale can be put into a fund that can be used to leverage outside capital at the same time that a long-range plan can be developed. He added that as the University is faced with challenging financial issues in the future, he believes the administration will need to look thoughtfully at the University's assets as being possible solutions to the issues.

The Board of Regents voted by a majority of 10 to 1 to approve the recommendation of the Facilities Committee with Regent Berman voting against the motion.

Baraga reported that the committee also reviewed a number of proposed real estate items relating to the acquisition by eminent domain of property at 1715 5th Street Southeast in Minneapolis, Minnesota; acquisition by eminent domain of Union Pacific Railroad property in the area of Oak Street Southeast in Minneapolis, Minnesota; and acquisition of land in Carlton County for the Cloquet Forestry Center. The committee also reviewed design guidelines for the Sports and Health Center expansion on the Duluth campus; reviewed the Quarterly Capital Improvement Plan Report; received brief information on a proposed Mississippi Whitewater Park near the University; and 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 December 12, 2002 committee minutes.

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

Hogan reported that the committee also reviewed the University Plan, Performance, and Accountability Report; reviewed the Executive Steering Council Report completed through the Metropolitan Higher Education Consortium; received a program review of the General College; and reviewed a number of information items as described in the docket materials. The agenda item relating to an update on 2003 legislative reports was delayed.

REPORT OF THE LITIGATION REVIEW COMMITTEE

Regent Neel, Chair of the committee, reported that the committee met on December 12, 2002 to discuss attorney-client privileged matters and no actions were taken at the meeting.

SEMI-ANNUAL STUDENT REPRESENTATIVES REPORT

Allison Rhody, Chair of the Student Representatives, presented the Semi-Annual Report of the Student Representatives as presented in the docket material.

Highlights of the report included recommendations on the following issues:

- ï Campus Involvement: Utilizing Public Engagement and Service Learning;
- ï University of Minnesota, Crookston Competitiveness
- ï Greek Life at the University of Minnesota
- ï Work Study Funding
- ï Gopher Football Stadium

The complete report was included in the docket materials.

NEW BUSINESS

Chair Reed noted that the Board recently received a memo from Regents Berman, Keffeler, and McNamara relating to Board operations and governance issues. She indicated that Board staff has researched current Board policies that relate to the various topics and a draft memorandum is provided for review. Reed will contact Board members regarding the venue for discussing these issues.

The meeting adjourned at 11:45 a.m.

ANN D. CIESLAK

Executive Director and

Corporate Secretary

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