

**UNIVERSITY OF MINNESOTA  
BOARD OF REGENTS**

**MINUTES**

**BOARD OF REGENTS MEETINGS  
AND  
COMMITTEE MEETINGS**

**November 9-10, 2000;  
November 16, 2000**

**Office of the Board of Regents  
600 McNamara Alumni Center  
University Gateway**

**UNIVERSITY OF MINNESOTA  
BOARD OF REGENTS**

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

**November 9-10, 2000  
November 16, 2000**

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**UNIVERSITY OF MINNESOTA**

**BOARD OF REGENTS**

**Facilities Committee**

**November 9, 2000**

A meeting of the Facilities Committee of the Board of Regents was held on Thursday, November 9, 2000, at 2:45 p.m., in Ballroom C, Kirby Student Center, on the University of Minnesota, Duluth campus.

Regents present: Jessica Phillips, presiding; Anthony Baraga, David Metzen, and Maureen Reed.

Staff present: Chancellor Kathryn Martin, Vice Presidents Tonya Brown and Eric Kruse; General Counsel Mark Rotenberg; Executive Director Ann Cieslak; and Associate Vice Presidents Steven Cawley, Daniel Hambrock, Robert Kvavik, Donna Peterson, and Richard Pfitzenreuter.

Student Representatives present: Kristen Berning and Michael Miller.

**STRATEGIC FACILITIES ISSUES**

**Duluth Campus**

**Discussion**

Vice President Kruse introduced Vice Chancellor Gregory Fox and John King, Director of Facilities Management, Duluth campus, who provided information on the strategic facilities issues on the Duluth campus, as found in the docket materials and on file in the Board office.

Director King reported that 9,087 students enrolled fall semester on the Duluth campus in both undergraduate and graduate programs, representing an increase of 7 percent from 1999. Over eighty percent of entering freshmen currently live on campus.

The Duluth campus is facing many of the same facilities issues as the other coordinate campuses: demand for additional on-campus housing, sharply escalating energy costs, deferred building maintenance needs due to lack of funding, and the need for infrastructure improvements to support technology. Through an energy management program, the campus kept energy usage and costs fairly level over the last few years in spite of campus growth. However, the installation of air-conditioning chillers combined with rate increases has driven up costs.

As part of the University's legislative request this year for Higher Education Preservation and Replacement (HEAPR) funds, the University of Minnesota Duluth is asking for \$6 million to address fire and life safety issues. A component of the request is a five-year program to install sprinklers in all residence halls.

Fox informed the committee that the new public transportation program is attracting 1,000 riders per day. Since parking expansion possibilities are limited, the goal is to double the use of public transportation over a three-year period. Regent

Phillips requested that next fall the administration include University of Minnesota Duluth in the presentation regarding the Twin Cities bus pass program.

Fox reported that negotiations are ongoing with the Duluth Entertainment and Convention Center (DECC) concerning the arena lease for the hockey teams. The DECC proposes to spend \$1.7 million to improve off-ice facilities for the hockey teams, bringing the DECC up to par with other collegiate facilities. In exchange, the DECC is requesting that the University extend its lease from four years to ten years. In response to questions from Regents Baraga and Metzen regarding the lease extension, Fox reminded the committee that the legislature denied a funding request for a Bulldog Sports Center on the Duluth campus, and that the campus needs to focus its upcoming legislative request on other priorities. Fox added that even if the legislature does approve such a request in the near future, the improvements in the facilities at the DECC will be of benefit to the hockey teams in the interim. Baraga and Metzen stressed the importance of having a sports facility located on campus, and urged that it be included in long-term planning for the campus.

Fox described the ongoing community relations projects on the Duluth campus, which include discussions with the city on zoning and housing issues, annual neighborhood meetings, grounds maintenance programs, and night walks to monitor and improve safety.

Regent Reed stressed the importance of sufficient on-campus housing to promote a residential campus experience that appeals to upperclassmen and graduate students, as well as freshmen.

## **DESIGN GUIDELINES**

### **Kirby Plaza Project, Duluth Campus**

Vice President Kruse introduced University Architect John Grundtner, who presented the design guidelines for the Kirby Plaza Project on the Duluth campus, as found in the docket materials.

Grundtner stated that this project would reuse the former library space in the Kirby Center. Phase I will consolidate auxiliary services, such as the bookstore, photocopying facilities, and food service areas. Funding from the Duluth Transit Authority is available to establish a bus hub for the students and an on-campus childcare center. Phase II will focus on creating classroom space, laboratory space, and office space. Regents Metzen and Phillips pointed out how this will improve customer service for students and expand the choices offered to students.

Student Representative Miller added that the student population supports the remodeling project and is excited about the new advantages it would bring to the campus.

## **CAPITAL BUDGET AMENDMENTS Review/Action**

Vice President Kruse presented the following amendments to the FY01 Capital Budget for review and action, as found in the docket materials:

### **Elliot Hall Basement Behavioral Neuro Science Remodeling Project, Twin Cities East Bank Campus**

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

The FY01 Capital Budget is amended by \$137,000 to incorporate funding for the Elliot Hall Basement Behavioral Neuro Science Remodeling Project located on the Twin Cities campus, East Bank.

Kruse explained that the proposed remodeling is necessary to meet environmental health and safety standards by installing a ventilation exhaust system in basement laboratory space. The budget amendment reflects higher than anticipated costs to install the ductwork through the existing building foundation. The College of Liberal Arts is providing funding.

The committee voted unanimously to recommend approval of the amendment to the FY01 Capital Budget.

**Pattee Hall Basement Remodeling,  
Twin Cities East Bank Campus**

Kruse requested that this item be postponed until the December meeting.

**CAPITAL BUDGET AMENDMENTS  
Review**

**Gibson/Nagurski Indoor Practice Facility Improvements,  
Twin Cities Campus**

Vice President Kruse presented an amendment to the FY01 Capital Budget of \$365,000 to upgrade the lighting levels in the existing facility. Funding for the project was secured through a private donation. Kruse noted that it would be most efficient for the construction to occur this winter and spring so that it can be completed prior to the next football season.

**Mariucci Arena Suites, Twin Cities Campus**

Vice President Kruse presented an amendment the FY01 Capital Budget of \$3,500,000 to build eighteen suites in Mariucci Arena. Several local companies have expressed interest in such suites. Kruse noted that the existing facility is able to accommodate the expansion, and that the revenue generated by the sale of the suites would fund the repayment of the construction loan and provide extra funding for athletics. Kruse added that the project does not impact gender equity at the University since both men's and women's hockey games are played in Mariucci Arena.

In response to a question from Regent Reed, Kruse explained that there is no specific financing proposal for the project at this time, pending a legal opinion on the use of tax-exempt bonds. As soon as the opinion is received, the appropriate funding proposal will be developed.

In response to a question from Regent Baraga regarding financing, Associate Vice President Pfutzenreuter responded that the interest rate would determine the price of the suites and the amount of time necessary to pay off the debt. Due diligence and funding projections will be completed before the December meeting.

Reed suggested that, since the financing plan is undeveloped, the item return to the committee only for review in December, with action in February. Regent Metzen expressed concern that such a delay would prevent the University from meeting demand and has the potential of losing suite purchasers to the new St. Paul arena.

Regents Phillips and Reed expressed reluctance to act upon the issue in December if a financing plan is not provided in sufficient time or detail for committee review.

**DESIGN GUIDELINES**  
**Mariucci Arena Suites, Twin Cities Campus**

**Discussion**

Vice President Kruse introduced University Architect John Grundtner, who presented the design guidelines for the proposed Mariucci Arena Suites on the Twin Cities campus, as found in the docket materials. A brief discussion ensued.

**REAL ESTATE TRANSACTIONS**  
**Action**

**Lease for Surface Building, Tower/Soudan State Park, Soudan, MN**

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

The appropriate administrative officers are authorized to execute a lease with the Township of Breitung for the use of the Breitung Surface Building located at 41 First Avenue in the Township of Breitung, MN, consisting of approximately 7,104 gross square feet, and the adjacent parking area, for seven years with two successive five-year renewal options, for the Physics Department Main Injector Neutrino Oscillation Search (MINOS) Research Project.

Associate Vice President Pfutzenreuter described the following transaction costs: base rent of approximately \$43,200 per year; estimated first-year operating costs of \$9,600; and furnishing costs of approximately \$80,000. Funding is provided by the MINOS grant.

The committee voted unanimously to recommend approval of the transaction.

**REAL ESTATE TRANSACTIONS**  
**Review**

**Acquisition of 631 St. Marie Street, Duluth, MN**

Associate Vice President Pfutzenreuter presented the proposed acquisition of 631 St. Marie Street, Duluth, Minnesota, as found in the docket materials. Pfutzenreuter noted that this property is one of the remaining single-family homes surrounded by campus property. He added that the owner, who recently inherited the property, is a willing seller.

**Acquisition of Minnesota Technology Center**  
**1100 Washington Avenue S., Minneapolis, MN**

Associate Vice President Pfutzenreuter presented the proposed acquisition of 1100 Washington Avenue S., Minneapolis, Minnesota, as found in the docket materials. The University has rented space in the building for ten years. Once the building is purchased, the University, rather than outside owners, will receive the rent from its campus units.

**QUARTERLY CAPITAL IMPROVEMENT PLAN REPORT (1<sup>st</sup> Quarter, FY01)**  
**Discussion**

Vice President Kruse presented the Quarterly Capital Improvement Plan Report (1st Quarter, FY01) and the Project Schedule Variance Report for discussion, as found in the docket materials.

Kruse noted that many projects are ahead of schedule due to the mild fall weather, but that supply shortages have created constant challenges.

Kruse concurred with Regent Reed's observation that many of the project delays have similar causes. Approximately one-third of all project delays are caused by changes in scope. Many departments do not anticipate all needs in building and remodeling projects until after the planning process is completed, which leads to changes in the scope of the project.

In response to Regent Phillips, Kruse stated that the administration and the Board members must take a firm position on the scope of a project to keep it within budget and the construction timeline. Kruse expressed his belief that the University's history in providing additional funds to projects has been noted by architects and construction companies. To counter the expectation of additional funding, contract management by the institution needs to be strengthened. Kruse emphasized that the design/build process allows the University the greatest control over projects. Reed observed that cost overruns on current projects could cause the delay or cancellation of pending projects.

Phillips recommended the committee apprise the President of their concern about these issues.

#### **INFORMATION ITEMS**

Vice President Kruse presented the following projects, as found in the docket materials.

- Centennial Showboat, Twin Cities:

Kruse reported that the University has received an insurance settlement for the Showboat and will sell the hull for salvage. A replacement is being sought, but it will not be available by July 4, 2001, as was originally planned.

- Coffman Memorial Union Renovation, Twin Cities

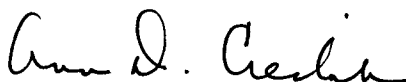
Kruse explained that the University rejected the bids on the project because each was more than \$7 million over budget. Significant modifications in the scope of the project will be needed to reduce costs, and student organizations are being asked to prioritize. Student Representative Berning expressed concern about creating a sense of community on campus without a student union, especially over a long period of time.

- Music Performance Facility, Duluth

Kruse informed the committee that since the bids received were all significantly over budget, the deduct/alternate process is being used to choose options to stay within budget.

Regent Reed noted the loss to the committee of Regent William Peterson's expertise and perspective. Regent Phillips asked for a moment of silence to recognize his October death.

The meeting adjourned at 4:40 p.m.



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

**UNIVERSITY OF MINNESOTA**

**BOARD OF REGENTS**

**Faculty, Staff and Student Affairs Committee**

**November 9, 2000**

A meeting of the Faculty, Staff and Student Affairs Committee of the Board of Regents was held on Thursday, November 9, 2000, at 2:45 p.m. in Ballroom A of the Kirby Student Center, University of Minnesota, Duluth.

Regents present: William Hogan, presiding; Dallas Bohnsack, Warren Larson, Bryan Neel, Michael O'Keefe, and Patricia Spence.

Staff present: Executive Vice President and Provost Robert Bruininks; Chancellors Kathryn Martin, Donald Sargeant and Samuel Schuman; Provost David Carl, Vice Presidents Tonya Brown, Carol Carrier, Sandra Gardebring, and Christine Maziar; Interim Vice President Robert Jones; General Counsel Mark Rotenberg; Executive Director Ann Cieslak; Associate Vice President Donna Peterson.

Student Representatives present: Heidi Frederickson and Lakeesha Ransom.

**CONSENT REPORT**

Executive Vice President and Provost Bruininks presented the Consent Report which included the appointment of Tom Moe as Director, Men's Intercollegiate Athletics.

In response to questions from Regent Hogan, Vice President Brown explained the nature of the reporting relationship between the Men's and Women's Intercollegiate Athletic Directors and herself. In response to a question from Regent Spence, Brown indicated that there were no unusual aspects of the employment agreement.

A motion was made, seconded, and the committee voted unanimously to recommend approval of the Consent Report, as found in the docket materials:

Approval of Appointments:

- Tom Moe to the position of Director, Men's Intercollegiate Athletics, University of Minnesota, Twin Cities, effective November 2, 2000 to December 31, 2003.

**MEASURING STUDENT PERSPECTIVES ON  
UNIVERSITY EXPERIENCES**

Vice Provost Craig Swan introduced the topic and was joined by Chancellors Sargeant and Schuman, Vice Chancellor Bruce Gildseth, and Peter Zetterberg, Director, Institutional Research and Reporting. Zetterberg presented the data from the 1999 Student Experiences Survey and the 1999 First-Year Experience Survey which indicates that the University's investments in improving the undergraduate experience have resulted in positive benefits. A copy of the presentation is on file in the Board Office.



The Student Experiences Survey identified four measures which are highly correlated with the overall satisfaction of students, including the quality of the academic programs and the quality of instruction.

Other highlights of Zetterberg's presentation include:

- overall satisfaction with the University is high, with significant improvement on the Twin Cities campus;
- overall satisfaction for students of color is good at the University of Minnesota Twin Cities (UMTC) and at the University of Minnesota Morris (UMM), and difficult to measure at the University of Minnesota Crookston (UMC) and the University of Minnesota Duluth (UMD);
- more than 90 percent of UMTC first-year students are satisfied or very satisfied with their University experience; and
- students gave access to computers and campus health services the highest ratings and campus food services and parking the lowest ratings.

Commenting on the results of the survey, Swan cautioned that perceptions of student satisfaction are affected by student expectations which differ across the University of Minnesota system. He also warned that ratings in areas such as financial aid, billing, and registration may be lower when the survey is administered again due to problems related to the fall 1999 change to semesters and the implementation of PeopleSoft.

Zetterberg commented on student success and interest indicators and noted a significant increase in applications system-wide. He also highlighted improvement in the four- and five-year graduation rates at UMM, UMD, and UMTC over the past ten years. The University does not yet calculate graduation rates for UMC.

Gildseth reported that 12-15 percent of first year students at UMD enroll intending to transfer to the UMTC to complete their degree. He observed that if those students are included in graduation rate statistics, the graduation rate for UMD increases significantly.

In response to a question from Regent Hogan, Student Representative Ransom commented that she would be interested in graduate student responses to the Student Experiences Survey. Student Representative Frederickson suggested that the University raise the benchmark for survey results so that satisfaction levels of "good" or below are considered average and targeted for improvement.

In response to a question from Regent Neel, Zetterberg reported that the University has not attempted to locate similar surveys at other institutions for comparison purposes. Swan added that it is sometimes difficult to make comparisons between institutions on national surveys due to the differences between schools.

Gildseth, Sargeant, and Schuman all expressed their appreciation for having data about their respective campuses. Schuman warned of the danger of being complacent about the generally positive survey results. He stated that UMM will identify areas of strength, continue to maintain the status quo in those areas, and identify other areas to be targeted for improvement.

Regent Hogan noted his support for Schuman's approach and requested that all campuses share their plans to address areas for improvement at a future meeting.

In response to a question from Student Representative Ransom, Zetterberg indicated that the sample size for students of color at UMD and UMC were too small to draw meaningful conclusions. Sargeant observed that UMC is attempting to gather information about the experiences and satisfaction of students of color in other ways.

Regent Hogan commented that recruiting more students of color at UMD and UMC is a challenge for each campus to tackle.

Bruininks indicated that his office is reviewing the manner in which the University evaluates its effectiveness, including surveys of students, and the results of that review will be presented at a future meeting of the committee.

#### **LEADERSHIP DEVELOPMENT: STAFF**

Vice President Carrier presented the President's Emerging Leaders Program, a proposed leadership development program for University staff. The program is intended to identify and develop an internal cadre of leaders who can be tapped for future leadership opportunities or job openings at the University. The program would be system-wide and is scheduled to begin in the summer 2001. A copy of the presentation is on file in the Board Office.

Carrier highlighted the benefits of the program, discussed current development opportunities for staff and faculty, and noted similar programs that exist in a number of *Fortune* 500 companies. Carrier also stressed that this program would target P&A, civil service, and bargaining unit staff. Faculty will not participate due to the number of other leadership development opportunities which exist for them.

Carrier introduced Stephanie Dilworth, a University employee, who has helped to develop the program and who has experienced several of its components. Dilworth described her experiences and discussed the benefits she has received from the program.

In response to a question from Regent Spence, Carrier indicated that the University has recently changed its hiring policy which makes it easier for quality University staff to change jobs within the University.

In response to a question from Regent Larson, Bruininks indicated that a strategy to finance the program had not been finalized, but he estimated the program will cost approximately \$100,000 or more each year.

Regent O'Keefe suggested that the University examine how to invest more in its "human capital" and suggested that staff development be included in the Compact process, the annual agreement between units and the administration. He requested that a strategy for how the University can increase its investment in the development of staff be brought to a future committee meeting.

#### **CURRENT AND PROPOSED FEDERAL LEGISLATION: IMPACT ON UNIVERSITY POLICIES**

John Engelen, Director of Federal Relations, presented an update on the impact of current and proposed federal legislation on the University. He indicated that Congress has yet to act on several spending bills which affect higher education, but he expects Congress to reconvene after November 15, 2000 to act on these bills. Among the issues to be addressed when Congress reconvenes are funding for medical education and legislation regarding fire safety in university housing. He noted that there will likely be significant increases in some research areas, such as basic science funding, and smaller increases in financial aid, humanities, arts, and agricultural support programs. A copy of the presentation is on file in the Board Office.

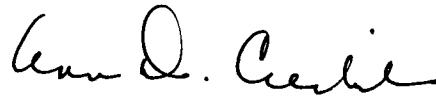
Engelen observed that while it is unknown how the composition of the next Congress will impact higher education, tight margins in both houses of Congress will require a great deal of bi-partisanship.

In response to a question from Regent Larson, Engelen stated that there is good coordination between the University's lobbying efforts regarding funding for medical education on the state and federal level. He also noted that there has been little or no discussion of the federal government's long-term commitment to funding medical education. Regent Larson offered the Board's assistance in efforts to lobby for increased federal funding in this area.

#### **INFORMATION ITEMS**

Executive Vice President and Provost Bruininks presented several information items as noted in the docket.

The meeting adjourned at 4:50 p.m.



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

**UNIVERSITY OF MINNESOTA**

**BOARD OF REGENTS**

**Educational Planning & Policy Committee**

**November 9, 2000**

A meeting of the Educational Planning and Policy Committee of the Board of Regents was held on Thursday, November 9, 2000, at 9:00 a.m. in Ballroom A, Kirby Student Center, University of Minnesota, Duluth campus.

Regents present: Michael O'Keefe, presiding; Anthony Baraga, Dallas Bohnsack, Warren Larson, Jessica Phillips, and Patricia Spence.

Staff present: Chancellors Kathryn Martin, Donald Sargeant, and Samuel Schuman; Executive Vice President and Provost Robert Bruininks; Senior Vice President Frank Cerra; Vice President Christine Maziar; Interim Vice President Robert Jones; Executive Director Ann Cieslak; and Associate Vice President Robert Kvavik.

Student Representatives present: Irene Kao and Michael Miller.

**UNDERGRADUATE EDUCATION STRATEGIC DIRECTIONS:  
CROOKSTON, DULUTH**

Duluth

Executive Vice President and Provost Bruininks, Chancellor Martin, and Vice Chancellor Vincent Magnuson led the discussion of strategic directions at the University of Minnesota Duluth (UMD) as described in the docket materials. Martin highlighted the following:

- Retention and advising — Martin credited the 5 percent rise in UMD's retention rate to the creation of an advisement coordination center.
- Improved use of technology infrastructure.
- Continued development of technology-linked minors.
- Undergraduate research opportunities — The goal for 2005 is to involve 50 percent of UMD's undergraduates in a research project.
- Regional partnerships — Martin reported that admission was deferred this fall for 150 students. The campus is now working to identify partners among Iron Range community colleges for the 2+2 program, which allows students a semester transition between these institutions and the University.

Martin referenced policy issues to be addressed at UMD. Rising enrollment is expected to exacerbate the need for additional classrooms, faculty, and office space. Furthermore, growth is expected in several majors, such as computer science, information technology, and graphic design that require classrooms with up-to-date laboratories, wiring, and equipment. Magnuson added that some consideration had been given to funding infrastructure upgrades through special fees and/or differential tuition.

In response to a question from Regent O'Keefe, Martin indicated that she hoped the compact process would involve a serious discussion of enrollment issues at UMD and noted that campus committees are developing recommendations.

O'Keefe stressed that decisions about enrollment levels, access, and selectivity are very much topics for the Board's consideration because there are trade-offs to be made, such as how much capacity to add and how much enrollment can increase and still maintain the quality of the educational experience.

In response to a question from Regent Spence, Martin explained that Iron Range community colleges have significant capacity to accommodate deferred UMD applicants. Spence commented that developing cooperative relationships with community colleges might be very cost effective if the use of their facilities eliminated the need for new facilities at UMD. In response to a question from Regent Larson, Magnuson acknowledged that only some students will accept deferment to a community college. A survey of applicants deferred late last summer indicates that 25-30 percent still intend to enroll at UMD in January or September 2001.

Student Representative Miller observed that students have been affected by higher enrollment at UMD this year, but part of the increase is a higher retention rate that reflects improved advising and UMD's commitment to serving students.

#### Crookston

Chancellor Sargeant identified several strengths of University of Minnesota Crookston's (UMC) program, such as the partnerships that have been developed with technical colleges, high schools, community colleges, and employers in the region. Two problems must be addressed at UMC. First is the need for additional faculty, noting that faculty reallocations are difficult in specialty degree programs common at UMC. Second is the need to restructure the curriculum.

The two major policy issues are how to attract more academically-prepared students and how to manage enrollment. UMC has developed three strategies to attract more academically-prepared students:

- The campus will transition from an open enrollment policy to a traditional one.
- Scholarships will focus on more academically-prepared students. Fewer, but larger, scholarships will be awarded each year.
- The primary service area for UMC has been expanded beyond northwestern Minnesota to compensate for the smaller number of high school graduates in the region. The one tuition rate policy, already in place, is key to attracting students from elsewhere.

Sargeant reported that UMC's enrollment continues to grow. Efforts to improve retention from its current 64 percent will also boost enrollment. The goal is to increase overall retention to 70-75 percent. Redesigning academic advising; reviewing core curriculum across all majors; and a possible residency requirement for entering freshmen are strategies under consideration.

Student Representative Miller expressed his support for the value of freshmen students living on campus, but cautioned that students from small schools might be at a disadvantage under the proposed merit scholarship criteria. Sargeant assured the committee that the records of entering students would be reviewed individually to guard against the elimination of good students.

In response to a question from Regent Phillips, Sargeant indicated that UMC has worked to remain connected to the region through formal meetings with business and industry. Also, decisions about curriculum have been based on major industry clusters in northwestern Minnesota, such as manufacturing and health care. He stated his

belief that UMC graduates are meeting the needs of employers; the more difficult task is developing post-baccalaureate curriculums to upgrade the skills of current employees.

Sargeant noted that the last mission statement for UMC came before the Board in 1992. A committee is already reviewing the statement and a revised mission statement is expected to be presented to the Board in the spring.

### **FOSTERING INTERDISCIPLINARY RESEARCH PROGRAMS**

Executive Vice President and Provost Bruininks, Senior Vice President Cerra, and Vice President Maziar led the discussion. Maziar defined interdisciplinary activity as either a new academic discipline with applications in many different fields, such as genomics, or a topic such as transportation, which is not an academic discipline but a major issue requiring the involvement of experts from many fields. She also reviewed ways in which interdisciplinary activities are established, nurtured, managed, and assessed and referred the committee to the draft of a new interdisciplinary centers policy as presented in the docket materials.

Maziar and Cerra profiled four exemplary interdisciplinary centers: the Materials Research Science and Engineering Center, the Center for Transportation Studies, Neuroscience, and the Cancer Center. Bruininks noted that interdisciplinary initiatives are a great source of energy and productivity that should be mainstreamed to benefit the University's educational programs, provide opportunities for students, and serve the public.

Bruininks stressed that interdisciplinary programs are developed only after severe scrutiny and are monitored more closely than disciplinary activities. Alignment with the compact process ensures the development of sound agreements that assign authority and responsibility and provide opportunities for review. He referred to the docket materials listing the evaluation criteria the University uses to assess interdisciplinary initiatives.

In response to a question from Regent Larson, Bruininks detailed the fiscal and/or programmatic audit that any interdisciplinary initiative with budget authority and resources must undergo.

In response to questions from Spence and Baraga, Maziar noted that centers involving only one faculty member are subject to the same departmental oversight that governs a principal investigator. Bruininks assured the committee that one-person centers are not very common because of the informal oversight of colleagues. Furthermore, even one-person centers have to be in a department or a college that provides oversight.

O'Keefe cautioned that a proliferation of centers might not only create internal control problems and external relations problems, but it also has the potential to devalue designation as a center. Maziar reported that by the end of the current academic year she will provide an inventory to help the committee assess the extent to which centers have proliferated within the University.

In response to a question from Regent Phillips, Maziar observed that grants do not always drive the interdisciplinary agenda, but that interdisciplinary initiatives are often critical to a university's ability to be on the edge of every frontier. Cerra emphasized that funding-driven initiatives are more likely in the sciences.

## UNIVERSITY PLAN AND PERFORMANCE REPORT

Executive Vice President and Provost Bruininks led the discussion of the proposal to integrate reports on the compact process, institutional measures, and the University Plan into a single report, the *University Plan and Performance Report*, to be presented annually in December or February. Two advantages of the integrated report are that (1) complementary information would be presented at the same time and (2) Board members would receive valuable information before critical decisions, such as budgeting, are made.

Associate Vice President Kvavik emphasized that the integrated report would allow the Board to determine whether various processes, such as the compact process and the budget process, are compatible. Secondly, the integrated report would facilitate assessments of measurable outcomes to determine whether investments are producing the desired results.

Regent O'Keefe expressed his agreement with the concept of an integrated report, but he noted the absence of report specifics. The committee agreed on the need for a thorough discussion of the performance measures to be included in the integrated report and on the need to clarify the purpose(s) of the integrated report. Over and above the external communication purpose the report will provide, is accountability. The committee agreed to spend additional time on the report details to ensure that the measures included hold the University appropriately accountable.

The resolution related to the *University Plan and Performance Report* was moved, seconded, and the committee voted unanimously to recommend approval of the resolution.

## CONSENT REPORT

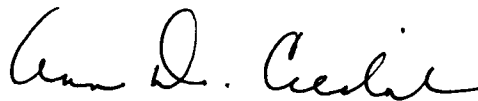
A motion was made and seconded, and the committee voted unanimously to recommend approval of the Consent Report, as found in the docket materials:

- 1) Name Change:
  - Dissolve the Institute of Linguistics and Asian and Slavic Languages and Literatures and establish in its stead a new Institute of Linguistics, English as a Second Language, and Slavic Languages and Literatures.

## INFORMATION ITEMS

Executive Vice President and Provost Bruininks referred the committee members to the docket materials.

The meeting adjourned at 11:05 a.m.



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

**UNIVERSITY OF MINNESOTA**

**BOARD OF REGENTS**

**Finance & Operations Committee**

**November 9, 2000**

A meeting of the Finance & Operations Committee of the Board of Regents was held on Thursday, November 9, 2000, at 9:05 a.m., in Ballroom C of the Kirby Student Center at the University of Minnesota, Duluth campus.

Regents present: H. Bryan Neel, presiding; William Hogan, David Metzen, and Maureen Reed.

Staff present: Vice President Tonya Moten Brown, Vice President Eric Kruse, Executive Director Ann Cieslak; Associate Vice Presidents Steven Cawley, Robert Kvavik, and Richard Pfutzenreuter.

Student Representatives present: Venora Hung and Aaron Schultz.

**QUARTERLY MANAGEMENT REPORT**

Regent Neel introduced Michael Volna, Interim Controller, who presented the Quarterly Management Report, as found in the docket materials.

Volna noted that the balance sheet is stronger than last year due to investment gains in the market and an increased investment in facilities. Revenues have increased since last year by \$209 million due to the large increase in grants and contracts. Volna added that expenditures during the same period went up by \$159.9 million caused by increases in salaries, benefits, and construction activities.

In response to a question from Regent Hogan, Volna stated that the money to cover construction overages is taken from the item "plant funds" in day-to-day operations. Associate Vice President Pfutzenreuter explained that construction changes are either funded by the unit that requests the change or through fundraising opportunities. Pfutzenreuter added that only as a last resort would the University issue debt to cover the increase.

**INVESTMENT CONSULTANT REPORT: CAMBRIDGE ASSOCIATES, INC.**

Regent Neel introduced George Pendergast, Cambridge Associates, Inc., and Sheila Warness, Director of Asset Management, who presented the Investment Consultant Report, as found in the docket materials.

Warness informed the committee that Pendergast is a senior consultant for Cambridge Associates, Inc., and noted that the firm works with over two hundred universities and colleges. Pendergast reported that the University's endowment fund has been among the top performers in Cambridge's portfolio over the past five years because the University has had a heavily weighted equity investment profile. Pendergast advised the committee that it is time to reduce the fund's risk factor and have a more



conservative, more diversified portfolio by broadening the range of its investments. He recommended increasing alternative assets and investments and, to some extent, investing in non-U.S. equity markets.

In response to a question from Regent Metzen, Pendergast explained that endowment investments need to be viewed in the long term. The University has the correct percentage invested in the growth area, but it needs to be more broadly diversified within that area to dampen the repercussions from downside markets.

In response to questions from Regents Hogan and Reed regarding the University's lower performance compared to the peer institutions listed in the docket materials, Pendergast noted that the chart shows the top fifteen universities that Cambridge Associates, Inc. advises. He added that it is better for long-term performance to be within the top fifteen to twenty-five institutions, not within the top five.

#### **REVISION OF BOARD OF REGENTS POLICY: *ENDOWMENT FUND***

Associate Vice President Pfutzenreuter and Sheila Warness, Director of Asset Management, presented for action the recommended changes to the Board of Regents Policy: *Endowment Fund*, as found in the docket materials.

Pfutzenreuter stated that the policy was the same one presented to the committee last month.

Regent Hogan expressed concern that the proposed policy deletes the reference to the approving body in Section III, Subd. 2, and questioned whether this eliminates any controls over the way investment decisions are made. Hogan requested that the Chair of the Finance Committee discuss with the President the issue of checks and balances as it relates to the policy and anticipate what could happen if there were a breakdown in the future relationship between the Board of Regents and a president.

Regent Neel noted that the University's Asset Management Department brings any major investment change or decision to the Finance Committee. After committee review, changes need Board approval.

Warness explained that an administrative policy will also delineate roles and responsibilities regarding the policy and will control the process for administering the policy.

Reed requested that Pfutzenreuter address these concerns when the Board of Regents Policy: *Delegations of Authority*, currently being revised, is reviewed.

A motion was made, seconded, and the committee voted unanimously to recommend approval of the amended Board of Regents Policy: *Endowment Funds*, as presented in the docket materials.

#### **FINANCIAL UPDATE: *FormsNirvana***

Associate Vice President Kvavik and Interim Controller Volna presented the update of FormsNirvana, an e-business software tool developed by the University of Minnesota to track and control financial transactions in its grants management program, as found in the docket materials.

Kvavik stated that other areas of the University are using FormsNirvana for electronic transactions and approvals, and for human resources functions. Kvavik

noted that many universities have expressed interest in FormsNirvana, and that the University of Wisconsin is already using the system.

Volna informed the committee that over the past year approximately one-half of all University transactions were completed using FormsNirvana and that by March 2001, 95-100 percent of all transactions on the Twin Cities campus would use the system. In response to a question from Regent Reed, Volna stated that the University hopes to use FormsNirvana on all campuses, adding that due to the different structure on the Duluth campus some changes would need to occur prior to its use by that campus.

In response to a question from Student Representative Hung, Volna explained that the use of FormsNirvana would apply to student organizations which have University funds, and that those organizations would receive training.

In response to Regent Neel's request for a future discussion of e-commerce and e-procurement possibilities, Pfutzenreuter stated that the issue is part of the committee's workplan.

### **TELEPHONE SYSTEM UPGRADE**

Associate Vice Presidents Cawley and Pfutzenreuter presented for committee review a recommendation to upgrade the University telephone system on the Twin Cities campus, as found in the docket materials and on file in the Board office.

Cawley informed the committee that the current fifteen-year-old system needs an upgrade in order to improve service and reliability, thereby maintaining one of the University's core business functions and its fire, life and safety management. Cawley explained that a Request for Information went out to five vendors in 1999 to compare the cost of replacing the telephone system to the cost of upgrading the existing system. Cawley stated that the fifteen million-dollar proposed upgrade using the current vendor, Intecom, is the preferred option because the University only needs to replace the equipment, not replace the software.

In response to a question from Regent Metzen, Pfutzenreuter replied that the University would borrow the fifteen million for ten or fifteen years, using an increase in phone rates to individual units to pay off the debt. Pfutzenreuter noted that even after the rate increase, the University would still have one of the lowest telephone rates when compared to other institutions in the Big Ten.

In response to a question from Regent Reed about why this contract could be so specific regarding tight turnaround times and performance expectations, Cawley pointed out that the contract is for an existing, mass-produced product without customization. It is in contracts for software that require customization, such as the Enterprise System contract, that the risk shifts to the buyer. Cawley added that the University has a project management team in place and a strong, fifteen-year relationship established with Intecom that permits the contract's specifics.

Regent Hogan expressed concern that administration is not recommending an option that would outsource the management of the system. He noted that while costs initially can be higher for outsourcing, the internal costs and infrastructure costs normally go down, with the end result being less expensive systems and operations. Cawley responded that an outside consultant studied outsourcing and the results showed upgrading the existing system was more cost effective. Cawley agreed to provide the consultant's report to committee members who requested it.

Regent Neel asked the issues of e-mail, wireless communication, and personal and institutional security within the system be addressed when the topic returns to the committee.

### **SIX-YEAR CAPITAL PLAN: FINANCING STRATEGY**

Associate Vice President Pfutzenreuter presented the financial framework that supports the six-year capital improvement plan, as found in the docket materials and on file in the Board office.

Pfutzenreuter reported that over the past ten years the University has received an average of 14.2 percent of the state's bond sales to support capital improvement projects. Over the next six years the University will request from the state an average of \$185 million per biennium. Pfutzenreuter noted that a significant new component in the University's request is the large increase in the number of projects submitted for Higher Education Asset Preservation and Replacement (HEAPR) funding. Pfutzenreuter reminded the committee that unlike other state-funded capital projects, the University does not have to provide one-third of the project cost if the state approves the project for HEAPR funding.

The capital improvement plan will require the University to take on an additional \$78 million of debt. Pfutzenreuter added that University staff will meet with representatives of several debt rating agencies in New York to discuss the University's rating and the how additional debt might affect that rating. Pfutzenreuter stated that he does not expect a downgrade of the University's rating because the University is managing its debt well.

Regent Hogan expressed concern that the building cost projections done some time ago cannot be relied upon because of rising market costs. He stressed the importance of reevaluating the project costs to make sure the figures are accurate. Pfutzenreuter responded that staff had begun to review the figures and noted that some projects may need to be delayed because of the increased costs.

Regent Metzen suggested requesting more funding from the legislature in response to market conditions that are beyond the control of the University.

### **CONSENT REPORT Review/Action**

Associate Vice President Pfutzenreuter presented the Consent Report, as found in the docket materials.

Pfutzenreuter noted a \$310,000 allocation from the General Contingency fund to Facilities Management for the addition of an elevator and other improvements to Eastcliff.

Pfutzenreuter reported the following purchases of goods and services over \$250,000:

- \$380,620 to Beckman Coulter for the purchase of an automated Integrated Core System for Molecular Biology Laboratory for the Department of Biochemistry, Molecular Biology and Biophysics. The Integrated Core System will be purchased with funds from a National Sciences Foundation Major Research Instrumentation grant.

- \$2,500,000 to Heidelberg for Heidelberg Model SM102 6P3L six-color, 40" perfecting press as needed by January 15, 2001 for Printing Services. The new press will improve job turnaround time, lower prices on many jobs, and add new capability.

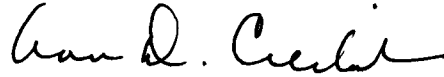
Pfutzenreuter noted that the vendor was selected through the competitive bid process in both instances.

A motion was made, seconded, and the committee voted unanimously to recommend approval of the Consent Report.

#### **INFORMATION ITEMS**

Regent Neel informed that committee that the Investment Advisory Committee was meeting regularly and functioning well. Neel noted that the next meeting would be in January 2001.

The meeting adjourned at 11:15 a.m.



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

**UNIVERSITY OF MINNESOTA**

**BOARD OF REGENTS**

**November 10, 2000**

A meeting of the Board of Regents of the University of Minnesota was held on Friday, November 10, 2000 at 9:00 a.m. in Ballroom B, Kirby Student Center, on the University of Minnesota, Duluth campus.

Regents present: Patricia Spence, presiding; Anthony Baraga, Dallas Bohnsack, William Hogan, Warren Larson, David Metzen, H. Bryan Neel, Michael O'Keefe, Jessica Phillips, and Maureen Reed.

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

Chair Spence called the meeting to order and read the following statement about Regent William R. Peterson who passed away October 20, 2000:

"Regent Peterson held the highest respect from all his colleagues, the President, and the administrators who worked with him on various committees. I learned to know him best through five years together on the Litigation Review Committee, which he masterfully chaired since its inception. He was extremely committed to improving the University's litigation position, and played a key role in reducing the high number of lucrative "slip and fall" cases as he often called them. He had a keen sense of fairness, the highest level of ethics, and the ability to work hard and work smart. He had our total trust and confidence.

"Regent Peterson also brought to the Board his vast knowledge of construction, health care issues, and concern for the workers. We also counted on his sage advice and his work at the legislature. I would say that he was totally committed to improving the quality of this University.

"In the last few months of his life, I learned to know him the best. It was clear that he did not fear death but used it as a reminder to live each day more fully. No matter how he felt, he took our phone calls and continued to advise General Counsel Rotenberg, the President, and the Board until one week before his death. Regent Peterson never wanted to be the center of attention, but his quiet strength, wisdom, and his dedication will be greatly missed by this Board and the others he served.

"These words of George Bernard Shaw I think sum up what the Honorable Bill Peterson stood for: *I want to be thoroughly used up when I die, for the more harder I work the more I live. I rejoice in life for its own sake. Life is no brief candle to me, it is a sort of splendid torch which I have got hold of for the moment, and I want to make it burn as brightly as possible before handing it on to future generations.*"

Spence asked for a moment of silence in memory of Regent Peterson.

## **INTRODUCTIONS**

Chancellor Martin introduced James Riehl, the newly-appointed dean of the University of Minnesota Duluth College of Science and Engineering. Riehl assumed his position on August 1, 2000.

## **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 - October 12, 2000  
Facilities Committee - October 12, 2000  
Faculty, Staff & Student Affairs Committee - October 12, 2000  
Educational Planning & Policy Committee - October 12, 2000  
Finance & Operations Committee - October 12, 2000  
Board of Regents - October 12, 2000  
Board of Regents - October 13, 2000  
Litigation Review Committee - October 25, 2000

## **REPORT OF THE PRESIDENT**

President Yudof's report focused on the success of the University of Minnesota Duluth (UMD) and the vital role that UMD plays in the economy and culture of northeast Minnesota. He stressed the need for continued investment in UMD and urged support of the University's 2001 legislative request.

Yudof reported briefly on ways that the Academic Health Center is involved in addressing critical issues relating to Minnesota's healthcare workforce crisis.

Finally, Yudof reported that organizational audits of each vice presidential area have been completed. The audits were conducted to determine if the areas are aligned properly to achieve the goals of the institution.

## **REPORT OF THE CHAIR**

Chair Spence introduced Professor Lester Drewes who is the member of the Faculty Consultative Committee from the University of Minnesota, Duluth campus.

Spence reported that Eastcliff has been placed on the National Register of Historic Places. She thanked all who worked so effectively over the years to achieve that placement.

She reported on several events and meetings that she attended during the past month, including the 25<sup>th</sup> Anniversary of Women's Athletics, a meeting of the Minneapolis Women's Club, and a meeting with Michael Vekich, chair of the MnSCU Board of Trustees.

Spence noted that the chairs of the Faculty, Staff & Student Affairs Committee and the Educational Policy & Planning Committee, Executive Vice President & Provost Bruininks and she will meet with the Chancellors of the coordinate campuses to discuss how coordinate campus issues can best be brought to the Board.

She also announced two changes in committee chair assignments. Regent Phillips will be chairing the Litigation Review Committee and Regent Metzen will chair the Facilities Committee.

Finally, Spence thanked Chancellor Martin, the faculty, staff, and students at UMD for the warm welcome the Board received during their two days of meetings on the UMD campus.

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

Regent Spence reported that the Report of the All-University Honors Committee was forwarded to the Board from President Yudof on October 24, 2000.

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.

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

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

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

Regent O'Keefe, Chair of the committee, reported that the committee voted unanimously to recommend:

- a) Approval of a resolution relating to the establishment of the University Plan and Performance Report, as follows:

WHEREAS, the University is committed to academic excellence and the constant improvement of its teaching, research, and outreach programs for the benefit of students, staff, faculty, and the greater community; and

WHEREAS, the President and the Board of Regents are entrusted with the responsibility of being good stewards of the public trust, resources, and facilities; and

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

NOW, THEREFORE BE IT RESOLVED THAT the University administration will provide to the Board of Regents an annual *University Plan and Performance Report*.

BE IT FURTHER RESOLVED THAT the *University Plan and Performance Report* shall articulate the alignment of academic priorities established within each unit to the overall goals, directions, and investment strategies of the institution as established by the Board of Regents and the President through the capital request, the biennial request, operational and capital budgets, and institutional evaluation and accountability measures.

BE IT FURTHER RESOLVED THAT the *University Plan and Performance Report* shall include and expand upon near-term and future challenges, opportunities, and priorities of the institution; statistical profiles of the University at the campus level; selected statistics related to system trends; University-wide and unit strategies

to achieve goals as reflected in the Compact Planning Process; summaries of accomplishments and investments; progress in the Institutional Measures; and summaries of special institutional studies and reports.

BE IT FURTHER RESOLVED that the *University Plan and Performance Report* shall replace such required reports as the University Plan and the Institutional Performance Report, and requested reports such as the *Compact Planning Process Report*.

BE IT FURTHER RESOLVED that the Board of Regents directs the administration of the University of Minnesota to present the *University Plan and Performance Report* to the Board of Regents in December of each year for review and action.

- b) Approval of the Consent Report for the Educational Planning and Policy Committee as presented to the committee and described in the November 9, 2000 committee minutes.

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

O'Keefe reported that the committee received a presentation on undergraduate education strategic directions for Crookston and Duluth; reviewed information on fostering interdisciplinary research programs; and reviewed a number of information items as described in the committee minutes.

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

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

- a) Approval of a recommendation of the President that the FY01 capital budget be amended by:
  - \$137,000 to incorporate funding for the Elliott Hall Basement Behavioral Neuro Science Remodeling Project on the Twin Cities campus.
- b) Approval of a recommendation of the President that the appropriate administrative officers receive authorization to execute the appropriate documents providing for the lease for the Surface Building at the Tower/Soudan State Park (Physics/Minos Project).

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

Phillips reported that the committee received a presentation on strategic facilities issues relating to the University of Minnesota Duluth (UMD) campus; reviewed design guidelines for the Kirby Plaza Project at UMD; reviewed a proposed capital budget amendment for the Gibson/Nagurski Indoor Practice Facility improvements on the Twin Cities campus and for Mariucci Arena suites; reviewed design guidelines for Mariucci Arena suites; and reviewed information on two proposed acquisitions -- 631 St. Marie Street in Duluth, Minnesota and the Minnesota Technology Center at 1100 Washington Avenue South in Minneapolis, Minnesota. The committee also reviewed the Quarterly Capital Improvement Plan Report and reviewed a number of information items. Phillips noted that the capital budget amendment relating to the Pattee Hall basement remodeling project was delayed until the December 2000 meeting.



**REPORT OF THE FACULTY, STAFF,  
AND STUDENT AFFAIRS COMMITTEE**

Regent Hogan, 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 November 9, 2000 committee minutes.

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

Hogan reported that the committee received presentations on measuring student perspectives on University experiences; staff leadership development; and the impact on University policies as a result of current and proposed federal legislation. The committee also reviewed a number of information items.

Kristen Berning, Chair of the Student Representatives, addressed the committee on the agenda item relating to measuring student perspectives on University experiences. Berning stated that students appreciate the survey for providing statistical information and benchmarks to make positive changes. Students hope that the University's goal will be to raise student satisfaction level to excellent in all categories. She stressed the importance of carefully analyzing all areas of the student experience, as students have differing needs. She encouraged the continued use of surveys and suggested that new ways be identified to gauge student satisfaction in a more timely manner to more effectively explore current problems.

**REPORT OF THE FINANCE & OPERATIONS COMMITTEE**

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

- a) Approval of the Consent Report for the Finance & Operations Committees presented to the committee and described in the November 9, 2000 committee minutes.
- b) Adoption of Board of Regents Policy: Endowment *Fund*, as follows:

**ENDOWMENT FUND**

**SECTION I. INVESTMENT OBJECTIVES.**

Subd. 1. Overall Objectives. The overall objectives for the endowment fund are:

- (1) to preserve the inflation adjusted value of the fund; and
- (2) to maximize total return (income plus capital appreciation) with 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 will be:

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

Both objectives are to be effective over three- to five-year trailing periods.

## SECTION II. DEFINITIONS.

Subd. 1. Alternative Investments. "Alternative investments" shall mean private equity, timberland, venture capital, real estate, or other limited partnerships.

Subd. 2. Senior Administrative Officer. "Senior administrative officer" shall mean the chief financial officer or the treasurer.

## SECTION III. 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 30 percent. The strategic allocation range around this target shall be 20-40 percent.

Subd. 3. Fixed Income. The long-term target allocation for fixed income shall be 10 percent. The strategic allocation range around this target shall be 5-15 percent.

Subd. 4. Alternative Investments. 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 is to be reported to the Board of Regents.

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 should not be employed for speculative purposes. Trading in options is 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 with no public market, other than venture capital, real estate, or other limited partnerships, unless specifically authorized by the Board of Regents.

Subd. 8. Management Control. No investments are allowed for the purpose of exercising management control.

Subd. 9. Investment Management Firm Limit. A maximum of 25 percent of the endowment may be invested by any one investment management firm. The senior administrative officer 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 IV. SPENDING GUIDELINES.

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

Subd. 2. Contingency Level. If at the end of any calendar quarter the three-, four-, or five-year return on the University's endowment fund is below the level necessary to maintain the purchasing power of the endowment (factoring in the payout level, expenses, and the impact of inflation), the senior administrative officer shall reduce the spending rate by 25 basis points on the earliest of the next January 1 or July 1, and again in six months, at which point 5 percent of the three-year trailing average market value will be available for spending purposes.

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

Neel reported that the committee also reviewed the Quarterly Management Report; received an investment consultant report from Cambridge Associates; and received information relating to the telephone system upgrade, financing strategy for the six-year capital plan, and Financial FormsNirvana. The committee also reviewed a number of information items.

Regent Reed addressed the discussion relating to the Quarterly Management Report and the six-year capital plan, expressing concern about budget overruns on construction projects. Overruns ultimately pose a threat to the financing of future projects, as well as a threat to the integrity of the University's academic programs and the University's public image. She believes it is time for the Board to adopt a more disciplined approach regarding scope increases requested by departments and units and on project budget increases on projects if the increases are due to inadequate estimates by vendors. A budget increase could be allowed when unforeseeable construction costs occur.

Regent Phillips expressed support for Reed's comments stating that it is important for the Board to understand the root cause for an increase in scope or budget on a project. She agreed that the Board should take a "zero tolerance" stand on increases when they are due to inadequate or irresponsible estimates.

Regent Baraga supports a more disciplined approach in approving scope increases but cautioned that, due to the increases in construction costs over the past few months, a number of current projects may require budget increases in order to meet completion deadlines.

Regent Spence asked President Yudof to provide the Board with recommendations to address this issue. Yudof replied that he will respond to this concern in the near future.

Regent O'Keefe addressed the action relating to the Board of Regents Policy: *Endowment Fund*. He indicated that the issues and concerns he raised relating to this policy at the October 2000 Board meeting were answered. He thanked Director Warness for responding to his questions.

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

Regent Metzen reported that the committee met on October 25, 2000 and no action was taken at the meeting.

## **REPORT OF THE AUDIT COMMITTEE**

Regent Larson reported that the committee did not meet this month.

## **SIX-YEAR CAPITAL PLAN**

President Yudof presented the University's Six-Year Capital Plan for review as presented in the docket materials. The plan, which primarily sets the planning framework for the next three state capital requests, also includes projects that are being considered for the University to pursue independently. It is intended to give direction to capital planning efforts that will continue to further define the individual project's programmatic scope, campus planning implications, and cost estimates. Yudof reviewed highlights of the plan. A number of institutional priorities reflected in the plan include:

- Emphasis on the general infrastructure and basic building components that support all programs of the University;
- Emphasis on supporting the academic foundations of the University - the Arts, Humanities and Sciences;
- Investments that support basic and applied research; and
- Improvements in the quality of classrooms on all campuses to create better learning environments.

The plan includes \$762 million in projects being recommended for planning and feasibility and resource acquisition. It includes an average state capital request of \$238 million for each of the 2002, 2004, and 2006 legislative sessions. The plan will be funded through State financing that is jointly paid by the State and the University, as well as University-issued debt, fundraising, private-public partnerships, and University resources managed by colleges and support units.

Regent Reed asked about the impact that higher construction costs will have on this plan. Yudof responded that problems arise when the Legislature has appropriated a fixed amount for a project and construction costs rise before the building is built. It is difficult to get additional funding from the Legislature. Associate Vice President Pfitzenreuter added that the administration is reviewing the projected budgets of projects in the proposed capital plan, beginning with projects scheduled for construction in 2002. The budget figures in the plan will be revised accordingly.

Regent Phillips stated she was pleased that the plan included an increased focus on Higher Education Asset Preservation and Replacement (HEAPR). HEAPR funds are used system-wide to maximize and extend the life of the University's existing physical plant. She is concerned that the Legislature and the citizens of the state do not understand the importance of maintaining the University's structures. President Yudof agreed, indicating that it will be necessary to educate legislators on the important programmatic activities that occur within a building and reaffirm that the buildings are antiquated and have a number of safety issues that need to be addressed.

Phillips also requested the administration to review the possibility of amending the six-year capital plan to include an estimate for a facility on the Duluth campus to house the men's and women's hockey programs. It is an important issue to students on the UMD campus and should be addressed in the next six years. President Yudof responded that he would provide a recommendation to the Board at the December 2000 meeting.

Regent Spence complimented President Yudof on his leadership in restoring the historic buildings on campus. She stated that she believes there is broadbase support throughout the state for these restorations.

### **ACADEMIC HEALTH CENTER SIX-YEAR STRATEGIC PLAN**

Senior Vice President Cerra and Alfred Michael, Dean of the Medical School, presented the Academic Health Center (AHC) six-year strategic plan as presented in the docket material.

The plan was developed from input received from the Board's special committee on the AHC, faculty, and external stakeholders, including legislative and state health leaders and health providers. The objectives and initiatives included in the plan are to:

- Create and prepare the new health professionals for Minnesota;
- Sustain the vitality and excellence of Minnesota's health research;
- Expedite the dissemination and application of new knowledge into the promotion of health and delivery of healthcare in Minnesota;
- Develop and provide new models of health promotion and care for Minnesota;
- Reduce health disparities in Minnesota and address the needs of the state's diverse populations;
- Use information technology to transform how we educate, conduct research, and provide service to individuals and communities in Minnesota; and
- Build a culture of service and accountability to Minnesota.

Cerra reported that the six-year comprehensive plan was developed to provide a base for achieving the objectives described above. Six areas of emphasis were identified as vital to implement the strategic plan. They include 1) balancing the operating budget and stabilizing the programs and finances of the Medical School; 2) gaining legislative support for critically-needed funding for health professional education and research; 3) increasing interdisciplinary education opportunities for future health professionals; 4) developing and implementing a plan to meet Minnesota's health professional workforce shortages; 5) improving access to AHC research, information, and new technology to promote health and deliver care; and 6) rebuilding the AHC's health research capacity. Cerra reviewed each area of emphasis and corresponding strategic initiatives.

Board members applauded the efforts of the AHC administration in developing the strategic plan, but expressed a number of concerns. Because of time constraints, Chair Spence suggested that a meeting be scheduled in December to allow enough time for the administration to respond to the issues raised.

Regent O'Keefe indicated that his concerns relate to the balance of addressing both internal and external issues; the redefinition of the healthcare field and how it is connected to increased enrollment, and that the plan appears to address disease treatment more than disease prevention.

Regent Reed stated that the health care arena has changed substantially in the past year. She would like to have the AHC provide information on how it will assume leadership in addressing issues of public health and changing the status quo. She also expressed concern regarding the initiative relating to building a culture of service and accountability and indicated that the strategies and initiatives need to be strengthened.

Regent Larson stressed the importance of implementing a plan as soon as possible. He indicated that the AHC should review its core programs to be prepared to make difficult programmatic decisions if necessary.

Regent Baraga stated that he agrees that public health and prevention are important, but it is equally important to sustain basic research and disease treatment.

Chair Spence thanked Board members for expressing their concerns and urged other members to contact the AHC administration before the December meeting with any additional issues relating to the six-year strategic plan.

President Yudof stated that the administration would be prepared to discuss this issue at length at the December meetings and will be prepared to identify areas of investment for the Medical School.

### **ANNUAL UNIVERSITY OF MINNESOTA FOUNDATION REPORT**

Douglas W. Leatherdale and Gerald Fischer, Chair and President of the University of Minnesota Foundation (UMF), respectively, presented the UMF's annual report.

Leatherdale made introductory remarks commenting that it has been his privilege to serve as chair of the UMF trustees for the past two years. He complimented the Board of Regents on their leadership and expressed support for President Yudof and his vision for the University of Minnesota. He stressed that the trustees of the UMF are partners with the Board of Regents in their efforts to build and maintain the University as a first-class institution in the country.

Fischer presented highlights of the annual report. For fiscal year 2000, the UMF received a record-breaking \$234 million in gifts to benefit the University, representing a 73 percent increase over fiscal year 1999. As a result, the UMF endowment received an 18 percent total return on investment, enabling the Foundation to transfer a record \$62 million to the University programs designated by donors. The University's combined endowment rose to \$1.8 billion compared to \$1.5 billion as of June 30, 1999. Statistics relating to the size of gifts and types of donors as well as highlights of gift production by college and campus were also provided.

Fischer provided an update on the success of Campaign Minnesota. The campaign was publicly launched in October 1999 with a goal of raising \$1.3 billion by 2003. The campaign has made excellent progress with \$903 million in new gifts donated as of August 2000, representing 69 percent of the goal. Many important initiatives remain to be funded, but as the campaign enters its fifth year of the seven-year campaign, it is anticipated that the goal can and will be met.

A copy of the UMF Annual Report and presentation is on file in the Board office.

### **APPOINTMENTS: UNIVERSITY FOUNDATION TRUSTEES**

A motion was made and seconded and the Board of Regents voted unanimously to approve the following appointments to the University of Minnesota Foundation:

William E. Hogan II - reappointed for a three-year term, November 2000-2003.  
Emily Anne Tuttle reappointed for a one-year term, November 2000-2001.  
Maureen Reed appointed for a three-year term, November 2000-2003.  
Margaret E. Lucas appointed for a three-year term, November 2000-2003.  
James A. Johnson appointed for a three-year term, November 2000-2003.

## 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, 2000 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.

The meeting adjourned at 12:25 p.m.



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

**UNIVERSITY OF MINNESOTA**

**BOARD OF REGENTS**

**Litigation Review Committee**

**November 16, 2000**

A meeting of the Litigation Review Committee of the Board of Regents was held on Thursday, November 16, 2000, at 8:10 a.m. in 658 McNamara Alumni Center.

Regents present: Jessica Phillips, presiding; and David Metzen. Patricia Spence participated via telephone.

Staff present: President Mark Yudof; Vice President Eric Kruse; General Counsel Mark Rotenberg; Executive Director Ann Cieslak; and Associate Vice President Robert Jones.

Others present: Pamela Bader, William Donohue, Lorie Gildea, Sandra Martell, and Thomas Schumacher.

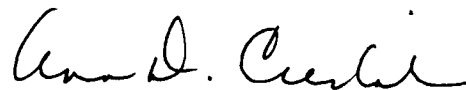
**RESOLUTION TO CONDUCT NON-PUBLIC MEETING  
OF THE LITIGATION REVIEW COMMITTEE**

A motion was made and seconded that the following resolution be approved:

RESOLVED, that on the recommendation of the President and as provided by Minnesota State Statute 471.705, Subd. 1d, a special non-public meeting of the Board of Regents Litigation Review Committee be held on Thursday, November 16, 2000 at 8:00 a.m. in the Office of the Board of Regents Conference Room, 658 McNamara Alumni Center, for the purpose of discussing attorney-client privileged matters.

The committee voted unanimously to approve the resolution.

The public portion of the meeting adjourned at 8:11 a.m. and the non-public portion of the meeting adjourned at 9:02 a.m.



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



**CORRECTED COPY**

**UNIVERSITY OF MINNESOTA**

**BOARD OF REGENTS**

**MINUTES**

**BOARD OF REGENTS MEETINGS**

**AND**

**COMMITTEE MEETINGS**

**November 30, 2000  
December 7-8, 2000**

**Office of the Board of Regents**

**600 McNamara Alumni Center  
University Gateway**

**UNIVERSITY OF MINNESOTA  
BOARD OF REGENTS**

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

**November 30, 2000  
December 7-8, 2000**

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**UNIVERSITY OF MINNESOTA**  
**BOARD OF REGENTS**  
**Litigation Review Committee**  
**November 30, 2000**

A meeting of the Litigation Review Committee of the Board of Regents was held on Thursday, November 30, 2000, at 12:02 noon in 658 McNamara Alumni Center.

Regents present: Jessica Phillips, presiding; and David Metzen. Patricia Spence participated via telephone.

Staff present: President Mark Yudof; General Counsel Mark Rotenberg; and Executive Director Ann Cieslak.

Others present: William Donohue, Lorie Gildea, and Thomas Schumacher.

**RESOLUTION TO CONDUCT NON-PUBLIC MEETING  
OF THE LITIGATION REVIEW COMMITTEE**

A motion was made and seconded that the following resolution be approved:

RESOLVED, that on the recommendation of the President and as provided by Minnesota State Statute 471.705, Subd. 1d, a special non-public meeting of the Board of Regents Litigation Review Committee be held on Thursday, November 30, 2000 at 12:00 noon in the Office of the Board of Regents Conference Room, 658 McNamara Alumni Center, for the purpose of discussing attorney-client privileged matters.

The committee voted unanimously to approve the resolution.

The public portion of the meeting adjourned at 12:03 p.m. and the non-public portion of the meeting adjourned at 12:35 p.m.



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

**UNIVERSITY OF MINNESOTA**

**BOARD OF REGENTS**

**Audit Committee**

**December 7, 2000**

A meeting of the Audit Committee of the Board of Regents was held on Thursday, December 7, 2000 at 8:35 a.m. in the East Committee Room, 600 McNamara Alumni Center.

Regents present: Warren Larson, presiding; Robert Bergland, H. Bryan Neel, Michael O'Keefe, Jessica Phillips, and Maureen Reed.

Staff present: Chancellor Samuel Schuman; Executive Vice President and Provost Robert Bruininks; Executive Director Ann Cieslak; Associate Vice Presidents Stephen Cawley, Gail Klatt and Richard Pfutzenreuter.

Student Representatives present: Kristen Berning and Venora Hung.

**REVIEW OF AUDITED FINANCIAL STATEMENTS**

Interim Controller Michael Volna introduced Clifford Hoffman, Partner, Deloitte & Touche, who presented the annual Deloitte & Touche audit report and the University's audited financial statements, as found in the docket materials.

Hoffman highlighted the University's accomplishments over the past year: a strong investment performance of 23% in fiscal 1999, and 27.6% in fiscal 2000, which resulted in an increase in the fund balance; significant improvement over the past year in the collection of sponsored accounts receivable; and successful installation of PeopleSoft, which represented a major commitment on the part of University staff.

Hoffman noted the strength and experience of the University's internal audit department and the University's ability to respond to the new accounting procedures, required by Governmental Accounting Standards Board 35, which relate to funded depreciation of capital projects.

Hoffman identified the challenges for the University in the upcoming year: strong monitoring for risk of alternative investments in the University's portfolio and ensuring excellent communication among the Finance Committee, the Investment Advisory Committee, and the Office of Asset Management; completing the implementation of PeopleSoft, particularly as it pertains to student financial aid; improving the collection and billing of sponsored accounts receivable by completing the transition to an automated system; and retaining and recruiting high-quality employees.

**MANAGEMENT LETTER**

Associate Vice President Richard Pfutzenreuter and Interim Controller Michael Volna introduced Tom Roos, Deloitte & Touche, who presented the annual Deloitte & Touche Management Letter, as found in the docket materials.

Roos explained that the Management Letter presents observations and recommendations resulting from the annual audit, as well as the written response of the administration. He highlighted the following: monitoring alternative investments; completing the PeopleSoft conversion for student financial aid; automating sponsored accounts receivable; and recruiting and retaining employees.

Several committee members requested that, in the future, the Management Letter be presented to the committee in draft form at the same time it is presented to the administration.

#### **EXPANDED INTERVENTION PROGRAM**

Associate Vice President Gail Klatt presented for discussion the proposed Expanded Intervention Program, as found in the docket materials.

Klatt informed the committee that this program will be used when units with control and operational deficiencies are unable to rectify the problems themselves. The new process will draw the problem to the attention of management and will ensure clear ownership of the problem by the administration. Klatt added that the proposed program will be an administrative policy and will be implemented quickly.

The committee expressed its support for the process as described and requested that a method of reporting to the committee be developed.

#### **UPDATE ON SPONSORED ACCOUNTS RECEIVABLE**

Interim Controller Michael Volna updated the committee on the implementation of the new systems and procedures for sponsored accounts receivable, as found in the docket materials.

Volna reported that an automated systems program developed by J.D. Edwards has been identified for sponsored accounts reporting, invoicing and receivables. This program is currently in use by University Services, and has the potential to replace the older College and University Financial System (CUFS). Volna added that the Controller's Office is working in conjunction with Sponsored Projects Administration to coordinate the process and make it more efficient.

In response to a question from Regent Reed, Volna replied that the goals for the new system are to eliminate the need for manual entry, to keep receivables low to ensure timely reporting on grants, and to have efficient staffing throughout the system.

#### **NEW BUSINESS**

Regent Larson reminded the committee that this is the final year of a five-year contract with Deloitte & Touche as the University's outside accounting firm. Associate Vice President Klatt added that a new Request for Proposals (RFP) to hire an accounting firm will need to be developed in the spring. After some discussion regarding procedures and past practice, the committee requested further discussion of this item in February.

The meeting adjourned at 9:38 a.m.



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

**UNIVERSITY OF MINNESOTA**

**BOARD OF REGENTS**

**Facilities Committee**

**December 7, 2000**

A meeting of the Facilities Committee of the Board of Regents was held on Thursday, December 7, 2000, at 1:30 p.m., in the West Committee Room, 600 McNamara Alumni Center.

Regents present: David Metzen, presiding; Anthony Baraga, Robert Bergland, Jessica Phillips, and Maureen Reed.

Staff present: Chancellor Samuel Schuman; Senior Vice President Frank Cerra; Vice Presidents Tonya Brown and Eric Kruse; General Counsel Mark Rotenberg; Executive Director Ann Cieslak; Associate Vice Presidents Daniel Hambrock, Clinton Hewitt, and Richard Pfutzenreuter.

Student Representatives present: Kristen Berning and Michael Miller.

**CAPITAL BUDGET AMENDMENTS**  
**Action**

**Mariucci Arena Suites, Twin Cities Campus**

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

The FY01 Capital Budget is amended by \$3,500,000 to incorporate funding for the Mariucci Arena Suites project located on the University's Twin Cities, Minneapolis, East Bank Campus.

Vice President Kruse presented the proposed increase of \$3,500,000, as found in the docket materials. Kruse noted that the expansion is in response to a demand for suites, that the existing facility can accommodate the expansion, and that the revenue generated by the sale of the suites funds the repayment of the construction loan. Associate Vice President Pfutzenreuter described the due diligence details of the taxable bond financing for the suites.

In response to a question from Regent Baraga, Kruse stated that the expectation is that all the suites will be filled.

The committee voted unanimously to recommend approval of the amendment to the FY01 Capital Budget.

**Gibson/Nagurski Indoor Practice Facility Improvements,  
Twin Cities Campus**

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

The FY01 Capital Budget is amended by \$365,000 to incorporate funding for the Gibson/Nagurski Indoor Practice Facility Improvements Project located on the University's Twin Cities, Minneapolis, East Bank Campus.

Vice President Kruse presented the proposed increase of \$365,000, as found in the docket materials. Funding for the project has been secured through a private donation, and that it would be most efficient for the construction to occur this winter and spring.

The committee voted unanimously to recommend approval of the amendment to the FY01 Capital Budget.

**CAPITAL BUDGET AMENDMENTS  
Review/Action**

**Pattee Hall Basement Remodeling,  
Twin Cities East Bank Campus**

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

The FY01 Capital Budget is amended by \$282,000 to incorporate funding for the Pattee Hall Basement Remodeling Project located on the University's Twin Cities, Minneapolis, East Bank campus.

Vice President Kruse presented the proposed increase of \$282,000, as found in the docket materials. He explained that the proposed remodeling is necessary to repair damage caused by ground water seepage and to turn the basement into functional office space for the Institute on Community Integration, which is part of the College of Education and Human Development. The Institute on Community Integration is currently renting space off-campus.

The committee voted unanimously to recommend approval of the amendment to the FY01 Capital Budget.

**REAL ESTATE TRANSACTION  
Action**

**Acquisition of 2525 - 4<sup>th</sup> Street S.E., Minneapolis, MN**

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

The appropriate administrative officers are authorized to execute the appropriate documents for the acquisition of 2525 - 4<sup>th</sup> Street Southeast, Minneapolis, MN, from Gust Kempf, Jr. for the sum of \$1,948,000, of which the University will pay \$197,600, and the remainder will be in the form of a donation of \$1,750,400.



Associate Vice President Pfutzenreuter introduced Susan Weinberg, Director of Real Estate, who presented the proposed acquisition of the property at 2525 - 4<sup>th</sup> Street S.E., Minneapolis, MN, as found in the docket materials.

In response to questions raised by Regent Reed regarding environmental contamination, Weinberg explained that Phase I and Phase II environmental testing had been done. Between \$110,000 and \$250,000 will be necessary to remediate the site, depending upon the University's decision on usage. Weinberg stated that the University is escrowing \$100,000 of the funds due to the seller to help pay for the remediation.

The committee voted unanimously to recommend approval of the transaction.

**CAPITAL BUDGET AMENDMENTS**  
**Review/Action**

**Acquisition of 2525 - 4<sup>th</sup> Street S.E., Minneapolis, MN**

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

The FY01 Capital Budget is amended by \$200,000 to incorporate funding for the acquisition of the real estate located at 2525 - 4<sup>th</sup> Street S.E., Minneapolis, MN, which is adjacent to the University's Twin Cities, Minneapolis, East Bank campus.

The committee voted unanimously to recommend approval of the amendment to the FY01 Capital Budget, as found in the docket materials.

**Kirby Plaza Design, Duluth Campus**

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

The FY01 Capital Budget is amended by \$800,000 to incorporate funding for the design of the Kirby Plaza project located on the University's Duluth Campus.

In response to Regent Baraga, Associate Chancellor Gregory Fox explained that the design for Kirby Plaza is expected to include new academic space and new student activities space.

The committee voted unanimously to recommend approval of the amendment to the FY01 Capital Budget, as found in the docket materials.

**CAPITAL BUDGET AMENDMENT**  
**Review**

**Vocational & Technical Education Building Rooms 140 & 240 Renovation,  
Twin Cities Campus**

Vice President Kruse presented the proposal to increase the FY01 Capital Budget by \$585,000 to incorporate funding for the Vocational & Technical Education Building Rooms 140 & 240 Renovation project located on the University's St. Paul campus, as found in the docket materials. The renovation is needed to provide consolidated, adequate space for the University's American Sign Language program by the beginning of Fall Semester 2001.

Kruse introduced Dean Steven Yussen, College of Education and Human development, who informed the committee that the American Sign Language ("ASL") program is very popular with students as a way to fulfill the language requirement. The space recommended for renovation is currently underutilized.

**SCHEMATIC PLANS**  
**Microbial and Plant Genomics Building, St. Paul Campus**

**Review/Action**

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

The schematic plans for the Microbial and Plant Genomics Building, St. Paul Campus, are approved and the appropriate administrative officers are authorized to proceed with the award of contracts, the development of construction documents, and construction.

Vice President Kruse introduced Harvey Turner, Director of Planning and Programming, who presented the schematic plans for the Microbial and Plant Genomics Building, St. Paul campus, as found in the docket materials. Architect/Project Designer Thomas DeAngelo, Architectural Alliance, presented the project design. DeAngelo stated that proposed occupancy of the building is fall 2002.

Kruse introduced Robert Elde, Dean of the College of Biological Sciences, who discussed the academic needs addressed by the new building.

In response to a question from Regent Bergland regarding the \$10 million gift provided by Cargill and matched by the state, Elde replied that there are no limitations or restrictions of any sort connected to this donation.

In response to a question from Regent Reed, Elde stated that the building is designed to accommodate connections to other buildings in the future, but that budget constraints prevent connections at this time.

In response to a question from Student Representative Berning, Elde stated that the main function of the building is to provide faculty research and laboratory space, not instruction space.

The committee voted unanimously to recommend approval of the schematic plans.

**REAL ESTATE TRANSACTION**  
**Action**

**Acquisition of 631 St. Marie Street, Duluth, MN**

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

The appropriate administrative officers are authorized to execute the appropriate documents for the acquisition of 631 St. Marie Street, Duluth, MN, from Ray Enright, Jr. for \$63,000.

Susan Weinberg, Director of Real Estate, presented the proposed acquisition of 631 St. Marie Street, Duluth, MN, as found in the docket materials. Weinberg explained that seller inherited the property, which is completely surrounded by the University. The purchase price falls within the range of the two appraisals obtained on the property, the last privately owned land on the block.

The committee voted unanimously to recommend approval of the transaction.

**REAL ESTATE TRANSACTIONS**  
**Review/Action**

**Lease for Academic Health Center, Psychiatry Clinical Trials,  
Riverside Professional Building, 606 - 24<sup>th</sup> Avenue South, Minneapolis, MN**

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

The appropriate administrative officers are authorized to execute a five-year lease with one three-year option followed by four successive options of five years each to renew the lease thereafter (potentially 28 years total) with Gracon Contracting, Inc. for the use of 4,749 useable square feet described as Suite 602, 606 - 24<sup>th</sup> Avenue South, Minneapolis, MN, by the University's Department of Psychiatry.

Susan Weinberg, Director of Real Estate, presented for review and action the proposed lease for Academic Health Center, Psychiatry Clinical Trials, Riverside Professional Building, 606 - 24<sup>th</sup> Avenue South, Minneapolis, MN, as found in the docket materials. Weinberg added that the Department of Psychiatry would use the space for clinical trials.

The committee voted unanimously to recommend approval of the transaction.

**ROSEMOUNT MASTER PLAN ISSUES**  
**Rosemount, Minnesota**

**Discussion**

Vice President Kruse and Thomas Fisher, Dean, College of Architecture and Landscape Architecture, University of Minnesota, provided information on the Rosemount Master Plan, as found in the docket materials.

Fisher stated that the Master Plan envisions the property as a place for interdisciplinary alliances to address issues dealing with agriculture, health, and the environment.

In response to questions from Regent Reed regarding County Road 46 bifurcating the area and potential problems with traffic speed and volume, Fisher stated that plans were being developed to use traffic calming techniques to address both pedestrian safety and the need for farm machinery to cross the roadway.

Fisher introduced Associate General Counsel Donald Amundson to respond to concerns expressed by Regent Bergland regarding future county or state road construction through the property. Amundson explained that the University agreed to the current County Road 46 expansion several years ago.

In response to a question from Bergland, Fisher stated that it is anticipated that an executive director for the Rosemount project, once appointed, would be empowered to manage the entire project, form partnerships, carry forward the vision of the project, help strategize how to accomplish the vision, and find new funding sources. The director would report to an oversight committee, which reports to the Provost.

Regent Baraga requested regular updates on the project, particularly on the capital budget issues. Regent Metzen suggested involving the Office of University Relations, so that the public is kept informed as the project goes forward.

## **COMMITTEE WORKPLAN, 2000-01 UPDATE**

### **Discussion**

Regent David Metzen, Chair of the Facilities Committee, and Vice President Kruse presented the update on the Committee Workplan, as found in the docket materials.

Kruse informed the committee that the proposed workplan for the first quarter of next year contains more items than the committee will have time to address. Kruse will restructure the workplan and report back to the committee.

### **INFORMATION ITEMS**

Vice President Kruse discussed the current strategy and activity on the following projects, as found in the docket materials on file in the Board office:


- Centennial Showboat, Twin Cities
- Coffman Memorial Union Renovation, Twin Cities
- Weber Music Hall (UMD Music Performance Laboratory), Duluth

Kruse introduced Steven Rosenstone, Dean of the College of Liberal Arts, who presented the materials on the pending contract with the Padelford Packet Boat Company for the construction of a new Centennial Showboat.

Regent Reed stressed the importance of projects coming in on budget and, regarding the Weber Music Hall, expressed concern about the use of central funds to pay for project overruns.

In response to a question from Regent Bergland regarding the status of the Southeast Steam Plant, Kruse informed the committee that the University is working with Foster Wheeler to address volume production, reliability, and other outstanding issues.

The meeting adjourned at 3:25 p.m.

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

**UNIVERSITY OF MINNESOTA**

**BOARD OF REGENTS**

**Faculty, Staff and Student Affairs Committee**

**December 7, 2000**

A meeting of the Faculty, Staff and Student Affairs Committee of the Board of Regents was held on Thursday, December 7, 2000, at 1:35 p.m. in the East Committee Room, 600 McNamara Alumni Center.

Regents present: William Hogan, presiding; Dallas Bohnsack, Warren Larson, Michael O'Keefe, and Patricia Spence. Regent Jessica Phillips joined the meeting during the item relating to Student Development & Campus Life: Morris.

Staff present: Executive Vice President and Provost Robert Bruininks; Chancellors Donald Sargeant and Samuel Schuman; Senior Vice President Frank Cerra; Vice President Tonya Brown; Interim Vice President Robert Jones; General Counsel Mark Rotenberg; Executive Director Ann Cieslak; and Associate Vice President Rusty Barcelo.

Student Representatives present: Heidi Frederickson and Lakeesha Ransom

**EMPLOYEE HEALTH CARE: REPORT & RECOMMENDATIONS OF THE  
UNIVERSITY HEALTH CARE TASK FORCE**

Vice President Carrier introduced the topic and presenters Professor Richard McGehee, chair of the Health Plan Task Force and Senior Vice President Cerra.

McGehee summarized the findings in the report and highlighted the following:

- overall satisfaction with the current health plan is high, but it is only one percent above the benchmark satisfaction level of 80 percent;
- the satisfaction level is lower for specific groups, including faculty;
- satisfaction with mental health coverage is 62 percent, and lower for specific groups;
- employees most desire the following improvements: enhanced mental health benefits, an unmanaged care option, improved out-of-area coverage, and access to complimentary and alternative medicine; and
- the University's pool of employees is of sufficient size to generate interest from health care providers.

McGehee discussed the following recommendations of the Health Plan Task Force:

- establish a standing health benefits advisory committee;
- continue to pursue recent developments with the State of Minnesota regarding increased flexibility for the University within the state plan, while continuing to pursue the option of separating from the state;
- create diverse and stable health plans; and
- offer health benefits to domestic partners equal to those available to spouses of married employees.

A copy of the Health Plan Task Force report and recommendations is in the docket materials.

In response to a question from Regent Spence, Cerra stated that the President accepted the task force's report and asked him to chair a committee to review the report and present options for implementation. Developing options will require ongoing communication with various internal and external constituencies in a short time frame. He noted that the University needs to decide within three or four months whether to separate from the state's health care plan.

In response to a question from Regent Hogan, Cerra indicated that if the University decided to leave the state's plan, the financial impact on the University or the state is unclear due to a variety of factors. Regent O'Keefe noted that large pools of employees are generally preferable to smaller ones with regard to health insurance. If the University has the opportunity to design its own health care plan, the University should be creative and try to address some of the problems inherent with the design of health care in the United States. Cerra agreed and added that the University needs to pursue both options of staying or leaving the state's plan simultaneously.

In response to a question from Hogan, Cerra noted that issues such as medical savings accounts and defined contributions may need to be examined, but such examination would not occur in time for the open enrollment deadline in 2002. Cerra cautioned about potential problems caused by removing benefits from current employees or the perception of removing benefits.

O'Keefe commented that employees and employers need to work together to resolve health insurance issues and that employees should not be protected from health care increases which can result from the behaviors of health care consumers.

In response to a question from O'Keefe, Cerra indicated that it is possible for the University to be a pilot project for the state with regard to addressing rising health care costs. Carrier added that the state and the University are considering similar cost containment strategies. Cerra observed that some of the cost containment strategies may be part of collective bargaining agreements and alerted the committee to the potential impact of health care premiums on salary structures.

#### **ACADEMIC APPOINTMENT POLICIES & ISSUES**

Executive Vice President and Provost Bruininks described the administrative policy on academic appointments as vitally important to the management of the University now and into the future because it defines how the University organizes its personnel systems to carry out its mission of teaching, research, and outreach. The policy, which was recently revised, is intended to provide a more consistent structure for appointing, reviewing, and monitoring all categories of personnel who provide instruction at the University. Bruininks referred to the additional information, as found in the docket materials.

Bruininks highlighted benefits from the policy, including improved planning and accountability, resulting from academic staffing plans required of each college and campus. He noted additional costs of approximately \$600,000 to provide retirement benefits to certain instructional personnel not previously eligible. There will be a two-year phase in of the benefits, and Central Administration may have to provide financial assistance to some units.

Vice President Carrier discussed the rationale for and benefits of the revised policy, as well as the consultative process used to create it. The revised policy enables colleges to align staffing decisions with their unique funding and instructional needs, provides all instructional personnel with appropriate benefits and promotional opportunities, and creates an easy to understand structure for appointing and

reviewing all categories of instructional personnel. The policy also provides clarity and will ease the implementation of other personnel regulations.

Professor Fred Morrison, Chair, Faculty Consultative Committee, stated that the revised policy will help define which instructional personnel are covered under the Board of Regents Policy: *Faculty Tenure* and those who are covered under other regulations.

In response to a question from Regent Hogan, Morrison responded that the revised policy is systemwide. He indicated that while faculty understand and accept the new policy they are not pleased with all of its provisions.

Vice Chancellor Vincent Magnuson, University of Minnesota Duluth (UMD), stressed that UMD's faculty union and the administration will need to reach agreement on the provisions of the revised policy, but added that some of the issues have already been addressed at UMD through earlier negotiations and discussions. Carrier added that some issues pertaining to professional and administrative employees at UMD will need to be addressed.

Bruininks reported that the administration is implementing the revised policy and resolving outstanding issues. The impact of the policy will be reported at a future meeting.

#### **STUDENT DEVELOPMENT & CAMPUS LIFE: MORRIS**

Executive Vice President and Provost Bruininks introduced the first in a series of committee discussions focusing on student development and campus life issues on each of the University's four campuses. Chancellor Schuman presented the first report on the University of Minnesota Morris (UMM), and introduced his co-presenters, Sandra Olson-Loy, Interim Vice Chancellor for Student Affairs, and Nathan LaCoursiere, a student at UMM.

Olson-Loy provided a profile of UMM students, including demographics, level of involvement on campus, and satisfaction with various aspects of UMM campus life. She also discussed various UMM programs and services that enhance the academic and co-curricular life of students, noting that student involvement is at the core of UMM's mission. A copy of the presentation is on file in the Board Office.

Olson-Loy concluded her presentation by highlighting the following campus life priorities for UMM administrators: food service quality, the status of intercollegiate athletics, and the quality of residential life facilities and programs.

LaCoursiere described his campus life experience as a student at UMM and the various ways he and his peers have benefited from UMM's commitment to student development.

In response to a question from Regent Hogan, Schuman observed that much of the success that UMM has experienced is the result of a clear vision to be a selective, top quality, small, public liberal arts college.

At the request of Hogan, Schuman summarized the issues related to intercollegiate athletics at UMM. Schuman observed that UMM essentially competes as a Division III school in a Division II conference, resulting in a demoralizing experience for student athletes (approximately 20 percent of the student body) and for members of the UMM community. While many of the student athletes at UMM have received academic scholarships, UMM does not provide athletic scholarships. This contrasts with other schools in their athletic conference which provide an average of \$200,000 in athletic scholarships each year.

Schuman reported that he has accepted the report and recommendations of a task force appointed to examine the role of intercollegiate athletics in a liberal arts college. As a result, UMM has begun to use private donations to award special talent awards to student athletes. This year \$19,000 has been awarded and \$60,000 will be awarded during the next academic year. These special talent awards will be split equally between men and women and 25 percent of the amount allocated for athletic special talent awards will be used to provide academic special talent awards. Schuman concluded by noting that the current quality of UMM's athletics teams is inconsistent with the UMM's overall commitment to quality as a premier liberal arts college.

Following Schuman's comments, Student Representative Frederickson observed that UMM students hold a variety of opinions about intercollegiate athletics and she suggested a survey to accurately gauge student opinion.

Regent Spence expressed her support for the direction that UMM is moving with regard to intercollegiate athletics and commented on the importance of athletics to UMM's sense of community.

### **CONSENT REPORT**


A motion was made, seconded, and the committee voted unanimously to recommend approval of the Consent Report, as found in the docket materials:

- Appointment of Mark P. Becker as Dean of the School of Public Health, effective January 1, 2001;
- Appointment of Joseph G. Weisenburger to a University-appointed position on the Community-University Health Care Center Community Governing Board, effective December 11, 2000;
- Approval of a professional development leave of absence for Kathryn A. Martin, Chancellor of the University of Minnesota Duluth, effective January 2, 2001;
- Approval of a resolution of the Board of Regents related to the Board of Regents Policy: *Animal Care and Usage*;
- Approval of amendment to the University Senate Rules, Article III, Section 2 related to Ex Officio members of Senate Committees; and
- Approval of amendment to the Twin Cities Campus Assembly Rules, Article III, Section 2 related to ex officio members of the Assembly Committees.

### **INFORMATION ITEMS**

Executive Vice President and Provost Robert Bruininks noted the information items included in the docket and urged the committee to read the update report on the National Initiative for Women in Higher Education.

The meeting adjourned at 3:25 p.m.

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



**UNIVERSITY OF MINNESOTA**

**BOARD OF REGENTS**

**Educational Planning & Policy Committee**

**December 7, 2000**

A meeting of the Educational Planning & Policy Committee of the Board of Regents was held on Thursday, December 7, 2000, at 9:45 a.m. in the West Committee Room, 600 McNamara Alumni Center.

Regents present: Michael O'Keefe, presiding; Anthony Baraga, Dallas Bohnsack, Warren Larson, Jessica Phillips, and Patricia Spence.

Staff present: President Mark Yudof; Executive Vice President and Provost Robert Bruininks; Chancellor Donald Sargeant; Senior Vice President Frank Cerra; Vice President Sandra Gardebring; Executive Director Ann Cieslak; and Associate Vice Presidents Rusty Barcelo and Gail Klatt.

Student Representatives present: Irene Kao and Michael Miller.

**ROSEMOUNT MASTER ACADEMIC  
& PROGRAMMATIC PLAN**

Executive Vice President and Provost Robert Bruininks introduced Dean Thomas Fisher of the College of Architecture and Landscape Architecture, who led the discussion. Fisher noted that the Rosemount Master Academic & Programmatic Plan is unique because it envisions Rosemount not only as a place where experimentation will occur, but also as an experiment in how a university might operate, relate to communities, and communicate what it does to the public, the region, and the world.

Fisher reviewed the proposed mission, funding, governing principles, and initial steps for Rosemount, as presented in the docket materials. The task force charged to develop recommendations for the property proposes the following initial steps:

- 1) hire an executive director who, with adequate oversight, would be empowered to respond quickly to opportunities;
- 2) create a team to identify potential partners and expedite proposals from private and public entities; and
- 3) rename Rosemount to signal a change of direction.

In response to a question from Regent Baraga, Fisher explained that the task force has developed short-, medium-, and long-term funding strategies. Short-term strategies focus on federal, corporate, and non-state public funding. Funding for long-term infrastructure, such as roads, is more problematic, but progress at Rosemount may attract the interest of state economic development interests or other state partners.

Regent Spence finds the Rosemount proposal exciting because it will enhance the University's land-grant mission, provide opportunities for interpreting interdisciplinary research, and increase public awareness and support for the University.

She stressed the importance, though, of maintaining "University of Minnesota" as part of any name given to Rosemount.

In response to a question from Regent Bohnsack, Fischer described how such interested parties as the Metropolitan Council, the city of Rosemount, Empire Township, Dakota County, and the Minnesota Department of Natural Resources continue to provide valuable perspectives through the Rosemount Advisory Council.

In response to a question from Regent Larson, Fisher indicated that the provost would not only hire the executive director, but also appoint an oversight committee, consisting of the executive director, appropriate deans, and other administrators, who would report regularly to the provost.

Regent O'Keefe reminded the committee that the Rosemount Master Academic & Programmatic Plan will come before the committee again in February for final action. Furthermore, any principles adopted for Rosemount by this committee will frame discussions of capital investments, but decisions about capital investments are the purview of the Facilities Committee.

O'Keefe suggested that the broad principles the Board approved for Rosemount in 1999 be added to the proposed resolution that comes before the committee in February. The resolution will create a framework to chart a course for Rosemount.

#### **OUTREACH AGENDA: STRATEGIES - MINNESOTA EXTENSION SERVICE & CONTINUING EDUCATION**

Executive Vice President and Provost Bruininks introduced Associate Vice President Mary Heltsley, Interim Dean Charles Casey, and Interim Dean Gail Skinner-West. Heltsley, Casey, and Skinner-West provided an overview of issues, proposed conceptual outreach frameworks, and strategic plans of the Minnesota Extension Service (MES) and the College of Continuing Education (CCE).

Heltsley explained how varied outreach can be across the University. In MES, for example, outreach usually is associated with rural counties and small towns, while CCE offers formal and informal courses statewide. Critical to successful outreach is the realization that it is a two-way street requiring the involvement of individuals, local organizations, businesses, and communities in the identification and dissemination of useful information. The greatest challenge in outreach is articulating to the public what the University does. Therefore, the two outreach goals for MES and CCE are to know what the University does and to let others know how to tap into ongoing University initiatives.

In the area of mission, Casey explained that MES seeks to connect community needs with University resources. To accomplish this, MES engages in substantial personal and professional development, problem solving, and youth development. In contrast, Skinner-West explained that CCE concentrates on workforce development, civic engagement, and public learning. To accomplish its mission, CCE focuses on career transition, professional development, academic growth, and personal enrichment for working and older adults. Skinner-West and Casey agreed that CCE and MES often complement one another, with CCE addressing employment and MES focusing on broader social, political, and economic trends that set the context for individual workers.

In the area of needs assessment, CCE and MES have been guided by two questions:

- 1) What indications are there that CCE and MES are meeting needs?; and

2) Are CCE and MES meeting the right needs?

Skinner-West explained that both CCE and MES have proven track records in the area of needs assessment and detailed the various groups who advise them. Casey and Skinner-West described how MES and CCE align their organizations with mission, how effectiveness is measured, and detailed specific efforts regarding strategic directions.

In response to a question from Regent Larson, Casey explained that MES assesses community needs and responds to what local citizens want. The next step is to raise awareness of the leadership role the University can play in promoting new research and practices that can improve community problem solving.

Regent O'Keefe noted that two-way communication between local communities and the University is critical to outreach, but it involves listening by the University and the local community and conversations about where overlapping interests exist.

Regent Bohnsack added that in order to fulfill its outreach mission, the University must identify new partners and nurture relationships with existing partners, such as the Association of Minnesota Counties (AMC).

Casey reiterated the importance of MES relationships with county government and thanked Bohnsack for his leadership in gaining the support of the AMC for the University's outreach efforts.

In response to a question from Student Representative Miller, Skinner-West noted that each coordinate campus has a CCE center that reflects the needs, interests, and mission of that campus and serves the needs of the local area. On the other hand, programmatic coordination remains a top priority so that all campuses are aware of statewide issues and have access to the same staff development opportunities.

In response to comments from Regents Phillips, Spence, and O'Keefe, Heltsley emphasized that the heart of the promotion and tenure issue in outreach is determining what outreach activities should and should not be included. She also acknowledged that the reward system for outreach is an issue that needs to be addressed.

Spence observed that if the faculty were to develop a system of rewards for outreach, it would put the University on the cutting-edge in resolving an issue that has eluded higher education for years. She therefore encouraged the faculty governance system to look creatively at how to reward faculty engaged in outreach activities.

O'Keefe congratulated Heltsley, Skinner-West, and Casey for connecting strategic planning to broader principles, to each other, and to the University in general, expressing the hope that future discussions of outreach before this committee will help the University chart a course to fulfill its responsibilities in this area.

### **CONSENT REPORT**

A motion was made and seconded, and the committee voted unanimously to recommend approval of the Consent Report, as found in the docket materials:

1) New degree program:

- Manufacturing Technology major in the Bachelor of Applied Studies, College of Continuing Education, Twin Cities, in partnership with Rochester Community and Technical College, St. Paul Technical College, and Winona State University.

- 2) Program name change:
  - Renaming German major and minor as "German Studies," University of Minnesota Duluth.

### **INFORMATION ITEMS**

Executive Vice President and Provost Robert Bruininks referred the committee members to the docket materials. Senior Vice President Cerra and Mark Paller, Assistant Vice President for Research, Academic Health Center, discussed in greater detail the information item *Biomedical Innovation and Commercialization* (BICI).

In response to a question from Regent Spence, Cerra identified the following policy questions the committee will be asked to address:


- 1) Does the University want to promote the commercialization of its technology?
- 2) Does the University want technology commercialization to occur in a structure outside the University, a structure that it does not own or control?
- 3) Does the University support the use of public funds from the state as the seed capital for biomedical technology commercialization?
- 4) Should the University be a direct investor in biomedical technology commercialization?
- 5) Should BICI encompass more than biomedical technology?

In response to questions from Regents Baraga and Larson, Cerra assured the committee that the BICI proposal calls for projects to move outside the University as soon as commercial potential is recognized.

In response to a question from Regent O'Keefe, Cerra explained that an expanded BICI proposal is scheduled for discussion at the February 2001 meeting, which provides adequate time for the committee to comment before it is considered by the legislature.

O'Keefe reported that Student Representative Kao will graduate in December. He expressed his appreciation for her contributions to the work of the committee and extended his best wishes for her future success. Kao thanked the committee, indicating that her term as a student representative had been a valuable experience. Alternate Student Representative Kyle Althoff will assume Kao's position.

The meeting adjourned at 11:50 a.m.



**ANN D. CIESLAK  
EXECUTIVE DIRECTOR AND  
CORPORATE SECRETARY**

**UNIVERSITY OF MINNESOTA**

**BOARD OF REGENTS**

**Finance & Operations Committee**

**December 7, 2000**

A meeting of the Finance & Operations Committee of the Board of Regents was held on Thursday, December 7, 2000, at 9:45 a.m., in the East Committee Room, 600 McNamara Alumni Center.

Regents present: H. Bryan Neel, presiding; Robert Bergland, William Hogan, David Metzen, and Maureen Reed.

Staff present: President Mark Yudof; Chancellor Samuel Schuman; Senior Vice President Frank Cerra; Vice President Eric Kruse; General Counsel Mark Rotenberg; Executive Director Ann Cieslak; Associate Vice Presidents Steven Cawley, Gail Klatt, and Richard Pfitzenreuter.

Student Representative present: Venora M. Hung and Aaron Schultz.

Regent Neel introduced Charles Speaks, Professor of Speech Pathology, the new representative to the Finance Committee from the Faculty Consultative Committee. Neel also thanked outgoing student representative Aaron Schultz for his work on the committee and welcomed Rudy Stith, the new student representative from the Crookston campus.

**QUARTERLY MANAGEMENT REPORT (1st Quarter, FY01)**

Associate Vice President Pfitzenreuter introduced Interim Controller Michael Volna, who presented the Quarterly Management Report, as found in the docket materials.

Volna compared current figures to the same period in the prior fiscal year, reporting that assets increased and cash decreased due to construction projects. Volna noted that the PeopleSoft Student System for financial aid and student accounts receivable is working more smoothly this year and payments are being processed in a timely fashion. In response to a question from Regent Bergland, Volna stated that the great majority of accounts receivables are current.

**QUARTERLY ASSET & DEBT MANAGEMENT REPORT**

Associate Vice President Pfitzenreuter introduced Sheila Warness, Director of Asset Management, who presented the Quarterly Asset & Debt Management Report, as found in the docket materials.

Warness reported that the first quarter of FY01 demonstrated the unpredictability of the markets. The University's value and fixed income portfolios experienced positive returns. While the growth portfolio experienced a negative return

this quarter, it closely tracked the benchmark performance in this area. Warness stressed the importance of maintaining diversification in the University's total portfolio, especially in turbulent markets.

Warness reported that there was no change in the amount of outstanding University debt, although the cost of the debt increased slightly due to increased short-term interest rates.

### **QUARTERLY PURCHASING REPORT**

Interim Controller Michael Volna and Karen Triplett, Director of Purchasing, presented the Quarterly Purchasing Report, as found in the docket materials.

Volna reported that there were no violations of the purchasing policy during the first quarter FY01. In response to Regent Hogan, Triplett explained that the improvement is the result of new procedures established last year to address violations and of ongoing training of University employees in purchasing policies and procedures.

In response to a question from Regent Reed, Volna stated that automatic safeguards built into the Financial FormsNirvana system do not process purchases that violate policy. The system also makes it easier for departments to process contracts for professional services.

### **QUARTERLY COMMUNITY ECONOMIC DEVELOPMENT REPORT**

Julie Sweitzer, Director of the Office of Equal Opportunity and Affirmative Action, introduced D. Craig Taylor, Director of the Office of Community Economic Development, who presented the Quarterly Community Economic Development Report, as found in the docket materials.

Taylor reported that during the first quarter FY01, businesses owned by women, minorities, disabled, or disadvantaged persons received nine percent of total University expenditures, which is an increase over the same period last year.

Taylor discussed a new program available to targeted businesses whereby the University, through the Carlson School of Management, provides technical assistance.

The committee requested a revised reporting system to reflect the change in percentage of University expenditures received by specific ethnic group businesses over time. In addition, the committee requested that appropriate benchmarks be developed to measure progress in this area.

### **FINANCIAL UPDATE: STATE OF MINNESOTA ECONOMIC UPDATE**

Associate Vice President Pfitzenreuter introduced Thomas Stinson, State Economist, who presented the State of Minnesota Economic Update, as found in the docket materials.

Stinson reported a projected surplus of \$924 million for 2000-01, noting that state law requires this money be designated as available for a tax rebate. The surplus is the result of strong growth in the United States economy. Stinson indicated that the State Economic Advisory Council is cautious because one of the main assumptions for the predicted surplus is a drop in the price of oil. If the price does not drop as expected, the forecast will need to be adjusted downward.

In response to a question from Regent Hogan, Stinson replied that the Governor proposed to broaden the sales tax base so that the state can respond better in the internet area and to offset the economic changes expected with the retirement of the baby boom generation.

#### **SEMI-ANNUAL BUDGET UPDATE: OVERVIEW OF CURRENT FISCAL YEAR**

Regent Neel stated that due to time constraints the Semi-Annual Budget Update would be postponed to a following meeting.

#### **CONSENT REPORT Review/Action**

Associate Vice President Pfutzenreuter introduced Interim Controller Michael Volna, who presented the Consent Report, as found in the docket materials and in materials on file in the Board office.

Pfutzenreuter noted an allocation from the General Contingency fund to University Relations of \$331,250 to support the sesquicentennial efforts.

Volna & Triplett reported the following purchases of goods and services over \$250,000:

- \$462,105 to Academic Press, Inc., for renewal of electronic access to the electronic online journals published by Academic Press, Inc., between January 1, 2001 and December 31, 2001, for MINITEX.
- An estimated \$2,000,000 to Blue Cross Blue Shield for Affiliated Resident Physicians Group Medical Plan Retrospective Premium Agreement for the period July 1, 2000 through June 30, 2001 for the Twin Cities Medical School.
- An estimated \$579,000 to the Science Products Division of Corning Incorporated for plastic labware to be stocked at the University Stores for use from January 1, 2001 through December 31, 2001.
- An estimated \$515,000 to Fisher Scientific Company L.L.C. for Falcon Plastic Labware manufactured by BD Biosciences, to be stocked at the University Stores for use from January 1, 2001 through December 31, 2001.
- \$291,918 to General Electric Medical Systems for a helical whole body computed tomography scanner for the Veterinary Teaching Hospital.
- \$12,911,822 to Intecom to upgrade the University of Minnesota telephone systems at the Twin Cities campus as requested by the Office of Information Technology.
- An estimated \$380,000 to Johns Hopkins University Press for a subscription from January 1, 2001 through December 31, 2001 to enable MINITEX to provide Internet access to the full-text scholarly journal literature available from Johns Hopkins University.

- \$2,650,000 to Magnex Scientific Ltd. For a 9.4 Tesla/650mm bore MRS magnet system. The National Institutes of Health (NIH) has approved funding of \$400,000 for the first payment of the proposed purchase agreement.
- \$770,638 to McGann & Associates, Inc. for a parking card access, count monitoring, and revenue control system for the period January 15, 2001 through August 15, 2001 for the University of Minnesota Parking & Transportation Services Department.
- \$320,000 to Nalco Chemicals for water treatment chemicals and consulting/engineering services for the Twin Cities campuses for the period December 15, 2000 through December 31, 2001 for the Facilities Management Department.
- An estimated \$462,000 to Unisource Corporation for recycled copy paper to be stocked at the University Stores for use from January 1, 2001 through December 31, 2001.

Pfutzenreuter informed the committee that the following item was being added to the Consent Report:

- \$2,000,000 to Padelford Packet Boat Company to build and deliver in 2001 a vessel to serve as the new University of Minnesota Showboat. Funds are available from commitments within the College of Liberal Arts, private donations, and the insurance settlement from the fire that destroyed the original Showboat.

Stephen Rosenstone, Dean, College of Liberal Arts, explained to the committee that the new vessel will be larger than the original Showboat, will require less maintenance, and will be docked in the City of St. Paul. St. Paul Mayor Norm Coleman addressed the committee to express his support for the joint venture between the University and the City of St. Paul.

In response to a question from Regent Hogan regarding the upgrade of the telephone systems, Associate Vice President Cawley replied that the option to lease the equipment rather than buy it was researched. Cawley stated that the University expects to get a better interest rate on the amount of debt by purchasing the equipment rather than leasing it. The better interest rate offsets any potential difference in trade-in value the University would receive if it leased the system.

A motion was made, seconded, and the committee voted unanimously to recommend approval of the Consent Report, as amended.

#### **INFORMATION ITEMS**

Associate Vice President Pfutzenreuter informed the committee he and a number of University officials, including Interim Controller Volna and Asset Director Warness, would meet with rating agencies in New York City the following week.

The meeting adjourned at 11:45 a.m.



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



**UNIVERSITY OF MINNESOTA**

**BOARD OF REGENTS**

**December 7, 2000**

A meeting of the Board of Regents of the University of Minnesota was held on Thursday, December 7, 2000 at 3:45 p.m. in the Boardroom, 600 McNamara Alumni Center.

Regents present: Patricia Spence, presiding; Anthony Baraga, Robert Bergland, Dallas Bohnsack, William Hogan, Warren Larson, David Metzen, H. Bryan Neel, Michael O'Keefe, Jessica Phillips, and Maureen Reed.

Staff present: President Mark Yudof; Chancellor Donald Sargeant; Executive Vice President & Provost Robert Bruininks; Senior Vice President Frank Cerra; Vice President Tonya Brown; General Counsel Mark Rotenberg; Executive Director Ann Cieslak; Associate Vice Presidents Terry Bock and Richard Pfitzenreuter.

**ACADEMIC HEALTH CENTER SIX-YEAR STRATEGIC PLAN**

Senior Vice President Cerra led the discussion on the Academic Health Center (AHC) Six-Year Strategic Plan. He was joined by Al Michael, Dean of the Medical School. Cerra noted that the plan was first presented to the Board of Regents at its November 2000 meeting. Due to time constraints, the item was scheduled on the agenda for continued discussion this month.

Cerra briefly reviewed the major goals and framing principles of the AHC strategic plan and then provided detailed responses to a number of questions and concerns that were expressed by Board members at the November meeting. Information on each of the items is contained in the presentation materials that are on file with the docket materials in the Board Office.

Cerra concluded his presentation indicating that the comments received during development of the strategic plan provided the AHC with a clearer understanding of the health care needs for Minnesota, the meaning of the institution's land-grant mission, and the requirements for preparing a new generation of health professionals. He thanked the Board members for their advice and guidance during this year-long process and stated that the implementation of this plan will not be easy. Difficult policy decisions will have to be made and the decisions will not be popular with everyone. He asked for the Board's support and guidance as the implementation moves forward.

Regent Reed complimented Cerra on his presentation. She indicated that the AHC's plan to continue to train 70 percent of Minnesota's healthcare workforce is important and should be communicated widely. Additionally, the implications of moving the Medical School into the top 20 in the nation should be detailed.

Reed indicated that she was pleased with areas in the plan that refer to building a culture of service both internally and externally and the emphasis on prevention. It is vital that the University of Minnesota take a forceful and "forward thinking" leadership role in the public policy arena regarding prevention. Reed also stressed the importance of the plan being implemented quickly and aggressively. With changes occurring in the healthcare field at a rapid pace, the University must be in the forefront to anticipate and address these changes.

Regent O'Keefe stressed that the strategic plan is just a beginning. The plan includes a number of investments that will demand difficult decisions. The Board will be available to provide guidance and support as those decisions are made.


In response to a question from Regent Bergland, Dean Michael reported that the status of a medical school is elevated by a strong faculty. The strength of the faculty is measured in a number of ways, but primarily by the number of grants received from the National Institutes of Health (NIH). Other factors that assist in elevating the status of a medical school include how other health centers view the school, the delivery of superlative care, and how residency programs are perceived.

Cerra reported that during this strategic planning process, Dean Michael has been working with faculty to agree upon the areas where investments should be made. The next phase will be to implement the plan and the AHC administration is already working with faculty and staff to begin this phase. President Yudof reiterated the difficulty in choosing areas for investment and asked for the Board's support as this process proceeds. He cautioned that the University of Minnesota will not be able to solve all of Minnesota's health care issues, but it will partner with other entities throughout the state to help find the solutions to the problems.

Regent Baraga stressed the importance of communicating the positive elements of this plan to legislators and the citizens of the state. He also requested that the Board received periodic updates on the progress of the implementation of the strategic plan.

President Yudof thanked the Board members who served on the special Academic Health Center Committee for their valuable contributions and expertise during the development of the strategic plan.

The meeting adjourned at 4:45 p. m.



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

**UNIVERSITY OF MINNESOTA**

**BOARD OF REGENTS**

**December 8, 2000**

A meeting of the Board of Regents of the University of Minnesota was held on Friday, December 8, 2000 at 9:00 a.m. in the Boardroom, 600 McNamara Alumni Center.

Regents present: Patricia Spence, presiding; Anthony Baraga, Robert Bergland, Dallas Bohnsack, William Hogan, Warren Larson, David Metzen, H. Bryan Neel, Michael O'Keefe, Jessica Phillips, and Maureen Reed.

Staff present: President Mark Yudof; Chancellor Samuel Schuman; Executive Vice President & Provost Robert Bruininks; Senior Vice President Frank Cerra; Vice Presidents Tonya Brown, Carol Carrier, Eric Kruse, General Counsel Mark Rotenberg; Executive Director Ann Cieslak; Provost David Carl; Associate Vice Presidents Rusty Barcelo, Steven Cawley, Gerald Fischer, Robert Jones, Gail Klatt, and Richard Pfitzenreuter.

**INTRODUCTION OF CIVIL SERVICE COMMITTEE**

Vice President Carrier acknowledged the efforts of the Civil Service Committee. She recognized outgoing Civil Service Committee members John Blair, Craig Atkinson, Tina Lorsung, Dana Langseth, Paulette Jackson, and Mary Jane Towle. Special recognition was given to Stephanie Dilworth for her outstanding leadership as chair during the past year.

Carrier also introduced Wendy Williamson, the new chair of the Civil Service Committee for 2000-01.

**APPROVAL OF MINUTES**

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

Facilities Committee - November 9, 2000  
Faculty, Staff & Student Affairs Committee - November 9, 2000  
Educational Planning & Policy Committee - November 9, 2000  
Finance & Operations Committee - November 9, 2000  
Board of Regents - November 10, 2000  
Litigation Review Committee - November 16, 2000

**REPORT OF THE PRESIDENT**

President Yudof reported on a new financial management training seminar for new senior administrators. The program is targeted at presenting important financial content needed by individuals in key positions, i.e., deans, vice presidents, chancellors, and directors of major units.

He reported that an interim Employee Benefits Committee is operational with Professor Fred Morrison as its chair. It will be reviewing ways to address the spiraling costs of employee health care benefits for employees and the University.

The Economic Summit Working Group is continuing to work on recommendations and expects to release a report in the near future. Yudof is hopeful there will be a broad coalition to support the group's recommendations. He noted that the University is currently working with the Governor's office on a biomedical commercialization initiative that should be completed soon.

Yudof reported that two University of Minnesota Morris science departments recently won awards for encouraging women to pursue studies in the natural sciences, and the University of Minnesota Crookston announced that it had received its first endowed chair: the UMC Frank W. Veden Endowed Chair in Rural Development.

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

Chair Spence reported that a working draft of a new delegation of authority policy has been completed. The Board staff will work with the General Counsel's office to refine it. It is anticipated to come before the Board for review in February 2001.

A number of Board members will be attending the Micronpc.com bowl in Miami on December 28, 2000 to cheer the Gophers on to victory over North Carolina State University.

Spence also reported that since the Board does not meet in January, the next scheduled Board meetings are February 8-9, 2001.

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

Regent Spence stated that the Report of the All-University Honors Committee was forwarded to the Board from President Yudof on November 20, 2000.

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.

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

Chair Spence reported that there were no receive and file reports this month.

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

Before the report of the committee, the Board of Regents reviewed a video presentation on progress of the University's capital improvement initiatives.

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

- a) Approval of a recommendation of the President that the FY01 capital budget be amended by:

- \$3,500,000 to incorporate funding for the Mariucci Arena Suites project located on the University's Twin Cities campus;
  - \$365,000 to incorporate funding for the Gibson/Nagurski Indoor Practice Facility Improvements project on the Twin Cities campus;
  - \$282,000 to incorporate funding for the Pattee Hall Basement Remodeling project on the Twin Cities campus;
  - \$200,000 to incorporate funding for the acquisition of 2525 - 4<sup>th</sup> Street S.E., Minneapolis; and
  - \$800,000 to incorporate funding for the design of the Kirby Plaza project on the Duluth campus.
- b) Approval of a recommendation of the President that the appropriate administrative officers receive authorization to execute the appropriate documents providing for the following real estate transactions as described in the docket materials:
- Acquisition of 631 St. Marie Street, Duluth, Minnesota;
  - Acquisition of 2525 - 4<sup>th</sup> Street S.E., Minneapolis, Minnesota; and
  - Lease for the Academic Health Center, Psychiatry Clinical Trials, Riverside Professional Building, 606 - 24<sup>th</sup> Avenue South, Minneapolis, Minnesota.
- c) Approval of a recommendation of the President to approve the schematic plans for the Microbial and Plant Genomics Building and authorization for the appropriate administrative officers to proceed 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.

Metzen reported that the committee reviewed a proposed amendment to the FY01 capital budget for the Vocational & Technical Education Building Rooms 140 & 240 renovation project; and engaged in discussions relating to Rosemount Master Plan issues and the Committee Workplan for 2000-01. The committee also reviewed a number of information items as described in the docket materials.

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

Regent Hogan, 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 December 7, 2000 committee minutes.

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

Hogan reported that the committee reviewed the report and recommendations of the University Health Care Task Force on employee health care; engaged in a discussion on academic appointment policies and issues; and received a presentation on student development and campus life at the University of Minnesota Morris. The committee also reviewed a number of information items as described in the docket materials.

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

Regent Neel, 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 7, 2000 committee minutes.

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

Neel reported that the committee also reviewed a Quarterly Management Report; the Quarterly Asset & Debt Management Report; the Quarterly Purchasing Report; and the Quarterly Community Economic Development Report. The committee also heard a presentation on Minnesota's economy and received a semi-annual budget update. A number of information items were also reviewed as described in the docket materials.

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

Regent O'Keefe, 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 7, 2000 committee minutes.

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

O'Keefe reported that the committee reviewed the Rosemount Master Academic & Programmatic Plan and received a presentation on outreach strategies relating to the Extension Service and Continuing Education. The committee also reviewed a number of information items as described in the docket materials.

Regent Reed referred to the Rosemount Master Academic & Programmatic Plan, stressing the importance of the plan and its need to reflect a strong academic mission if it is to attract partners with the community. O'Keefe responded that the plan that will come to the Board for action in February will frame the academic plans for Rosemount. As the framework develops, the strong academic mission for Rosemount will become apparent.

#### **REPORT OF THE AUDIT COMMITTEE**

Regent Larson reported that the committee reviewed the audited financial statements and the annual management letter from the external auditor. The committee also received a presentation on the proposed Expanded Intervention Program, and an update on sponsored accounts receivable.

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

Regent Phillips reported that the committee met on November 30, 2000 and no action was taken at the meeting.

## **QUARTERLY SUMMARY OF EXPENDITURES**

Regent Spence 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, 2000 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, 2000.

## **ANNUAL EASTCLIFF REPORT**

Regent Metzen, 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.

The report provided an update on the furnishing and ongoing facilities work at Eastcliff, a summary of the official entertaining at Eastcliff, and information relating to the fundraising activities of the Friends of Eastcliff.

A copy of the updated Eastcliff Usage Policy, approved by the Eastcliff Technical Advisory Committee in October 2000, was also included in the docket materials.

## **STUDENT REPRESENTATIVES MID-YEAR REPORT**

Kristen Berning, Chair of the Student Representatives, presented the mid-year report of the Student Representatives to the Board of Regents, as contained in the docket materials. Highlights of the report include the student perspective on issues and concerns facing University students, issues from the May 2000 annual report that still need to be addressed, and key issues that will be explored by the Student Representatives over the next few months.

Four areas were cited as main issues affecting students: diversity, tuition, food service, and parking and transportation. Berning stated that many positive changes have occurred since May and students would like to continue to work with the administration to better meet the needs of students.

Berning reported that the Student Representatives have spent a considerable amount of time over the past six months meeting with students and student organizations to discuss their needs and concerns. From the information obtained at these meetings, the Student Representatives have determined that the following issues will be their focus through the remainder of their term:

- tuition and financial aid;
- quality advisers and instructors;
- graduate student compensation;
- campus safety;
- sports facilities; and
- positive promotion of student government.

Berning thanked the Board and administration for listening to student concerns. It is hoped that the report will bring a greater awareness of some of the major issues relating to students.

In response to a question from Regent Reed, Berning stated that the issue of tobacco and the sale of tobacco on campus has not been discussed at the meetings they have had with students, but they will explore this issue with students and report back to the Board of Regents.

### **FIRESIDE CHATS**

President Yudof and Associate Vice President Barcelo presented a report on Fireside Chats that were held with representatives of the Twin Cities communities of color as described in the docket materials. The meetings were initiated as a way for the Twin Cities ethnic communities to engage in open dialogue with the President on issues of mutual concern and specific concern for each community. The communities represented at the meetings were: Chicano/Latino, Asian Pacific/American, American Indian, and African American.

Yudof reported that the chats highlighted the need for ongoing communication with the communities of color. Five themes emerged from the meetings that were common to all of the communities:

1. A desire for more interaction with the University and active participation in individual communities.
2. A need for representation at all levels of the University, including faculty, staff, and students.
3. A desire for students of color to succeed at the University.
4. A desire for organized minority alumni groups to help support the efforts.
5. A desire for increased opportunities for minority businesses to contract with the University and to benefit from University expertise.

The report also lists concerns unique to each community and provided a number of recommendations to respond to the communities' issues.

Associate Vice President Barcelo reiterated the need for a communications plan and reported on her work with the Office of University Relations to develop a communications strategy for the institution with communities of color. She also stressed the importance of instilling diversity throughout the University.

Regent Hogan recommended that further Board discussions be scheduled to provide continuing opportunities to address the issues relating to the communities of color.

### **SIX-YEAR CAPITAL PLAN**

President Yudof presented a resolution authorizing approval of the University's all funds 6-Year Capital Plan in the amount of \$782 million. The plan includes State capital requests for the 2002, 2004, and 2006 legislative sessions. The plan will be funded through State financing that is jointly paid by the State and the University, as well as University-issued debt, fundraising, private-public partnerships, and University resources managed by colleges and support units.

Yudof highlighted changes in the plan since it was presented at the November meeting. He also noted that while the plan is projected for six years, requests proposed for 2004 and 2006 are contingent upon economic conditions.



Regent Baraga referred to the addition of the UMD Bulldog Sports Center in the 2006 request. It was noted that the community leaders in Duluth had expressed reservations about a sports facility on campus when the University has committed to use the Duluth Entertainment & Convention Center (DECC) facility in downtown Duluth. Baraga stated that, after recent conversations with the community and University officials from UMD, he believes that since a new facility would not be built until 2006, the lease commitment to the DECC will be met. Spence added that it is important to remember that the request for a hockey center was made by the students and it is a significant issue to them.

A motion was made and seconded to approve the following resolution related to the University 6-Year Capital Plan:

WHEREAS, the Board recognizes the importance of sustaining and improving the University's facilities in support of quality teaching, research, and outreach; and

WHEREAS, the administration has developed a capital planning framework designed to focus its capital planning efforts toward projects that support the University's institutional priorities within a financial strategy that is responsible; and

WHEREAS, Board policy requires the administration to develop a rolling 6-year capital plan to be reviewed and approved by the Board on an annual basis.

NOW, THEREFORE, BE IT RESOLVED, that the Board of Regents approves the University's all funds 6-year capital plan of \$782 million. This plan includes State capital requests for the 2002, 2004, and 2006 legislative sessions. This plan will be funded through State financing that is jointly paid by the State and the University, as well as University-issued debt, fundraising, private-public partnerships, and University resources managed by colleges and support units.

Regent Reed asked if the changes in the plan reflect inflation and increased costs that have been occurring in the construction market. Associate Vice President Pfutzenreuter responded that some minor adjustments have been made; however, additional adjustments will be necessary before the plan is submitted to the state in May 2001.

The Board of Regents voted unanimously to approve the resolution related to the University 6-Year Capital Plan.

#### **ANNUAL FINANCIAL REPORT**

Associate Vice President Pfutzenreuter introduced Interim Controller Michael Volna, who presented the 2000 Annual Financial Report, a copy of which is on file in the Board office. Volna discussed highlights from the report, indicating that the University's total assets of \$3.2 billion increased \$168 million or 6 percent over the prior year. Overall fund balances total \$2.3 billion, an increase of \$156 million. Total revenues and other additions increased \$209 million or 9 percent over FY99. Total expenditures and other deductions increased \$160 million or 8 percent.

Volna also reviewed information relating to key financial ratios and the Summary of Compounded Investment Performance Report included in the docket material.

## **GIFTS**

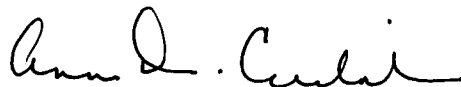
Associate Vice President Gerald Fischer presented the monthly list of gifts to the University of Minnesota, the University of Minnesota Foundation, the Arboretum Foundation, and the Minnesota Medical Foundation through October 31, 2000 as listed in the docket material and on file in the Board Office.

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

## **OLD BUSINESS**

In response to a question from Regent Reed, President Yudof reported that he has had a brief conversation with the newly-appointed chancellor of the MnSCU system. He stated that he will be meeting with the new chancellor after he takes office to have a more in-depth discussion about the higher education needs of the state. Reed stated that the Board would welcome an opportunity to meet with the new chancellor and discuss his vision for the MnSCU system.

The meeting adjourned at 11:45 a.m.



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

**UNIVERSITY OF MINNESOTA  
BOARD OF REGENTS**

**MINUTES**

**BOARD OF REGENTS MEETINGS**

**AND**

**COMMITTEE MEETINGS**

**January 30, 2001  
February 8-9, 2001**

**Office of the Board of Regents**

**600 McNamara Alumni Center  
University Gateway**

**UNIVERSITY OF MINNESOTA  
BOARD OF REGENTS**

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

**January 30, 2001  
February 8-9, 2001**

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**UNIVERSITY OF MINNESOTA**  
**BOARD OF REGENTS**  
**Litigation Review Committee**  
**January 30, 2001**

A meeting of the Litigation Review Committee of the Board of Regents was held on Tuesday, January 30, 2001, at 8:10 a.m. in 658 McNamara Alumni Center.

Regents present: Jessica Phillips, presiding; David Metzen and Patricia Spence participated via telephone.

Staff present: Executive Vice President and Provost Robert Bruininks; Senior Vice President Frank Cerra; Vice Presidents Tonya Brown, Eric Kruse, and Christine Maziar; and Executive Director Ann Cieslak. General Counsel Mark Rotenberg participated via telephone.

Others present: Mark Bohnhorst, William Donohue, and Thomas Schumacher.

**RESOLUTION TO CONDUCT NON-PUBLIC MEETING  
OF THE LITIGATION REVIEW COMMITTEE**

A motion was made and seconded that the following resolution be approved:

RESOLVED, that on the recommendation of the President and as provided by Minnesota State Statute 471.705, Subd. 1d, a special non-public meeting of the Board of Regents Litigation Review Committee be held on Tuesday, January 30, 2001 at 8:00 a.m. in the Office of the Board of Regents Conference Room, 658 McNamara Alumni Center, for the purpose of discussing attorney-client privileged matters.

The committee voted unanimously to approve the resolution.

The public portion of the meeting adjourned at 8:11 a.m. and the non-public portion of the meeting adjourned at 9:18 a.m.



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

**UNIVERSITY OF MINNESOTA**

**BOARD OF REGENTS**

**Audit Committee**

**February 8, 2001**

A meeting of the Audit Committee of the Board of Regents was held on Thursday, February 8, 2001 at 3:30 p.m. in the East Committee Room, 600 McNamara Alumni Center.

Regents present: Warren Larson, presiding; Robert Bergland, H. Bryan Neel, Michael O'Keefe, Jessica Phillips, and Maureen Reed.

Staff present: President Mark Yudof; Executive Vice President Robert Bruininks; Vice President Christine Maziar; Executive Director Ann Cieslak; Associate Vice Presidents Steven Cawley, Gail Klatt, Robert Kvavik, and Richard Pfitzenreuter.

Student Representatives present: Kristen Berning and Venora Hung.

**MANAGEMENT LETTER RESPONSE**

President Yudof presented his written response to Deloitte & Touche's audit management letter for fiscal year 2000, as found in the docket materials.

Yudof stated he was very pleased with the management letter, noting that it is a testament to the University's accountability to have only \$775 in findings out of a \$1.4 billion budget. Yudof added that completion of the PeopleSoft implementation would further improve the institution's accountability.

Interim Controller Volna reported that the University has an action plan for each of the auditor's findings.

**A-133 REPORT**

Interim Controller Michael Volna introduced Clifford Hoffman, Partner, Deloitte & Touche, who presented the results of the A-133 audit, as found in the docket materials. Volna noted that the A-133 report measures the University's compliance with federal laws and regulations that govern the receipt of federal funds.

Hoffman indicated that the University's performance is improving in this area. When compared to the previous reporting period, the University received 14% more in federal funding subject to these guidelines, yet audit findings decreased and the report was completed two months before the deadline.

**OVERVIEW: OFFICE OF OVERSIGHT, ANALYSIS & REPORTING**

Vice President Maziar introduced Winifred A. Schumi, Director of the Office of Oversight, Analysis and Reporting, who presented the overview, as found in the docket materials.

Maziar provided background on the office, which was created as part of the reorganization of sponsored projects management at the University. Schumi explained that the office uses various tools to perform its oversight function, ranging from performing risk summaries which help units assess and manage their risk to providing training so that departments can manage their own sponsored financial transactions.

Maziar also informed the committee that the University had been notified the previous day that the institution's "exceptional designation" status had been removed by the National Institutes of Health (NIH).

#### **PEOPLESOFT IMPLEMENTATION UPDATE**

Vice President Bruininks introduced Associate Vice Presidents Cawley and Kvavik, who updated the committee on the progress being made on the PeopleSoft system implementation, as found in the docket materials.

Kvavik reported that 90% of the PeopleSoft systems are functional and that an action plan is in place to fix the remaining problems which are found in student financial aid and tuition billing and collection.

In response to questions from several committee members, Bruininks stated that the entire system would be functioning by September 2001. Vice Provost Craig Swan added that the University is working in conjunction with the Department of Education to develop a method for updating the software to respond to future changes in federal regulations governing financial aid.

Regent Larson requested regular updates on the PeopleSoft implementation, and expressed his appreciation to the employees who have been working so hard on this project.

#### **REQUEST FOR PROPOSAL ON EXTERNAL AUDIT SERVICES**

Interim Controller Volna presented a recommendation to change the procedures for the upcoming Request for Proposal (RFP) for external audit services, as found in the docket materials.

Volna explained that the change is in response to a decrease in the number of large accounting firms that are able to meet the specifications in an RFP for external audit services. In order to maintain competitiveness among the bids, Volna recommended changing the procedures to allow the incumbent firm to submit a bid. The committee had no objection to changing current procedures as recommended.

Volna stated that he expected to bring a new RFP to the committee within the next few months.

#### **INTERNAL AUDIT UPDATE**

Associate Vice President Klatt presented the internal audit update, as found in the docket materials.

Klatt reported that University departments implemented 37% of the outstanding audit recommendations rated as "essential" during the last quarter.




Klatt commented that the Audit Department had recently completed the first of three reviews to evaluate the installation of the new telecommunications system. The results of the review indicate the project is well-managed. The Audit Department will continue to monitor the project's progress due to its complexity, significant financial investment, and impact on University operations.

In response to a question from Regent Reed, Klatt indicated that there were procedures used in planning the telephone system installation that could be used effectively by other units. Bruininks added that his office would work with other units to apply these findings.

Klatt informed the committee that the National Science Foundation (NSF) has requested that the University perform a rigorous, in-depth audit of NSF-funded projects to document compliance with NSF regulations. An audit of this scope would result in the inability of the Audit Department to start any other work this year and would make it difficult to complete audits currently underway. The University submitted two alternative proposals to the NSF and is awaiting a response. Regent O'Keefe recommended seeking the assistance of Minnesota's federal legislative delegation to find a less resource-intensive alternative.

In response to Regent Reed's question regarding construction contracts, Klatt replied that the Office of the General Counsel has been developing new contract forms that should be available in six to eight weeks.

The meeting adjourned at 5:05 p.m.

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

**UNIVERSITY OF MINNESOTA**

**BOARD OF REGENTS**

**Facilities Committee**

**February 8, 2001**

A meeting of the Facilities Committee of the Board of Regents was held on Thursday, February 8, 2001, at 8:15 a.m. in the West Committee Room, 600 McNamara Alumni Center.

Regents present: David Metzen, presiding; Anthony Baraga, Robert Bergland, Jessica Phillips, and Maureen Reed.

Staff present: President Mark Yudof; Chancellor Samuel Schuman; Vice Presidents Tonya Brown and Eric Kruse; Executive Director Ann Cieslak; Associate Vice President Richard Pfitzenreuter.

Student Representatives present: Kristen Berning and Michael Miller.

**CAPITAL BUDGET AMENDMENT**

**Action**

**Vocational & Technical Education Building,  
Rooms 140 & 240 Renovation, St. Paul Campus**

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

The FY01 Capital Budget is amended by \$585,000 to incorporate funding for the Vocational & Technical Education Building, Rooms 140 & 240 Renovation project, located on the University's St. Paul campus.

Vice President Kruse presented the proposed increase of \$585,000, as found in the docket materials. The renovation is needed to provide consolidated, adequate space for the University's American Sign Language program by the beginning of Fall 2001. Kruse noted that the project is funded by the College of Education.

The committee voted unanimously to recommend approval of the amendment to the FY01 Capital Budget.

**CAPITAL BUDGET AMENDMENTS**

**Review**

**Rowing Facility Design, Twin Cities Campus**

Vice President Kruse presented the proposal to increase the FY01 Capital Budget by \$350,000 to incorporate funding to design the Rowing Facility project located in East River Flats Park, adjacent to the University's Twin Cities, Minneapolis, East Bank campus, as found in the docket materials.

Kruse stated that the rowing facility is proposed on land owned by the Minneapolis Park Board. Negotiations are ongoing to permit the University to build the facility on the site. The facility will be used by the men's recreational sports rowing team and the women's crew team, and will include training areas and separate locker and shower facilities. Chair Metzen reminded the committee that the establishment of the women's crew team is part of the Title IX commitment made by the University.

In response to a question from Regent Reed, Kruse stated that the design cost also includes some initial project costs in order to ensure completion by Summer 2002.

#### **Hubert H. Humphrey Forum Renovation, Twin Cities Campus**

Kruse presented the proposal to increase the FY01 Capital Budget by \$903,900 to incorporate funding for the Hubert H. Humphrey Forum Renovation project located on the University's Twin Cities, Minneapolis, West Bank campus, as found in the docket materials. Kruse explained that the Forum space suffered significant damage from rainstorm flooding last July. The majority of the renovation funding is provided by the insurance settlement, with some additional funds from the Humphrey Forum.

#### **Civil Engineering Structures Laboratory Design, Twin Cities Campus**

Kruse presented the proposal to increase the FY01 Capital Budget by \$2,175,000 to incorporate design funding for the laboratory as well as funding to demolish and clean-up the project site located on the University's Twin Cities, Minneapolis, East Bank campus.

Kruse explained that the University received a grant from the National Sciences Foundation (NSF) to become one of several facilities nationwide to perform earthquake testing. Part of the NSF grant requirements is the completion of the laboratory by November 2002.

In response to questions from several members relating to the listed amount of the grant in comparison to the estimated costs for building the facility, Catherine French, Professor of Civil Engineering, explained that the total grant is for \$6.4 million dollars, to be received over a multi-year period. The testing facility is expected to be used by national and international researchers, with user fees covering operational costs.

#### **Hays Hall Laboratory Renovation, St. Paul Campus**

Kruse presented the proposal to increase the FY01 Capital Budget by \$450,000 to incorporate funding for the Hays Hall Laboratory Renovation project located on the University's Twin Cities, St. Paul campus. Kruse explained that the renovation is needed to provide space for new genetic research programs. The renovation will be funded entirely by the Agronomy & Plant Genetics department.

#### **Residence Hall IV Fire Protection Project, Morris Campus**

Kruse presented the proposal to increase the FY01 Capital Budget by \$700,000 to incorporate funding for the Residence Hall IV Fire Protection project located on the University's Morris campus. Kruse explained that the project is expected to provide sprinklers for one-third of the current beds. Initial funding for the project will be provided by Morris campus housing reserves, then will be recovered over time by a new system-wide student resident fee of \$50 per semester.

Regents Baraga and Metzen requested that an update on the system-wide residence hall fire protection plan be presented to the committee next month.

**CAPITAL BUDGET AMENDMENT  
Review/Action**

**Griggs Hall Addition, Duluth Campus**

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

The FY01 Capital Budget is amended by \$1,600,000 to incorporate additional funding for the Griggs Hall Addition project, located on the University's Duluth campus.

Vice President Kruse introduced Vice Chancellor Gregory Fox, who presented the proposed increase of \$1,600,000, as found in the docket materials. Fox explained that the number of floors in the residence hall addition would be increased from six to seven, adding 36 more beds and reducing the cost per bed.

The committee voted unanimously to recommend approval of the amendment to the FY01 Capital Budget.

**SCHEMATIC PLANS  
Review/Action**

**Mariucci Arena Suites, Twin Cities Campus**

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

The schematic plans for the Mariucci Arena Suites, Twin Cities campus, are approved and the appropriate administrative officers are authorized to proceed with the award of contracts, the development of construction documents, and construction.

Vice President Kruse introduced Daniel Swedberg, Project Architect, Hamel Green & Abrahamson, who presented the schematic plans for the Mariucci Arena Suites, Twin Cities campus, as found in the docket materials.

In response to questions from Regent Bergland, Assistant Athletic Director Woog explained that each suite would be leased for a three-year period. Kruse added that the revenues from the leases would repay the cost of the bonding and the operating costs. After the bonding debt is repaid, the suite leases are expected to become a revenue source for intercollegiate athletics.

The committee voted unanimously to recommend approval of the schematic plans.

### **Minnesota Showboat, St. Paul, MN**

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

The schematic plans for the Minnesota Showboat, St. Paul, MN, are approved.

University Architect John Grundtner presented the schematic plans for the Minnesota Showboat, St. Paul, MN, as found in the docket materials.

Grundtner stated that the Showboat is expected to be delivered to the docking space in St. Paul in November 2001. Construction will be completed during the winter, with an anticipated opening date of June 2002. Grundtner noted that the facility will be available for year-round use. The University is exploring leasing options for the space when plays are not being performed. In response to a question from Regent Reed, Grundtner explained that the community has expressed interest in the Showboat for events such as weddings, seminars, and late-night silent movies.

The committee voted unanimously to recommend approval of the schematic plans.

### **Griggs Hall Addition, Duluth Campus**

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

The schematic plans for the Griggs Hall Addition, Duluth campus, are approved and the appropriate administrative officers are authorized to proceed with the award of contracts, the development of construction documents, and construction.

Project Development Administration Director Pamela Bader introduced Vice Chancellor Gregory Fox and University Architect John Grundtner, who presented the schematic plans for the Griggs Hall Addition, Duluth campus, as found in the docket materials. Grundtner added that the anticipated occupancy date is March 2002, which will allow the addition to be used during the summer.

The committee voted unanimously to recommend approval of the schematic plans.

### **DESIGN GUIDELINES Rowing Facility, Twin Cities Campus**

University Architect John Grundtner presented the design guidelines for the Rowing Facility on the Twin Cities campus, as found in the docket materials.

Grundtner explained that the facility would be used jointly by the women's crew team and the men's recreational sports team, adding that funding for the project is primarily from women's athletics. Grundtner stated that the proposed site is above the level of the 100-year flood plain, and that the facility will be built with the potential of flooding in mind. The completion date for the facility is Summer 2002.

In response to a request from Regent Metzen, Vice President Kruse provided the committee with a summary of the design/build process. Regent Reed expressed support for methods which help control costs and keep projects within budget.

**DESIGN GUIDELINES**  
**Civil Engineering Structures Laboratory, Twin Cities Campus**

Grundtner presented the design guidelines for the Civil Engineering Structures Laboratory on the Twin Cities campus, as found in the docket materials.

In response to a question from Regent Reed regarding the National Sciences Foundation (NSF) grant, Professor Catherine French explained that the Civil Engineering department, the Electrical Engineering department, and the Computer Sciences department had worked cooperatively to submit a digitized grant proposal. In response to this grant proposal, the NSF awarded its largest single grant in the earthquake testing initiative to the University of Minnesota.

In response to a request from Regent Metzen, Vice President Kruse replied that Facilities Management would make every effort, within the budget constraints, to improve the proposed façade of the building.

**REAL ESTATE TRANSACTION**  
**Action**

**Sale of 4555 University Avenue N.E., Columbia Heights, MN**

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

The appropriate representatives of University Associated Clinics, Inc., a Minnesota non-profit corporation ultimately controlled by Regents of the University of Minnesota, receive the authorization to execute the appropriate documents for the sale of property at 4555 University Avenue N.E., Columbia Heights, MN, to the Big "O" Investment Corporation.

Associate Vice President Pfutzenreuter presented the proposed sale of 4555 University Avenue NE, Columbia Heights, MN, as found in the docket materials.

In response to questions from several committee members, Real Estate Director Susan Weinberg explained that the building had been part of University of Minnesota Hospital and Clinics, but had not been included as part of the merger with Fairview Hospitals. She clarified that a previous transaction brought before the committee several months ago regarding this property had failed to close.

The committee voted unanimously to recommend approval of the transaction.

**REAL ESTATE TRANSACTION**  
**Review/Action**

**Eight-Year Lease at the DECC, Duluth, MN, for UMD Men's & Women's Hockey**

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

The appropriate administrative officers are authorized to execute an eight-year lease, through the end of the 2008-2009 hockey season, with the Duluth Entertainment and Convention Center Authority for the use of the Duluth Entertainment and Convention Center (DECC) at 350 Harbor Drive, Duluth, MN.

Vice President Pfutzenreuter introduced Vice Chancellor Gregory Fox, who presented for review and action the proposed eight-year lease for the University's use of the Duluth Entertainment and Convention Center (DECC) by men's and women's hockey teams at the University of Minnesota Duluth, as found in the docket materials. The proposed lease would replace the current lease that runs through the 2003-2004 hockey season and would allow the DECC Authority to complete improvements beneficial to the hockey program. The only additional cost in the proposed lease is an adjustment for inflation for the added years.

In response to questions from Regents Bergland and Phillips, Fox explained that the lease extension would allow enough time to study the issues raised by the committee concerning the possibility of a sports arena on campus. Fox added that the eight-year lease is consistent with the timing necessary for a six-year capital plan and that an exit clause would not be necessary.

The committee voted unanimously to recommend approval of the transaction.

### **ELECTRIC ENERGY ISSUES, SYSTEM-WIDE**

Vice President Kruse and Director of Facilities Steven Spehn provided information on system-wide electrical energy issues, as found in the docket materials.

Spehn presented information regarding anticipated changes in the energy industry over the next five years due to a projected decline in available electrical energy reserves, potential deregulation, and a more competitive environment. Spehn stated that Facilities Management has had an aggressive energy conservation program in place for several years, but that increased computer usage has outpaced the conservation effort. Electric energy still accounts for 65% of the University's overall energy bill.

Kruse informed the committee that Facilities Management has hired a consultant in electrical energy and deregulation, Jerome Malmquist, to help assess options and plan for upcoming changes.

The committee requested a review of the University's conservation efforts and periodic updates on the issue.

### **QUARTERLY CAPITAL IMPROVEMENT PLAN REPORT (2<sup>nd</sup> Quarter FY01)**

Vice President Kruse presented the Quarterly Capital Improvement Plan Report (2<sup>nd</sup> Quarter FY01), the Major Capital Budget Project Report, and the Project Schedule Variance Report, as found in the docket materials.

Student Representative Berning informed the committee that many students have expressed concern that funds are being used to cover budget overruns on construction projects rather than going to academic programs.

Several committee members addressed this concern, stating that projects need to be held to the approved budget, even if the project needs to be scaled back to accomplish this. Regent Reed noted that most projects are on time and on budget.

## INFORMATION ITEMS

Vice President Kruse discussed the current activity following projects, as found in the docket materials.

- Public Art for the Mechanical Engineering Remodeling Project,
- Public Art on Campus,
- Coffman Memorial Union Renovation Project Update,
- Elmer L. Anderson Library Update.

Kruse informed the committee that the Coffman Union project was awarded to Ryan Companies. Kruse expects to present the project design for approval in May 2001, with phased-in occupancy to begin in Fall 2002. Part of the design will be to incorporate all Minneapolis campus bookstores into a centrally located bookstore in Coffman Union.

Kruse noted that the Hockey/Tennis facility on the Twin Cities campus was rebid, and a bid was presented for the original budget amount. Construction will start in April 2001, with completion expected in Fall 2002.

Vice President Kruse presented a plaque to Regent Jessica Phillips, thanking her for her work on the Facilities Committee during her six-year term as student Regent. Phillips thanked everyone on the Facilities Committee for a great learning opportunity, adding that she appreciated the chance to help change the University.

The meeting adjourned at 11:25 a.m.



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



**UNIVERSITY OF MINNESOTA**

**BOARD OF REGENTS**

**Faculty, Staff and Student Affairs Committee**

**February 8, 2001**

A meeting of the Faculty, Staff and Student Affairs Committee of the Board of Regents was held on Thursday, February 8, 2000, at 9:15 a.m. in the East Committee Room, 600 McNamara Alumni Center.

Regents present: William Hogan, presiding; Dallas Bohnsack, Warren Larson, H. Bryan Neel, Michael O'Keefe, and Patricia Spence

Staff present: President Mark Yudof; Executive Vice President and Provost Robert Bruininks; Chancellor Samuel Schuman; Vice Presidents Carol Carrier and Eric Kruse; Interim Vice President Robert Jones; Executive Director Ann Cieslak; Provost David Carl, and Associate Vice President Nancy Barcelo.

Student Representatives present: Heidi Frederickson and Lakeesha Ransom.

**FOOD SERVICE, TWIN CITIES: COMPREHENSIVE REVIEW**

Vice President Kruse introduced the topic and was joined by Larry Weiger, Resident General Manager for Aramark, and Laurie Scheich, Associate to the Vice President for University Services. Kruse highlighted the partnership agreement between the University and Aramark, provided an overview of University Dining Services (UDS), including retail venue locations, staff organization and composition, challenges facing UDS, and progress made in improving the quality of food service on the Twin Cities campus. Kruse emphasized that, while UDS includes staff who are University employees and those who are Aramark employees, the goal of all employees is to serve the University's students, faculty, and staff. A copy of the presentation is on file in the Board Office.

Kruse noted that the University and Aramark are currently negotiating mutually beneficial amendments to the partnership agreement that has been in effect since January 1998. Aramark projects a loss of approximately \$400,000 for the current year and anticipates breaking even next year; the University is currently breaking even. A key challenge to UDS is the lack of sufficient capital investment in facilities. A comprehensive capital plan for all UDS facilities is being developed. Kruse observed that while the University's beverage partnership with Coca-Cola provides funds for various student life and athletics initiatives, most other institutions reinvest revenues from such a contract in food service initiatives.

Weiger highlighted the new organizational structure within UDS and the objectives of the retail operations, including identifying underserved areas of campus and improving customer satisfaction. All retail venues have been evaluated and various changes are planned, including updating menu choices and décor, altering hours of operation, and creating new venues.

In response to a question from Regent O'Keefe, Weiger stated that future menu changes are based in part on student preferences for national brand-name menu choices, and staff and faculty's preference for higher quality food offerings.

In response to questions from Regent Hogan, Kruse observed that although the level of student satisfaction with food service is lower than the national average, the University is close to that average and the trend has been positive in recent years. Kruse indicated that high overhead for the University's various dining facilities and a lack of sufficient traffic and sales are reasons for recent losses. He noted that the University has more dining locations than is typical at other institutions.

Regent Spence commented that she was impressed with the food choices and atmosphere on a recent visit to Territorial Hall. Executive Vice President and Provost Bruininks commented on recent positive experiences at several UDS facilities, and noted that additional funds from the beverage partnership have been allocated to UDS in the past year.

Hogan suggested that students should be involved in future presentations on campus food service. Student Representative Ransom commended UDS for its efforts to increase retail locations in underserved areas of the campus.

In response to a question from Regent Larson, Kruse and Weiger both commented that they are pleased with the nature of the relationship between the University and Aramark.

#### **DISABILITY SERVICES & PROGRAMS: PART II**

Executive Vice President and Provost Bruininks provided the background for the presentation and introduced Assistant Vice President Kathy Brown and Bobbi Cordano, Director, Disability Services. Brown introduced Associate Vice President Rusty Barcelo who noted that the model the Office of Multicultural Affairs uses to deliver its programs and services is becoming a national model. The services and programs provided by Disability Services exemplify that model.

Cordano introduced key staff in her unit and stated her presentation would focus primarily on how the University can sustain and improve access and services to students, staff, faculty, and visitors with disabilities. A copy of the presentation is on file in the Board Office.

The following are highlights of Cordano's presentation:

- Students and employees with psychiatric disabilities are the largest group of individuals needing assistance.
- Disability Services is trying to change the University environment to be more supportive of students with psychiatric disabilities rather than adding additional staff to meet the needs of these students.
- The University's system of assisting employees with work- and non-work related injuries to return to work needs revision in order to increase productivity and retention.
- Ensuring the access of individuals with disabilities to technology, such as the internet, is a priority.
- Working in partnership with others, including the Minnesota State Colleges and Universities system, Disability Services has created a mentoring program for sign language interpreters to address the shortage of interpreters in higher education throughout the state.

- Disability Services is beginning to examine the following issues for individuals with disabilities: retention and graduation rates, post-graduation employment, and faculty staff retention.

In response to a question from Regent Neel, Cordano explained that the increase in the number of students with disabilities on college campuses is the result of improved access to colleges and universities. The increase in students with psychiatric disabilities is partially the result of the opinion of the medical community that these individuals should remain integrated into the community. For teenagers that often means attending college. Brown added that improved assessment of individuals with learning disabilities is also responsible for the increased numbers.

Regent Hogan commented on the barriers faced by those with learning disabilities, and the problem of undiagnosed learning disabilities within communities of color, including students who attend the University. Cordano stated that the University's role with regard to assessing learning disabilities among students and employees is unclear and needs exploration. She expressed her willingness to address this issue in the future.

### **STUDENT DEVELOPMENT & CAMPUS LIFE: DULUTH**

Vice Chancellor Vincent Magnuson, University of Minnesota Duluth (UMD), introduced the topic. Vice Chancellor Bruce Gildseth, UMD, and Student Representative Miller joined in a presentation about student development and campus life at UMD. The presentation included a review of the critical success factors and values identified by UMD administration, a discussion of the UMD student profile, the level of involvement of UMD students in extracurricular programs, and various measures of student satisfaction at UMD. A copy of the presentation is on file in the Board Office.

Among the highlights of the presentation are the following:

- Forty percent of UMD freshman are from the Twin Cities metropolitan area and only 13 percent come from northeastern Minnesota.
- Enrollment has increased 32 percent since 1997.
- Approximately 1,000 students volunteer or work in programs sponsored by Student Life units at UMD. This includes a large number who serve as note-takers for students with disabilities.
- The Tutoring Center at UMD has received accolades from an external evaluator, as well as from the students who use the service.
- Although UMD's five and six year graduation rates are relatively low (35.5 percent and 40 percent respectively) an additional 10 percent graduate from another University of Minnesota campus, usually the Twin Cities campus.
- Students are generally satisfied with the services they receive at UMD. On recent surveys, parking, advising, and student involvement were listed as areas in need of improvement.
- Future initiatives for UMD include creating a multicultural student center within Kirby Student Center.

Miller noted that the geography of the Duluth area is a selling point for UMD. He commented on the various opportunities for leadership available to students, the accessibility of the administration to students and their concerns, and the friendships that develop from recreational activities.

Regent Neel commented that UMD is a good example of the impact an academic institution can have on a region of the state and asked if UMD had plans to recruit more non-residents. Magnuson responded that in order to recruit more non-residents

UMD would either have to limit the number of Minnesotans admitted or grow in size. He added that recruiting widely would increase the representation of students of color, but would require additional funds to provide housing assistance for these students.

#### **COMMITTEE WORKPLAN UPDATE**

Due to time constraints, this item was postponed to a future meeting. Regent Hogan requested that committee members review the workplan included in the docket and contact Board staff with any revisions.

#### **CONSENT REPORT**

Executive Vice President and Provost Bruininks presented the Consent Report.

A motion was made, seconded, and the committee voted unanimously to recommend approval of the Consent Report, as found in the docket materials.

- 1) Approval of Appointments to the Rochester Advisory Council:  
Arnold W. Bigbee, Joseph A. Gibilisco, J.D. (Jim) Clausen, Marsha Hall, Stephen Iturria, Carol Kamper, Ancy L. Morse, Marilyn D. Stewart, Don Sudor, & George B. Thompson;
- 2) Approval of Amendments to Twin Cities Campus Assembly Constitution;
- 3) Approval of Amendments to University Senate Constitution.

#### **INFORMATION ITEMS**

Executive Vice President and Provost Bruininks announced that Thomas Shaughnessy, University Librarian and David Kidwell, Dean of the Carlson School of Management, plan to leave their positions within the next year. A national search will be conducted for both positions.

The meeting adjourned at 11:30 a.m.



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

Year 2000-01

**UNIVERSITY OF MINNESOTA**

**BOARD OF REGENTS**

**Educational Planning & Policy Committee**

**February 8, 2000**

A meeting of the Educational Planning and Policy Committee of the Board of Regents was held on Thursday, February 8, 2001, at 1:20 p.m. in the West Committee Room, 600 McNamara Alumni Center.

Regents present: Michael O'Keefe, presiding; Anthony Baraga, Dallas Bohnsack, Warren Larson, Jessica Phillips, and Patricia Spence

Staff present: President Mark Yudof; Executive Vice President and Provost Robert Bruininks; Senior Vice President Frank Cerra; Chancellor Samuel Schuman; Vice President Christine Maziar; and Executive Director Ann Cieslak; and Provost David Carl.

Student Representatives present: Kyle Althoff and Michael Miller

Regent O'Keefe introduced Kyle Althoff, the new Student Representative to the Board who will attend meetings of this committee.

**ROSEMOUNT MASTER ACADEMIC  
& PROGRAMMATIC PLAN**

Executive Vice President and Provost Bruininks and Dean Thomas Fisher of the College of Architecture and Landscape Architecture presented for action a resolution relating to the Rosemount Master Academic & Programmatic Plan. Regent O'Keefe noted that the proposed Rosemount resolution represents the culmination of several years of discussion by the committee and now includes the principles adopted by the Board in June 1999.

In response to a question from Regent Bohnsack, Fisher reported that the Rosemount search committee has identified six candidates for the position of executive director and hopes to select a finalist within the next couple of months.

The committee voted unanimously to recommend approval of the resolution, as found in the docket materials.

O'Keefe extended the committee's thanks and appreciation to Fisher for his leadership and to the other members of the committee for their efforts in developing a framework for Rosemount. The committee requested periodic updates and an appearance by the soon-to-be-appointed executive director.

## COMMERCIALIZATION OF TECHNOLOGY/ BICI POLICY ISSUES

Executive Vice President & Provost Bruininks introduced Senior Vice President Cerra, Vice President Maziar, and Mark Paller, Assistant Vice President for Research, Academic Health Center, who led the discussion. Paller reminded the committee that the Biomedical Innovation and Commercialization Initiative (BICI) has been developed to provide early-stage funding and hands-on management to start-up biomedical technology firms. BICI's \$40 million in funding will come from the state of Minnesota (\$10 million) if approved by the legislature and private investors (\$30 million), but BICI will be a for-profit corporation, outside of both state government and the University, to fund and manage technologies with commercial potential.

Paller explained that the Bayh-Dole Act of 1980 requires the University to protect intellectual property developed with federal funds; to pursue commercialization as a means of creating a public benefit from government-sponsored research; and to license small companies when possible and prudent. The process of technology commercialization, however, raises a number of policy questions for the University, including:

- Does the University want technology commercialization to occur in a structure outside the University, a structure that it does not own, regulate, or independently manage?

Paller assured the committee that the creation of an entity like BICI would represent no change in current procedures for handling intellectual property, as required by Board of Regents Policy: *Intellectual Property*. Cerra stressed that the University would and should continue to exercise oversight of the technology commercialization process to ensure compliance with existing law and regulations and to protect the University's assets. BICI would, however, create an alternative pathway for commercializing technology.

In response to a question from Regents Phillips and Spence, Paller and Maziar advised that BICI would not be directly accountable to the University, but it would be accountable in terms of licensing technologies. Members of the BICI board that will guide the entity include five major private investors and representatives of the state and the University, which will ensure transparency. Oversight also will occur during performance evaluations by chairs and deans because of the requirements for reporting on consulting and outside activities.

In response to a question from Regent Baraga, Maziar emphasized that BICI's purpose would be to continue funding worthy projects that are compatible with the University's mission. Another protection for the University is that BICI will not be the exclusive path for commercialization. The University will choose to put technologies through BICI because this is the best pathway to advance those technologies that have the greatest market potential.

- Does the University support the use of public funds from the state of Minnesota as the seed capital for biomedical technology commercialization?

Paller reported that the need for BICI arises because the private sector is reluctant to invest when it is difficult for capital markets to assess the risk associated with early-stage technologies. Deterrents to commercialization within the University include a lack of necessary business skills among faculty inventors and the potential for a conflict of interest if the Office of Patents and Technology Marketing (PTM) were to manage new inventions and start businesses.

In response to questions from Regent O'Keefe, Paller noted that BICI has been structured on the assumption that one in 20 projects will be a financial success, a ratio that venture capitalists consider workable. Maziar added that \$40 million is considered a reasonable amount for launching such an enterprise.

- Should the University be an investor in biomedical technology commercialization?

Paller maintained that using state funds as seed capital is very different from the University investing in BICI. The current proposal does not call for direct investment of University funds in BICI, but the University might receive licensing fees in the form of an up-front fee, a royalty stream, or equity in a start-up venture.

In response to a question from Regents Baraga and O'Keefe, Paller indicated that the University would infuse cash into BICI only if the University's investment staff decided to do so, as this is a policy. These strategies are strictly financial decisions for financial professionals.

- Should BICI encompass more than biomedical technology?

Paller suggested that the BICI model eventually could be applied to all technologies developed at the University. Biomedical technology was considered an appropriate test field because that market is smaller and somewhat unique, thereby avoiding duplication of subsequent efforts in another field. Venture capital for biomedical technology is also less readily available in Minnesota and the Midwest than in some other parts of the country.

In response to a question from O'Keefe, Maziar asserted that it is unlikely that BICI could be a mechanism for commercializing technologies in multiple disciplines because of the domain expertise required in making investment decisions about specific technologies. BICI can, though, establish the workability of an easily replicated model.

In response to questions from Regents Bohnsack, O'Keefe, and Phillips, Paller stressed that strategies for technology commercialization vary across universities because these strategies are specific to their environment. In some situations the local business community is interested in partnering with a university, but in Minnesota, the BICI model is compatible with the state's preference not to fund BICI indefinitely. With careful selection of technologies and the application of sound business expertise, though, the original investors will receive their returns and sufficient proceeds will be available to continue gap funding for other technologies with commercial potential.

In response to a question from Baraga, Paller and Maziar agreed that faculty will always have the option to pursue more lucrative commercial opportunities elsewhere. BICI can provide the same sort of reward, though, allowing faculty to follow through with an idea while continuing their basic research.

In response to questions from Larson, Paller emphasized that BICI will benefit the entire state because (1) investors from across Minnesota will be sought as initial participants; (2) any Minnesota research institution is eligible to submit proposals; (3) any innovations may have local applications; and (4) additional state taxes will be generated.

O'Keefe expressed his appreciation for the information the administration has presented and requested quarterly updates on BICI.

## **Undergraduate Education Strategic Directions:**

### **Morris**

Executive Vice President and Provost Bruininks introduced Chancellor Schuman, who led a discussion of how the University of Minnesota Morris (UMM) plans, the plans that have been developed for the campus, and the policy issues those plans raise.

Schuman identified the following five steps used to develop a strategic plan for the UMM campus:

- Reaffirm the UMM mission – Schuman reminded the committee that for 40 years UMM's mission has been to remain a deliberately small, selective, coeducational, undergraduate, rigorous liberal arts college within the public sector, firmly grounded in the rural upper Midwest, and distinctive in its strong link to a major research university.
- Identify external conditions – UMM has identified external conditions that will have a major effect on the campus but over which the campus has little control, such as the funding that will be available to the University in general and UMM in particular over the next few years.
- Identify internal strengths and weaknesses – Internal strengths and weaknesses are factors UMM has the power to change. UMM's strengths include a consistent focus on a small, but powerful mission, a splendid faculty, and incomparable students. Among UMM's weaknesses are faculty recruitment difficulties and the current athletics program.
- Identify a small number of top priorities and establish clear timelines, measures, and responsibility – UMM students, faculty, and staff identified four top priorities:
  1. To increase the visibility of the campus;
  2. To continue to recruit and retain top students, faculty, and staff;
  3. To increase UMM's public and private resources; and
  4. To improve cooperation and communication across academic and administrative departmental lines.
- Revisit the planning process annually to determine which priorities have been met, which need to be revised, and what new priorities may need to be added.

Schuman credited the planning process with revealing a number of policy issues to be considered, such as the effect of current human resources policies on recruitment of faculty for shared, half-time positions and the appropriateness of UMM's top priorities.

### **Twin Cities**

Swan reviewed the undergraduate objective for the Twin Cities campus: How to use the strengths of the Twin Cities campus to create a unique undergraduate education that better prepares students to take their place in work and society. Strategies employed to achieve that objective include the Living and Learning Communities; the freshman seminar program; mentoring programs designed to help students make an initial commitment to the University; writing intensive courses; the Undergraduate Research Opportunity Program, which links interested students to



faculty researchers; study abroad opportunities; interdisciplinary minors to complement liberal arts majors; and enhanced advising.

As indicators of success on the Twin Cities campus, Swan pointed to a significant increase in graduation rates, retention rates above 80%, and indications of student satisfaction from more than 80% of all students.

Swan identified the following policy questions facing the Twin Cities campus:

- What enrollment strategies should be adopted?
- What size should colleges be? What size should programs within colleges be?
- What should be the ethnic and geographic mix of students?
- What should be the balance between access and excellence in admissions?
- Should recruiting be enhanced through a national campaign to attract non-residents or through more effective recruiting of high-ability residents?
- What is the role of advising in meeting established retention and graduation goals?

Student Representative Miller attributed problems with advising to the fact that faculty members are given no incentives to become quality advisers. Advising should become a valued part of the tenure process because retention and graduation rates will rise when advising improves.

Student Representative Althoff added that advising is important for all students, but especially on the Twin Cities campus. If students could more effectively schedule their courses for a couple of years, their opportunities to participate in study abroad and other special programs would improve.

President Yudof agreed that advising is one of the linchpins critical to improving the University. It will involve more effort, more resources, higher expectations, standards, and technology that will allow students to access critical information. Progress has been made in some areas, but advising needs to become more a part of the University's cultural norms.

In response to a question from Regent Bohnsack, Bruininks explained that mentoring and career advising is the purview of faculty members, while professional advisers, mostly on the Twin Cities campus, help students with more routine advising.

O'Keefe suggested that the need for an appropriate balance between faculty advising, professional advising, and technology that might vary across campuses, but that this issue deserves thoughtful consideration because it is so important.

Regent Spence expressed the hope that state funding will be sufficient to maintain the University's reputation, encouraging Minnesota's top students to choose the University rather than a private institution or another state institution. The University of Minnesota Foundation also may play a key role if Foundation scholarships are available to keep these students in the state.

#### **COMMITTEE WORKPLAN UPDATE**

Regent O'Keefe referred to the updated committee workplan as presented in the docket materials. Schedule changes of the past few months reflect the committee's interest in pursuing specific topics and continuing efforts to schedule a meeting with the Educational Planning & Policy Committee of the Minnesota State Colleges and

Universities System. Also, he and Executive Vice President and Provost Bruininks have agreed that in some months more extensive information may be provided in the "Information Item" docket materials so that committee members can review the materials before the meeting, allowing for a briefer, more policy-focused discussion.

### **CONSENT REPORT**

A motion was made and seconded, and the committee voted unanimously to recommend approval of the Consent Report, as found in the docket materials:

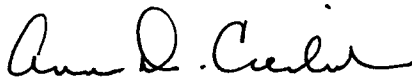
- Graduate School:
  1. New Free-standing Minor in Program Evaluation;
  2. New Post-baccalaureate Certificate Program in Transportation Studies;
  3. New Post-baccalaureate Certificate in Policy Issues on Work and Pay;
  4. Teaching Track within M.A. degree in Germanic Studies;
  5. Religions in Antiquity Track within the M.A. degree in Classical and Near Eastern Studies; and
  6. Discontinuation of M.S. Degree in Family Practice and Community Health.
- Duluth:
  1. New Interdisciplinary Cultural Studies Minor and
  2. Discontinuation of Recreational Sports Programming Concentration.
- Crookston: Merged A.A.S. Degree in Agriculture.
- Program Name Changes:
  1. Graduate School – Manufacturing Systems Engineering;
  2. College of Continuing Education – Clinical Laboratory Science;
  3. University of Minnesota Crookston – Information Technology Management B.S.;
  4. University of Minnesota Duluth – Teaching, Earth, and Physical Sciences;
  5. University of Minnesota Duluth – M.I.S. Degree; and
  6. College of Natural Resources – Department of Fisheries and Wildlife.

Details of each change are provided in the docket materials.

### **INFORMATION ITEMS**

Executive Vice President and Provost Bruininks referred the committee members to the docket materials.

The meeting adjourned at 3:20 p.m.

  
**Ann. D. Cieslak**  
**Executive Director and**  
**Corporate Secretary**

**UNIVERSITY OF MINNESOTA**

**BOARD OF REGENTS**

**Finance & Operations Committee**

**February 8, 2001**

A meeting of the Finance & Operations Committee of the Board of Regents was held on Thursday, February 8, 2001, at 1:15 p.m. in the West Committee Room, 600 McNamara Alumni Center.

Regents present: H. Bryan Neel, presiding; Robert Bergland, William Hogan, David Metzen, and Maureen Reed.

Staff present: Vice Presidents Tonya Brown and Eric Kruse; Executive Director Ann Cieslak; Associate Vice Presidents Steven Cawley, Gail Klatt, Robert Kvavik, Donna Peterson, and Richard Pfutzenreuter.

Student Representatives present: Venora M. Hung and Isaac Dallager.

**SEMI-ANNUAL BUDGET UPDATE:  
OVERVIEW OF CURRENT FISCAL YEAR**

Associate Vice President Pfutzenreuter stated that the semi-annual budget update would be postponed to a future meeting.

**CAPITAL FINANCING - RESOLUTIONS  
Review/Action**

Associate Vice President Pfutzenreuter presented two bonding resolutions, as found in the docket materials and on file in the Board office.

Pfutzenreuter explained that the first bonding resolution allows for up to \$50 million in new debt to be used for Board-approved capital projects, which require funding for no longer than ten years. The two main projects associated with this bonding resolution are the new \$15 million telecommunications system, and the \$3.5 million Mariucci suites project. The first draw of \$20 million would cover these projects. The balance of the funds would remain available for future use, but will not be requested at this point.

Pfutzenreuter reported that the second bonding resolution is for an additional \$50 million to be added to the already-existing \$330 million bonding issue which was approved by the Board on December 11, 1998, increasing the total to \$380 million. This increase will fund the capital budget amendments and additional capital projects already approved by the Board.

Pfutzenreuter introduced John Augustine, Director of Higher Education Financing for Lehman Brothers, to further explain the proposed transaction. Augustine commented that interest rates have fallen to within 25 basis points of a 30-year low.

The University would be able to save approximately \$8 million in finance costs by utilizing the same process as it had for the original transaction -- taking out variable rate debt, then converting to a synthetic fixed-rate debt through Lehman Brothers. Pfitzenreuter noted that the Investment Advisory Committee had recommended this financing strategy. Regent Bergland added that the Debt Management Advisory Committee found both resolutions consistent with the long-term debt strategy of the University.

In response to a question from Regent Hogan regarding the profit made by Lehman Brothers on the transaction, Augustine stated that Lehman Brothers would stay within the same parameters agreed upon in 1999.

A motion was made and seconded to recommend approval of the proposed resolutions, as presented in the docket materials.

#### **INVESTMENT MANAGER REPORT: SIT INVESTMENT ASSOCIATES**

Director of Asset Management Sheila Warness introduced Peter L. Mitchelson, President of Sit Investment Associates, Inc., who presented the investment manager report of Sit Investment Associates, as found in the docket materials and on file in the Board office. Warness explained that Sit Investment Associates has managed the small and mid-cap equities portion of the University's Consolidated Endowment Fund since April 2000.

Mitchelson reported that while the small and mid-cap growth portion of the University's portfolio has experienced negative returns during this period, Sit Investment Associates, Inc., has significantly outperformed the benchmark.

In response to a question from Regent Reed, Mitchelson stated that a severe recession would make the company vulnerable because of the aggressive nature of small and mid-cap growth stocks. However, due to lowered interest rates and improvements in the stock market, Mitchelson believes the economy and the performance of growth stocks will improve.

#### **ANNUAL INSURANCE & RISK MANAGEMENT REPORT**

Interim Controller Michael Volna introduced Director of Risk Management and Insurance Cary Jones, who presented the annual insurance and risk management report, as found in the docket materials and on file in the Board office.

Jones reported that total insurance costs for FY00 were slightly lower than FY99, and included decreases in worker's compensation claims, employment-related losses and professional liability claims.

In response to the committee's request, Jones reported that he had contacted other Big Ten schools in an effort to develop benchmarks relating to insurance. However, he found that true comparisons are not possible due to the differences in insurance structure and guidelines.

In response to a question from Vice President Pfitzenreuter, Jones identified property insurance as the biggest challenge in the future. He predicted increases in all-risk property insurance costs for FY01 and FY02 due to higher property value as a result of ongoing capital improvements and projects. Contact with other universities is underway to explore the possibility of a group rate.

## **UNIVERSITY OF MINNESOTA STATE BIENNIAL BUDGET UPDATE**

Associate to the Chief Financial Officer Elizabeth Eull presented the University of Minnesota state biennial budget update, as found in the docket materials.

Eull reported that the Governor recommended the University receive \$56.6 million of its \$221.5 million biennial request. The Governor recommends a three percent inflationary adjustment increase in employee compensation and benefits. An appropriation of \$40.6 million will cover two-thirds of the three percent; the Governor expects the University to provide the remaining one-third percent by increasing tuition. Eull noted that the Governor's recommendation does not address the increase in health insurance costs, which will be 20% in FY02 and 18% in FY03.

Eull stated the Governor's recommendation also includes \$16 million to help stabilize core funding for the medical school. The University would receive \$8 million in FY02 from a one-time allotment from the state's general fund. The \$8 million for FY03 would come from the Department of Health, and would be contingent upon the Academic Health Center achieving selected outcomes that further state health policy.

The committee discussed the Governor's recommendations, and agreed that the tuition increases necessary to make up the difference between the University's request and the Governor's recommended budget would be contrary to the land-grant mission of the University and would be unacceptable to the Board, the students, and the citizens of the state.

### **CONSENT REPORT Review/Action**

Interim Controller Volna presented the Consent Report, as found in the docket materials. There were no items in the General Contingency Report this month requiring Board approval.

Volna presented the following purchases of goods and services over \$250,000:

- \$315,000 to Applied Biosystems for twelve kits of Big Dye Terminator Cycle Sequencing 5000 reactions version 2.0 and six kits of Big Dye Terminator Cycle Sequencing 5000 reactions version 1.0 as needed for the period of January 1, 2001 through December 31, 2001 for the Advanced Genetic Analysis Center.
- \$3,900,000 to Softlink, Inc, PeopleSoft Inc., Accenture, Inc., Signature, Inc., Digiterra, Inc., and other firms through July, 2001 for business analyses, and testing and technical programming staff to help develop solutions to outstanding problems with the PeopleSoft software system that serves student administration, particularly the distribution of student financial aid and the billing and collection of tuition. This item will be funded out of General Operations and Maintenance Budget.

In response to a question from Regent Reed regarding the increased cost of the PeopleSoft implementation, Audit Director Klatt stated that the University must finish the implementation in order to be in compliance with federal student loan regulations.

In response to concern expressed by several committee members regarding the escalating costs associated with the PeopleSoft implementation, Associate Vice President Cawley assured the committee that once the student financial aid and student billing component is fixed, University staff will be able to adjust the system as needed.

Regent Hogan requested that Cawley look into the possibility of recovering some of the extra costs.

Associate Vice President Pfitzenreuter presented the third item in the Consent Report, the recommendation to hire the Clifton Group to manage the mid-cap futures in the Consolidated Endowment Fund.

In response to a question from Regent Reed, Asset Management Director Warness explained that the University has employed the Clifton Group since December on a temporary basis due to loss of staff in the Office of Asset Management. Warness added that the Investment Advisory Committee concurs with the recommendation.

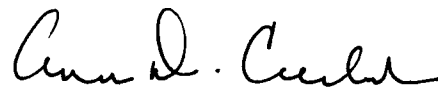
A motion was made, seconded, and the committee voted unanimously to recommend approval of the Consent Report.

#### **INFORMATION ITEMS**

Regent Bergland reported that the Debt Management Advisory Committee met recently to discuss the results of meetings between University administrators and representatives of credit rating agencies in New York City. Bergland stated the committee intends to discuss strategies to maintain the University's excellent credit rating.

Regent Neel reported that the Investment Advisory Committee met in February, and will meet with George Pendergast of Cambridge Associates in March for a status report on the University's investments.

The meeting adjourned at 3:15 p.m.



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

**UNIVERSITY OF MINNESOTA**

**BOARD OF REGENTS**

**February 9, 2001**

A meeting of the Board of Regents was held on Friday, February 9, 2001 at 9:00 a.m. in the Boardroom, 600 McNamara Alumni Center.

Regents present: Patricia Spence, presiding; Anthony Baraga, Robert Bergland, Dallas Bohnsack, William Hogan, Warren Larson, David Metzen, H. Bryan Neel, Michael O'Keefe, Jessica Phillips, and Maureen Reed.

Staff present: President Mark Yudof; Vice Presidents Tonya Brown, Sandra Gardebring and Christine Maziar; General Counsel Mark Rotenberg; and Executive Director Ann Cieslak.

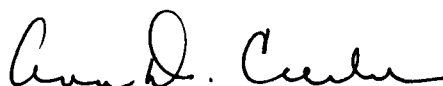
Others present: William Donohue.

A motion was made and seconded that the following resolution be approved:

RESOLVED, that on the recommendation of the President and as provided by Minnesota State Statute 471.705, Subd. 1d, a non-public meeting of the Board of Regents be held on Friday, February 9, 2001, in 600 McNamara Alumni Center, Boardroom, for the purpose of discussing attorney-client privileged matters.

The Board of Regents voted unanimously to approve the resolution.

The meeting adjourned at 9:02 a.m.



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

**UNIVERSITY OF MINNESOTA**

**BOARD OF REGENTS**

**February 9, 2001**

A meeting of the Board of Regents of the University of Minnesota was held on Friday, February 9, 2001 at 10:15 a.m. in the Boardroom, 600 McNamara Alumni Center.

Regents present: Patricia Spence, presiding; Anthony Baraga, Robert Bergland, Dallas Bohnsack, William Hogan, Warren Larson, David Metzen, H. Bryan Neel, Michael O'Keefe, Jessica Phillips, and Maureen Reed.

Staff present: President Mark Yudof; Chancellor Samuel Schuman; Executive Vice President & Provost Robert Bruininks; Senior Vice President Frank Cerra; Vice Presidents Tonya Brown, Sandra Gardebring, Eric Kruse, and Christine Maziar, General Counsel Mark Rotenberg; Executive Director Ann Cieslak; Provost David Carl; Associate Vice Presidents Steven Cawley, Gerald Fischer, Gail Klatt, Donna Peterson, and Richard Pfitzenreuter.

**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 - November 30, 2000  
Audit Committee - December 7, 2000  
Facilities Committee - December 7, 2000  
Faculty, Staff & Student Affairs Committee - December 7, 2000  
Educational Planning & Policy Committee - December 7, 2000  
Finance & Operations Committee - December 7, 2000  
Board of Regents - December 7, 2000  
Board of Regents - December 8, 2000

**REPORT OF THE PRESIDENT**

President Yudof's remarks addressed Governor Ventura's proposed budget recommendations and its impact on the University of Minnesota. The Governor has recommended that the University receive \$56 million of its \$221.5 million request for new funding. If the Governor's recommendation is approved it could mean tuition increases as high as 28 percent over two years or a major retrenchment for the University. It will be a real crisis for the future of the University. Minnesotans have come to expect that they will have access to a world class institution. The President reiterated the University's commitment to excellence and access for the citizens of the state. He cited examples of the steps the University has taken in the last few years that indicate accountability and prudent fiscal management. Legislators will have to decide the importance of education and the University of Minnesota to the state. Progress that has been made in the last few years will be lost if the Governor's recommendations for the University become reality. He stated that he plans to meet with constituencies around the state during the next few weeks to build support for the University's request.



Chair Spence thanked President Yudof for his remarks and stated that the Board shares the President's vision and will be working together with him to build support throughout the state for the University's budget.

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

Chair Spence recognized Regent Phillips whose tenure on the Board will end this month. Phillips has served on the Board since 1995 as the student Regent. She served as the chair of the Facilities and Litigation Review Committees during her term. She has always acted in the best interests of the Board and the University and the Board will miss her valuable contributions in the future.

Spence reported that she attended the February 7, 2000 groundbreaking ceremony for the new Microbial and Plant Genomics Building on the St. Paul campus. The facility was funded equally by the state and Cargill Incorporated and is scheduled for completion in November 2002. In addition, she toured the new "Biodale," the University's new biotechnology facility located in the lower levels of Snyder Hall and Gortner Lab. Biodale will serve as a one-stop shopping center for cutting-edge biological research support services that are one-of-a-kind in the state and nation.

She also noted a number of Sesquicentennial Founder's Week events that will be held the week of February 18 - 24, including a birthday celebration at the Capitol on February 21, the President's Anniversary Tribute on February 23, and a series of concerts.

Spence reported that the Board will participate in another work session on the draft Reservation and Delegation of Authority policy. The policy is central to the Board's work as it lays out the manner in which the Board exercises its authority. It provides the framework for all other Board policies in terms of the management of the University. She stated that work on revisions of this policy have been rigorous and she thanked the Board members for their participation.

She addressed the University's budget request, indicating that Board members will be spending time during the next few weeks gathering support for the request. She stated that Board members will welcome constructive suggestions from citizens as they travel throughout the state.

Several Board members spoke in support of the University's budget request, stressing the important role the University plays in the economy and in the future of the state, supporting the President's vision for the University, and indicating that the budget proposals currently proposed by the Governor will not move the University forward fast enough to meet the vision.

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

Regent Spence stated that the Report of the All-University Honors Committee was forwarded to the Board from President Yudof on January 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.

## **RECEIVE AND FILE REPORTS**

Chair Spence noted the receipt and filing of the Quarterly Report of Grant and Contract Activity as contained in the docket materials.

## **REPORT OF THE FACILITIES COMMITTEE**

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

- a) Approval of a recommendation of the President that the FY01 capital budget be amended by:
  - \$585,000 to incorporate funding for the Vocational & Technical Education Building Room 140 & 240 Renovation project located on the Twin Cities campus;
  - \$1,600,000 to incorporate additional funding for the Griggs Hall Addition project on the University of Minnesota Duluth campus;
- b) Approval of a recommendation of the President to approve the schematic plans for the Mariucci Arena Suites on the Twin Cities campus and authorization for the appropriate administrative officers to proceed with the award of contracts and the development of construction documents and construction.
- c) Approval of a recommendation of the President to approve the schematic plans for the Minnesota Showboat located in St. Paul, Minnesota and authorization for the appropriate administrative officers to proceed with the award of contracts and the development of construction documents and construction.
- d) Approval of a recommendation of the President to approve the schematic plans for the Griggs Hall Addition and authorization for the appropriate administrative officers to proceed with the award of contracts and the development of construction documents and construction.
- e) Approval of a recommendation of the President that the appropriate administrative officers receive authorization to execute the appropriate documents providing for the following real estate transactions as described in the docket materials:
  - Sale of 4555 University Avenue N.E., Columbia Heights; and
  - Execution of an eight-year lease (through the end of the 2008-2009 hockey season) with the Duluth Entertainment and Convention Center (DECC) at 350 Harbor Drive, Duluth, Minnesota.

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

Metzen reported that the committee reviewed information relating to a number of proposed amendments to the FY01 capital budget for the following projects: the

Rowing Facility – Design, Twin Cities campus; Hubert H. Humphrey Forum Renovation, Twin Cities campus; Civil Engineering Structures Laboratory – Design, Twin Cities campus; Hayes Hall Laboratory Renovation, Twin Cities campus; and Residence Hall IV Fire Protection Project, Morris campus. The committee also reviewed design guidelines for the Rowing Facility and the Civil Engineering Structures Laboratory, both on the Twin Cities campus. The committee engaged in a discussion on systemwide electrical energy issues, reviewed the Quarterly Capital Improvement Plan Report, and also reviewed a number of information items as described in the docket materials. It was noted that the agenda item relating to the Weber Music Hall was postponed to a future meeting.

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

Regent Bohnsack, Vice 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 February 8, 2001 committee minutes.

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

Bohnsack reported that the committee reviewed information on the food service operation for the Twin Cities campus; engaged in a discussion relating to disability services and programs; received a presentation on student development and campus life at the University of Minnesota Duluth; discussed the committee's workplan; and reviewed a number of information items as described in the docket materials.

**REPORT OF THE FINANCE & OPERATIONS COMMITTEE**

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

- a) Approval of the Consent Report for the Finance & Operations Committee as presented to the committee and described in the February 8, 2001 committee minutes.
- b) Approval of resolutions relating to capital financing, as follows:

**RESOLUTION AMENDING DECEMBER 11, 1998  
BONDING RESOLUTION**

WHEREAS, the Regents of the University of Minnesota by a resolution adopted on December 11, 1998 (the "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;

WHEREAS, pursuant to the authorization contained in the Bonding Resolution the University has issued and sold an initial series of Bonds in the principal amount of \$200,650,000;

WHEREAS, it has been proposed that the University continue to proceed with the plan of finance described in the Bonding Resolution to provide funds to finance additional construction and remodeling projects and the acquisition and installation of additional items of equipment and that the aggregate amount of Bonds authorized to be issued and sold pursuant to the Bonding Resolution be increased to \$380,000,000;

NOW, THEREFORE, BE IT RESOLVED, by the 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 \$380,000,000 (excluding original issue discount, if any, with respect to the Bonds) in one or more series.

2. As additional Bonds to be issued 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 \$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.

3. The Treasurer is hereby authorized to negotiate with one or more commercial banks the terms and condition of any credit support or liquidity facility for any series of Bonds issued pursuant to the authority contained in the Bonding Resolution and approve the terms of such credit support or liquidity facility. The Treasurer is further authorized to negotiate the terms and condition of any interest rate swap agreement or other similar agreements with the counterparty to such agreement in connection with hedging techniques with respect to the interest rate on any series of Bonds issued pursuant to the authority contained in the Bonding Resolution.

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

#### **BONDING RESOLUTION**

WHEREAS, it has been proposed that the University proceed with a plan of finance which involves, among other things, the issuance and sale by the University of general obligation indebtedness of the University in one or more series (such general obligation indebtedness whether issued in the form of bonds, notes or such other form of indebtedness designated by the University, is

herein called the "Bonds"), the proceeds of which will be used to finance the acquisition and installation of items of equipment by the University and construction and remodeling projects to be undertaken by the University;

WHEREAS, the Bonds in one or more series will be issued pursuant to an Indenture of Trust between the University and a bank or trust company acting as trustee or pursuant to an Order of the University;

WHEREAS, the Indenture of Trust or Order pursuant to which any series of Bonds will be issued will contain the terms of such Bonds and agreements and covenants of the University with respect to the payment of the principal of, premium, if any, and interest on such Bonds;

WHEREAS, Bonds of any series will be sold by the University to one or more investment banking firms, banks or financial institutions which will act as the underwriter of the Bonds, pursuant to an agreement between the University and such investment banking firms, banks or financial institutions;

WHEREAS, the Bonds will bear a fixed or variable rate of interest and as part of the plan of finance the University may enter into interest rate swap transactions to economically convert the fixed interest rate payable on all or a portion of the Bonds to a variable interest rate or variable interest rate payable on all or a portion of the Bonds to a fixed interest rate;

WHEREAS, the principal amount of the Bonds authorized will be the amount of the Bonds outstanding at any time, and not an aggregate principal amount;

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

1. To provide funds to finance the acquisition and installation of items of equipment by the University and construction and remodeling projects to be undertaken by the University, the University hereby authorizes the sale and issuance of the Bonds from time to time in a principal amount not in excess of \$50,000,000 (excluding original issue discount, if any, with respect to the Bonds) outstanding at any time. The Bonds may be issued in separate series or together in one or more series. In no event shall any Bond mature later than 10 years following its date of issuance, and in no event shall any Bond mature later than December 31, 2020. The Bonds shall be general obligations of the University. Interest on the Bonds may or may not be excludable from gross income under Section 103 of the Internal Revenue Code of 1986, as amended. The Treasurer is authorized to approve the terms of one or more series of Bonds to be issued by the University pursuant to the authority contained in this resolution as provided in Section 3 hereof. The terms of any additional series of Bonds to be issued by the University pursuant to the authority contained in this resolution shall be subject to the further approval of the Board of Regents.

2. The items of equipment and construction and remodeling projects to be financed by the proceeds of the Bonds shall be the

equipment and construction and remodeling projects the source of funding of which is designated by the Board of Regents or by the Treasurer as part of the University's capital planning process as proceeds of indebtedness of the University.

3. As the initial Bonds to be issued pursuant to the authority contained in this resolution, the Treasurer is authorized to approve the terms of one or more series of Bonds up to a principal amount of \$20,000,000 (excluding original issue discount, if any, with respect to the Bonds) outstanding at any time; 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 8.00% per annum.

4. The Treasurer is hereby authorized to negotiate with one or more banks, investment banking firms or financial institutions which is engaged by the Board of Regents as the underwriter or underwriters of a series of Bonds, the terms and conditions upon which the Bonds of such series shall be sold and issued, and approve the terms of such sale and issuance. The Treasurer is further authorized to negotiate with one or more commercial banks the terms and condition of any credit support or liquidity facility for any series of Bonds and approve the terms of such credit support or liquidity facility, and to negotiate the terms and condition of any interest rate swap agreement or other similar agreements with the counterparty to such agreement in connection with hedging techniques with respect to the interest rate on any series of Bonds.

5. In connection with the issuance of any series of Bonds the President and Treasurer are authorized to execute and deliver on behalf of the University the Indenture of Trust or Order of the University or any supplement or amendment thereto under which the series of Bonds is issued in the form and containing such covenants, agreements, representations and warranties of the University as may be approved by the Treasurer and the General Counsel, and the Secretary and Treasurer are authorized to execute and deliver the Bonds in accordance with such Indenture of Trust or Order of the University or any supplement or amendment thereto. The signatures of the Secretary and/or Treasurer on the Bonds may be by facsimile.

6. The President and Treasurer are authorized to execute and deliver a purchase agreement with the initial purchaser or purchasers of any series of Bonds in the form and containing such covenants, agreements, representations and warranties of the University as may be approved by the Treasurer and General Counsel.

7. The Treasurer is authorized to approve the Preliminary Official Statement and the final Official Statement or any supplements or amendments thereto to be prepared and distributed by the University to any purchaser or potential purchaser of a series of Bonds, and the President is authorized to execute and deliver the final Official Statement or any supplements or amendments thereto.

8. The appropriate University officers are authorized to execute and deliver all other documents, certificates and to take such action as may be necessary or appropriate in connection with the issuance and sale of the Bonds.

9. The Secretary and other officials of the University are authorized and directed to prepare and furnish to any purchasers of the Bonds 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 Bonds 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.

10. 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, final Official Statement, purchase agreement with the initial purchaser or purchasers of any series of Bonds or any other document to be executed by the President or Treasurer 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 recommendation of the Finance & Operations Committee.

Neel reported that the committee also reviewed the annual Insurance & Risk Management Report; received an update on the University's 2002-2003 Biennial Budget request; and received an investment manager report from Sit Investment Associates. A number of information items were also reviewed as described in the docket materials. The semi-annual budget update was postponed to a future meeting due to time constraints.

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

Regent O'Keefe, Chair of the committee, reported that the committee voted unanimously to recommend:

- a) Approval of the Consent Report for the Educational Planning & Policy Committee as presented to the committee and described in the February 8, 2001 committee minutes.
- b) Approval of a resolution relating to the Rosemount Master Academic & Programmatic Plan, as follows:

WHEREAS, the University of Minnesota recognizes and values its Rosemount property as a unique and significant asset of the institution, the local community, and the state; and

WHEREAS, the University of Minnesota supports the appropriate development of private/public partnerships that further its tripartite mission of teaching, research, and outreach; and

WHEREAS, the administration has engaged in broad consultation on a proposed academic vision, financial plan, and management structure for the Rosemount property; and

WHEREAS, the Board of Regents of the University of Minnesota has reviewed and provided oversight during the development of the proposed master academic plan and the master facilities plan that is based on the academic vision for the Rosemount property.

NOW, THEREFORE BE IT RESOLVED THAT the Board of Regents endorses the following principles to guide the development of a University of Minnesota outreach, research, and education park on the Rosemount property:

- a) Preserve University ownership of the property for uses that reflect the University's academic mission while allowing for innovative and creative, as well as necessary, ways to use the land in partnership with the surrounding communities.
- b) Adopt an academic vision statement for Rosemount revolving around the existing research strengths of agriculture, health, and the environment.
- c) Rename the property to ensure that it reflects and communicates, to potential partners and the community as a whole, the vision and multi-faceted nature of the mission, purpose, and goals set for the property.
- d) Establish a single management and accountability framework for Rosemount with an Executive Director supported by a University advisory committee and an external advisory council.
- e) Continue development of a master site plan, based on an approved academic mission and program plan, which details the physical vision for the property. The plan will suggest and recommend appropriate land use that provides the basis for ongoing landscape and environmental enhancements.
- f) Develop and implement a strategic plan for the Rosemount property that includes management guidelines that will occur incrementally, that flows from the academic vision, and that focuses on measures to attract appropriate uses and improve the physical environment.
- g) Develop an implementation strategy that identifies priority initiatives, promising potential sources of funding, and encourages and supports cooperative programming with other units of the University.

BE IT FURTHER RESOLVED THAT the Board of Regents directs the administration to initiate and develop appropriate partnerships that will support public education and interdisciplinary research activities on the Rosemount property in the areas of agriculture, health, and the environment according to the principles outlined above.



BE IT FURTHER RESOLVED THAT the Board of Regents supports the administration's proposal to initially focus its efforts on the development of a public education center in the three dominant sectors of the state's economy: agriculture, health, and the environment.

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

O'Keefe reported that the committee received a presentation on commercialization of technology relating to the Biomedical Innovation and Commercialization Initiative; reviewed information relating to undergraduate education strategic directions for the University of Minnesota's Morris campus and Twin Cities campus; and engaged in a discussion relating to the committee's workplan. The committee also reviewed a number of information items as described in the docket materials.

#### **REPORT OF THE AUDIT COMMITTEE**

Regent Larson reported that the committee reviewed the President's response to Deloitte & Touche's audit management letter for FY00; reviewed information pertaining to the A-133 Report; received an overview of the Office of Oversight, Analysis and Reporting; and heard an update on the implementation of PeopleSoft. The committee also reviewed a request for proposal for external auditing services and received an update on internal audit activities.

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

Regent Phillips reported that the committee met on January 30, 2001 to discuss attorney-client privileged matters and no action was taken at the meeting.

#### **COMMENTS FROM STUDENT REPRESENTATIVE CHAIR**

Kristen Berning, Chair of the Student Representatives, addressed the Governor's budget proposal. She reported that students are very concerned about the University's budget and the possibility of tuition increases if the University does not receive adequate funding. She pledged student support, indicating that students will participate in rallies and lobby days at the Capitol as well as contact legislators. She urged the Board to suggest other avenues for students to be involved.

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

Professor Fred Morrison, Chair of the Faculty Consultative Committee (FCC), presented the Faculty Consultative Committee quarterly report as contained in the docket materials. The report expressed the faculty's concern about the disparity in faculty salaries between the University of Minnesota and its peer institutions, and the impact on recruiting and retaining faculty at the University, particularly in light of the governor's proposed state budget.

*A Declaration on Faculty Salaries*, adopted by the Senate Committee on Faculty Affairs and the Senate Committee on Finance and Planning, and endorsed by the FCC, was also included in the docket materials. The declaration urges the administration to make every effort to obtain the full increase requested from the State for faculty

salaries and stresses the importance of convincing the governor and legislators that addressing the disparity in faculty salaries is of utmost importance to the long-term economic health of the State.

### **REPORT: ECONOMIC WORKING GROUP**

Vice President Gardebring reviewed the report from the Economic Working Group. The working group was formed at the request of the President to carry forward the work of the economic summit and to look at the importance of higher education in economic development. The group followed several guiding principles in their work:

- Aspire to excellence or top ranking in a few key areas: workforce skills, science and technology within our research university, and knowledge-driven industries.
- Build systems which are reasonable and accountable and which are based on coalitions, increased interactions and partnerships across public and private sectors with specific outcomes, monitoring and reporting.
- Embrace diversity as a business and economic imperative that is critical to a vibrant, competitive Minnesota economy.
- View rural and inner city communities as resources for economic development.

The Economic Working Group identified five critical success factors to create a knowledge economy to fuel the future of the state. Included in the report were the following factors:

1. A strategy to build a knowledge economy for Minnesota's 21<sup>st</sup> Century;
2. To develop the workforce as the state's number one advantage and to build talent for the 21<sup>st</sup> Century;
3. To ensure top-ranked innovation and knowledge capacity by building critical mass and enhancing research and innovation in significant industry clusters;
4. To create a positive climate for business success by supporting entrepreneurship and business growth; and,
5. To create a leadership coalition as a vehicle to guide implementation of the strategy.

Gardebring reported that a number of actions steps to support the success factors have been developed and are contained in the report.

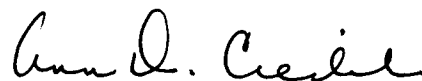
President Yudof thanked the individuals involved in the Working Group and expressed confidence that the recommendations from their deliberations will move forward. He stated that while these recommendations will develop outside the University, the University will assist as needed.

### **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 December 31, 2000 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.

The meeting adjourned at 11:45 a.m.

A handwritten signature in cursive script, appearing to read "Ann D. Cieslak".

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

**UNIVERSITY OF MINNESOTA**

**BOARD OF REGENTS**

**February 9, 2001**

A meeting of the Board of Regents of the University of Minnesota was held on Friday, February 9, 2001 at 3:00 p.m. in the Boardroom, 600 McNamara Alumni Center.

Regents present: Patricia Spence, presiding; Anthony Baraga, Robert Bergland, Dallas Bohnsack, William Hogan, Warren Larson, David Metzen, H. Bryan Neel, Michael O'Keefe, Jessica Phillips, and Maureen Reed.

Staff present: President Mark Yudof; Executive Vice President & Provost Robert Bruininks; Vice Presidents Carol Carrier and Erik Kruse; General Counsel Mark Rotenberg; Executive Director Ann Cieslak; and Associate Vice President Gerald Fischer.

**RECOGNITION OF REGENT WILLIAM R. PETERSON**

Chair Spence called the meeting to order and announced that the meeting had been scheduled to provide a special recognition of William R. Peterson, who served as a member of the Board of Regents from 1993 until his death in October 2000.

Spence called on General Counsel Rotenberg who worked closely with Regent Peterson, especially since 1995 when Peterson served as chair of the Litigation Review Committee. Rotenberg spoke of Peterson's tireless work for the University reviewing litigation matters. He became knowledgeable about numerous legal cases and provided practical advice. Rotenberg considered him a strong supporter and friend, and he will miss his sage counsel.

President Yudof stated that Peterson was a brilliant and creative thinker. He was an advocate for the University, a man of principle, but most importantly, he was "a real person - a person who has a heart."

Spence commented that Regent Peterson held the highest respect from all of his colleagues, the President and the administrators who worked with him. He was extremely committed to improving the University's litigation position. He had a keen sense of fairness, the highest level of ethics, and the ability to work hard and smart. He brought to the Board his vast knowledge of construction, health care issues, and concern for the workers. He never wanted to be the center of attention, but his quiet strength, wisdom, and his dedication will be greatly missed by the Board of Regents and the others he served.

Spence then presented a gift to Lolly Peterson in recognition of Regent Peterson's service on the Board of Regents.

Charles Groshens, Peterson's son-in-law, expressed appreciation on behalf of the Peterson family.

Regent Reed moved the following resolution:

WHEREAS, William R. Peterson was a devoted member of the Board of Regents of the University of Minnesota from 1993-2000;

WHEREAS, William R. Peterson served with distinction as a member of the Facilities, Educational Planning & Policy, and Finance & Operations Committees of the Board of Regents of the University of Minnesota from 1993-2000;

WHEREAS, William R. Peterson served with dedication as the first chair of the Litigation Review Committee of the Board of Regents of the University of Minnesota from 1995-2000;

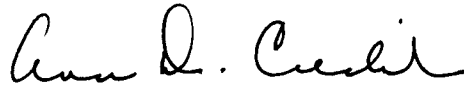
WHEREAS, William R. Peterson brought to the deliberations of the Board of Regents his vast knowledge of construction and health care issues and his concern for workers;

WHEREAS, William R. Peterson held the highest trust, confidence, and respect from his colleagues, the president, and University administrators;

NOW, THEREFORE, BE IT RESOLVED, that the Board of Regents of the University of Minnesota hereby names Room 658 of the McNamara Alumni Center the *William R. Peterson Conference Room*.

The motion was seconded and the Board of Regents voted unanimously to approve the resolution.

The meeting adjourned at 3:30 p.m.



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