

**UNIVERSITY OF MINNESOTA**

**BOARD OF REGENTS**

**MINUTES**

**BOARD OF REGENTS MEETINGS**

**AND**

**COMMITTEE MEETINGS**

**November 6-7, 1997  
November 10, 1997**

**Office of the Board of Regents**

**220 Morrill Hall**



UNIVERSITY OF MINNESOTA

BOARD OF REGENTS

Minutes of the Board of Regents Meetings  
and Regents Committee Meetings

November 6-7, 1997

November 10, 1997

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**UNIVERSITY OF MINNESOTA**

**BOARD OF REGENTS**

**Audit Committee**

**November 6, 1997**

A meeting of the Audit Committee of the Board of Regents was held on Thursday, November 6, 1997, at 11:00 a.m. in the Board Room, 238 Morrill Hall.

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

Staff present: Executive Vice President and Provost Robert Bruininks; Chancellors David Johnson and Donald Sargeant; Senior Vice President JoAnne Jackson; Vice President Mark Brenner; Executive Director Steven Bosacker; General Counsel Mark Rotenberg; Associate Vice Presidents Eric Kruse and Don Riley; and Director of Audits Gail Klatt.

Student Representatives present: Matt Curry and Blessing Rugara.

**INFORMATION ITEMS**

Senior Vice President Jackson reviewed informational items that were included in the docket.

- As a follow-up to concerns expressed by Audit Committee members regarding computer security and control issues noted in previous reports, an umbrella policy statement is being developed outlining specific guidelines and standards in the area of disaster recovery, virus detection and prevention, access controls, and security.
- Senior Vice Presidents Cerra and Jackson, with the assistance of Director of Audits Klatt, have conducted an extensive review of the Enterprise Systems Project. The result of this review was the restructuring of the governance of the project and the establishment of new operation objectives.
- An employee training video has been developed for use during employee orientation. The video underscores the important role that employees have in maintaining the control environment of the University.

Jackson introduced Vice President Brenner to update the committee on progress being made on the work plan that was developed with the National Institute of Health (NIH) regarding the University's grants management activities. Progress has been made on the NIH's recommendations, including: a) clarifying roles and responsibilities for all individuals involved in research activities; b) review and revision of policies and procedures; c) refining systems; and, 4) the implementation of a requirement that faculty doing research participate in programs which educate them on responsible conduct in research.

## **QUARTERLY INTERNAL AUDIT REPORT**

Director of Audits Klatt presented the quarterly report to update the committee on internal audit activities and results for the quarter ending June 30, 1997. A detailed description of the audits can be found in the docket materials.

Klatt explained that during recent audits of University departments, several recurring trends have been noted which may be indicative of Universitywide issues requiring action by central University units, including:

- Weak security over data and applications on computer systems, incomplete or ineffective measures to control changes to computer programs, and limited disaster recovery plans for computer applications.
- Sponsored project testing has noted that some principal investigators are not recording all effort expended on University-sponsored projects. The issue has been brought to the attention of ORITA and Training Services to ensure that all effort is recorded for each project.
- The handling of controlled substances (e.g., drugs and alcohol) has emerged in recent audits as an area of significant potential risk for the University. Some of the missing controls deal with licensing, physical security, record keeping, and disposal of these substances. Institutional oversight has been assigned to the Office of the Vice President for Research and the Department of Environmental Health and Safety.
- Safety concerns in departments and laboratories that handle hazardous substances (e.g., chemicals, gases, radiosotopes) have been identified. A review of centralized controls and monitoring is currently being conducted.

In response to a question from Regent Reed, Klatt stated that if progress on a specific audit's recommendation is deemed unsatisfactory, the consequence will come through the unit's chain of command. Every vice president, department head and dean receives a report on the status of findings in their unit. Jackson added that if progress is not made after the appropriate vice president, department head or dean has taken some action, she will then request a review of the unit by the president.

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

### **BOARD OF REGENTS POLICY: AUDIT COMMITTEE CHARTER**

Director of Audits Klatt explained that the committee had requested a review of the committee charter at its September 5, 1996 meeting. The committee reviewed a proposed revision to the charter on May 8, 1997. Klatt presented the most recent version of the proposed charter, which was included in the docket materials.

In response to a concern from Regent Neel about the omission of a specific reference to the Integrated Framework of Internal Control (IFIC) in the policy, Klatt stated that *concepts* of IFIC are included in the charter in subdivisions one and two. Regent Hogan agreed that specific mention of the IFIC should be included. Hogan also felt that three categories of a control focus -- operational, financial and regulatory --

should be mentioned within the charter.

The policy will be brought back for approval at the March 1998 Audit Committee meeting.

### **ANNUAL EXTERNAL AUDITOR'S REVIEW OF UNIVERSITY FINANCIAL STATEMENTS**

John Scheffler of Deloitte & Touche distributed and discussed the University's financial statements for the year ended June 30, 1997.

Scheffler noted the excellent cooperation and assistance that Deloitte & Touche received when working with the University. Scheffler stated that the opinion on the consolidated financial statements is an unqualified opinion, which is the best opinion given.

There were no disagreements with the University on any significant auditing, accounting or reporting matters. The management letter, scheduled to be reported to the committee at a subsequent audit committee meeting, will include financial accounting, reporting and internal control comments; data processing internal control comments; and compliance comments. Deloitte & Touche will be working with management on the conclusions and finalization of that document. Scheffler stated that none of the matters that he will be providing comments on are considered to be material weaknesses in internal control.

Audit adjustments recorded include: a) an adjustment in accounts payable to record an additional \$3 million in current unrestricted funds identified in cutoff testing; b) an adjustment to sponsored research provided a \$2.6 million allowance for doubtful accounts on aged receivables; and, c) restricted state appropriations reduced revenue by \$14.7 million to match fiscal 1997 expenditures.

Scheffler explained that the periodic financial reporting process is a key component of the Integrated Framework, allowing the committee to fulfill its oversight responsibility. Annual external financial reporting provides a measurement of financial position and performance, and an opportunity to interpret results of financial transactions for the coming year.

Scheffler noted that positive changes are occurring in the University's risk assessment and internal control environment, and financial position due to: a) better accounting cutoff; b) management of receivables; c) building of accounting reserves; and, 4) increased endowment and other fund balances.

Regent Reed suggested that because the committee did not receive the report in advance, she would like to have further discussions at a subsequent committee meeting after having a chance to read the report in its entirety.

Senior Vice President Jackson stated that this is not the committee's only opportunity to examine financial matters. The total financial report will be presented to the Committee of the Whole at the December 1997 meeting.

### **SEMI-ANNUAL CONTROLLER'S REPORT**

Due to a shortage of time this report was postponed. Regent Larson suggested that because the committee is not scheduled to meet again until March 1998, it may be wise to schedule an Audit Committee meeting during the December 1997 meetings if schedules allow. During the proposed December meeting, the committee would hear

the Semi-Annual Controller's Report and a continued discussion of the annual external auditor's review of University financial statements.

The meeting adjourned at 12:15 p.m.

A handwritten signature in cursive script that reads "Steven Bosacker".

**STEVEN BOSACKER**  
**Executive Director and**  
**Corporate Secretary**



Year 1997-98

**UNIVERSITY OF MINNESOTA**

**BOARD OF REGENTS**

**Educational Planning & Policy Committee**

**November 6, 1997**

A meeting of the Educational Planning and Policy Committee of the Board of Regents was held on Thursday, November 6, 1997, at 1:45 p.m. in Room 300, Morrill Hall.

Regents present: Michael O'Keefe, presiding; David Metzen, William Peterson, Jessica Phillips, Maureen Reed, and Patricia Spence.

Staff present: President Mark Yudof; Chancellors David Johnson and Donald Sargeant; Senior Vice President Frank Cerra; Executive Director Steven Bosacker; and Associate Vice Presidents Rusty Barcelo, Jane Canney, and Robert Kvavik.

Student Representatives present: Tammy Koob and Andrew Toftey.

**REVIEW OF CRITICAL MEASURES AND  
PLANNING & PERFORMANCE STRATEGY**

Executive Vice President and Provost Bruininks explained that 14 critical measures were approved by the Board of Regents as part of the U2000 strategic planning process between December 1994 and September 1996. New institutional initiatives have been outlined by the President and acknowledged by the Board of Regents, and a revised planning and performance strategy has been suggested by the administration. Because these changes directly impact policy decisions, a review of the 14 benchmarks and a discussion on the relationship between those benchmarks and the new initiatives was deemed appropriate.

Bruininks introduced Associate Vice President Kvavik, and Darwin Hendel and Jane Whiteside of the Office of Planning and Analysis.

Whiteside reviewed the timeline for the development of critical measures, which was included in the docket materials. The measures, which were developed to help the institution measure its performance, fall into four general areas: core resources, students, faculty accomplishments, and external relationships.

Whiteside provided an example of how one of the measures was developed, is being used and what has been learned about it. The critical measure entitled *Characteristics of Entering Students* has two main components: readiness and diversity. Somewhat mixed results for enrolling students of color in 1996 provide a good illustration of how the measures provide feedback for planning and future action. Projections (on which goals were based in 1994) greatly overestimated the number of students of color in the state's recruitment pool. The University now has better information on the number of Minnesota students of color who are actually college-bound. High school graduation rates are also lower than expected. Thoughtful discussions on whether or not to change the goals provided the following conclusions:

- 1) goals should remain as set, but the time required to reach them may be longer; and,
- 2) the University must work more aggressively with the K-12 system to help students of color succeed at that level.

President Yudof stated that U2000 was way ahead of its time, noting that it was years before other universities developed comparable measures. Yudof suggested, however, that U2000 should be integrated with a compact system. There must be an aggregate balance between teaching and research. If faculty teaching time has gone down but research results have gone up, before you can say that you have improved in research but have slipped in teaching, you need to relate the two to each other. Without the aggregate picture, there will not be appropriate balance. Yudof said it is important to have profiles done by college and by campus.

In response to a question from Regent O'Keefe, Yudof stated that the difference between the current U2000 critical measures and his compact initiative is that goals differ between colleges because some measures may not work for every school on campus. The interpretation of the same data may be different depending on the mission of the college. The compact strategy is a very interactive process. Every college that goes through the process will have a college compact and agreement which will be a public document, accessible on the World Wide Web.

Kvavik noted that the institutional performance report, based on the critical measures for which there is data, will be presented at the December 1998 Committee of the Whole meeting.

#### **FINALIZE COMMITTEE AGENDA**

Regent O'Keefe and Executive Vice President and Provost Bruininks distributed a memorandum which details the committee work plan for the 1997-98 academic year. The committee will review issues and the University's responses to issues in the primary areas of the institution's mission of teaching, research and outreach.

#### **CONSENT REPORT**

Executive Vice President and Provost Bruininks stated that there were no items requiring action this month.

#### **INFORMATION ITEMS**

Executive Vice President and Provost Bruininks reviewed his information report, which was included in the docket materials.

In response to a question from Regent Spence regarding the College of Biological Sciences' constitution revision, Bruininks stated that most colleges have their own constitution which describes the mission of the college and its governance structure.

The meeting adjourned at 11:43 a.m.



**STEVEN BOSACKER**  
Executive Director and  
Corporate Secretary

**UNIVERSITY OF MINNESOTA**

**BOARD OF REGENTS**

**Finance & Operations Committee**

**November 6, 1997**

A meeting of the Finance & Operations Committee of the Board of Regents was held on Thursday, November 6, 1997, at 1:45 p.m. in Room 238, Morrill Hall.

Regents present: Robert Bergland, presiding; Julie Bleyhl, William Hogan, Warren Larson, H. Bryan Neel, and Thomas Reagan.

Staff present: President Mark Yudof; Chancellor David Johnson; Senior Vice Presidents Frank Cerra and JoAnne Jackson; Vice President McKinley Boston; Executive Director Steven Bosacker; and Associate Vice Presidents Ronald Campbell, Donald Riley, and Georgina Stephens.

Student Representative present: Matt Curry

**INFORMATION ITEMS**

Associate Vice President Stephens reported that Moody's has placed University of Minnesota bonds under review for a possible upgrade from a current rating of Aa3. Moody's noted the University's strong balance sheet and competent leadership of President Yudof. A decision will be made within 90 days.

**CONSENT REPORT**

Senior Vice President Jackson presented the Consent Report for November 1997 as found in the docket materials. Jackson noted the following items:

- (1) A general contingency fund balance of \$873,188; and
- (2) Two purchases over \$250,000:
  - \$320,625 to Information Access Company for internet access to journals; and
  - \$411,252 to IBM for a supercomputer.

The committee voted unanimously to recommend approval of the Consent Report.

**QUARTERLY MANAGEMENT REPORT**

Controller Terrence O'Connor and Associate Vice President Stephens presented the Quarterly Management Report. The report, found in the docket materials, combined a reporting of the University's financial position at the end of FY97 and the first quarter of FY98. O'Connor and Stephens highlighted information from the report.

Regent Reagan asked about the status of reaching a \$40 million balance in the central reserve fund. Jackson noted that in addition to the \$800,000 fund deposit indicated in the report, it is being recommended in the Committee of the Whole that the \$5.5 million proceeds from the sale of the Shoreview property be deposited in the central reserve fund. These proceeds will significantly contribute toward achieving the \$40 million goal.

In response to a question from Reagan, Stephens explained that, from a long-term perspective, we do not want to back off on foreign investments, but rather be prudent in how fast we increase our investments. Foreign investments are necessary for the University to be fully diversified.

Stephens added that our emerging market holdings are about 7% and our experience with them has been very good. Even though this is a risky area, the manager, Scudder, has consistently out-performed the benchmark.

### **ARAMARK CONTRACT**

Vice President Boston and Associate Vice President Campbell reviewed the proposed partnership between the University of Minnesota and Aramark Corporation to provide food services.

Boston outlined the three primary objectives of the partnership: first, to deliver high-quality food at affordable prices when and where desired; second, to create greater student participation in food service design; and, third, to create a financially self-sufficient food service program. These goals are not being achieved today. Food Services has lost money six of the last seven years and will lose money again this year. Five major studies of the current food service operation have been conducted over the past five years and a number of improvements were attempted. Significant investments were made in training, computers, and other capital improvements, but Food Services continually came up short on quality, value, convenience and the bottom line financial picture.

As a result, a public/private partnership option was considered to meet the goals of Food Services. The evaluation of this option was comprehensive and inclusive. The evaluation team consisted of 23 members representing broad constituencies from the community. Communication with all constituents was conducted over the past year and a half, with emphasis on student and labor participation. A request for proposal was issued and, after extensive review of the proposals received, the 23-member committee recommended Aramark for continued negotiations. Staff negotiated a non-binding letter of intent and will provide a definitive agreement for Board action at the December meeting. The goal is to implement the new partnership with Aramark on January 1, 1998.

Campbell provided an overview of the proposal for partnership with Aramark as found in the docket materials

In response to concerns from Regents Bergland and Reagan, Campbell stated that the transfer of employee benefits is a question of high interest. Regarding the civil service managers, the agreement is that their current wage structure and seniority in the new organization will remain the same. Negotiations regarding retirement and other benefits are still being conducted. Campbell added that there is a commitment to Teamster and AFSME employees that they will remain University employees for the next two years. In the meantime, this issue will be studied. Of the 12 vending Teamster employees, four will be offered jobs with Aramark, the rest will be laid off according to University guidelines. Aramark is very flexible in working with union employees.

President Yudof expressed appreciation for the cooperation and support shown by the student organizations. He added that this partnership will provide a source of money for Coffman renovations and for student activities.

Regent Bergland questioned the high cost for food in residence halls and how it will change under the new partnership. Campbell responded that the current board rate is 10th lowest in the Big 10. There will not be huge increases or decreases in costs, instead the students should see an improvement in the value they get. Boston assured the committee that the University has control over pricing.

Student Representative Curry thanked staff, on behalf of the students, for their efforts and stated that there is general student support for this partnership contingent upon the advisory group that will be established. Boston added that they are very committed to fulfilling the obligation to create an advisory group that will provide recommendations to the Office of Student Development and Athletics regarding the use of proceeds from the Aramark contract.

#### **SEAL AGREEMENT**

Associate Vice President Riley reviewed the SEAL Agreement as found in the docket material. Using money provided by the State in the last legislative session specifically for this purpose, the University would become a Secure Electronic Authentication Link (SEAL) Hub and Advanced Laboratory for Trade Efficiency and be established as the focal point for the United Nations Global Trade Point Network. Senior Vice President Jackson apologized for this agreement coming at the last minute, but explained that the risk is limited because the University is serving as pass through for the money.

Regent Larson expressed support and stated that he participated in a number of meetings in his community on this issue and believes this project needs to be placed on the fast track.

In response to a question from Regent Bergland, Riley explained that his department has invested some time and money into supporting this project. There are currently many unknowns that will become clear as the project progresses, however, the contract has a two-year limit.

A motion was made and seconded and the committee voted unanimously to recommend approval of the contract.

The meeting adjourned at 3:10 p.m.



**STEVEN BOSACKER**  
**Executive Director and**  
**Corporate Secretary**

**UNIVERSITY OF MINNESOTA**

**BOARD OF REGENTS**

**Committee of the Whole**

**November 6, 1997**

A meeting of the Committee of the Whole of the Board of Regents was held on Thursday, November 6, 1997, at 3:22 p.m. in Room 238, Morrill Hall.

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

Staff present: President Mark Yudof; Executive Vice President and Provost Robert Bruininks; Chancellors David Johnson and Donald Sargeant; Senior Vice President JoAnne Jackson; Vice President McKinley Boston; Acting Vice Presidents Carol Carrier and Thomas Swain; General Counsel Mark Rotenberg; Executive Director Steven Bosacker; and Associate Vice Presidents Ronald Campbell, Gerald Fischer, Clint Hewitt, Eric Kruse, and Donald Riley.

Student Representative present: Blessing Rugara.

**CONSENT REPORT: FACILITIES COMMITTEE**

Senior Vice President Jackson reviewed the Consent Report, which was included in the docket.

Jackson reported on the following recommended items for approval:

- A) Sale of approximately 84 acres of Salt Spring Lands in the Lake Vermillion area of St. Louis County to Terence M. and Bonita J. Fogarty for the sum of \$195,000.
- B) Sale of approximately 534.2 acres in Lawrence County, South Dakota, to Naneco Minerals Ltd., for the sum of \$825,000.
- C) Sale of approximately 209 acres in Shoreview, Minnesota, to Wispark Corporation, for the sum of \$5.5 million.
- D) Execution of a ground lease to the Gateway Corporation of a parcel at the southeast corner of University Avenue and Oak Street to be the site of the new Gateway Center, and execution of a University lease for 125,000 square feet of space in the Gateway Center.

Jackson reported that items A and B were presented at the Facilities Committee for information in October 1997.

Item C, sale of property in Shoreview, Minnesota, is presented for review and action this month. She reported that this property had been discussed previously, however, past purchase proposals have not materialized. It is believed that this proposed purchase by Wispark Corporation for the amount of \$5.5 million will proceed if approved by the Board.

Jackson reported that item D relates to the approval of a ground lease to the Gateway Corporation for the parcel of land at the southeast corner of University Avenue and Oak Street to be the site of the new Gateway Center. It will serve as the "front door" to the Minneapolis campus and will house the University of Minnesota Alumni Association, the University of Minnesota Foundation, the Minnesota Medical Foundation and will allow for rental space for other University-related offices, including the Board of Regents. With regard to funding, the University Gateway Corporation will issue fixed and variable rate bonds to fund the construction. A fundraising drive is in process with a goal of \$7.5 million. As fundraising dollars are received, the bond funding will be reduced.

Jackson reported that the Board approved proceeding with the project in April 1996 with a number of contingencies. The contingencies were listed in the docket material and Jackson assured the committee that each contingency has been or is in the process of being met.

Larry Laukka, Chief Executive Officer for the University Gateway Corporation, reported that the schematic plans for the building are available for review and the estimated construction costs are approximately \$26 million, with an estimated total cost for the entire project to be \$36 to \$40 million. Bids for construction will be advertised from December 1997 to March 1998. The contract will be awarded in March and construction will begin shortly thereafter with anticipated completion in August 1999.

In response to a question, Laukka reported that the Gateway Corporation is a separate entity that will be building and owning the facility which will be located on University land.

Regent Reagan asked if the administration is satisfied that the plans for the Gateway adequately addresses the Board's wishes for an appropriate memorial to all veterans as described in the resolution approved by the Board April 16, 1993. Jackson responded that the resolution has been reviewed with the Gateway Corporation and they are working to assure compliance with the Board's requests.

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

#### **CONSENT REPORT: FACULTY, STAFF AND STUDENT AFFAIRS COMMITTEE**

Executive Vice President and Provost Bruininks reviewed the Consent Report, which was included in the docket materials and noted the following for approval by the Board:

- The collective bargaining agreement with Teamsters Local 320 as outlined in the docket for November 6, 1997.

Vice President Carrier stated that the agreement covers approximately 1,150 University employees and is a two-year agreement that will be effective through June 1999. All terms of the agreement are consistent with the parameters that were established by the administration.

- Changes to the Minnesota/Wisconsin reciprocity agreement as outlined in the docket material.

Bruininks reported that the changes to the Minnesota/Wisconsin reciprocity agreement will be effective July 1, 1998. The changes include moving from a fixed-term agreement to an open-ended agreement and adding an *Administrative Memorandum* that would allow for yearly changes not subject to Wisconsin statute and legislative action. The agreement also "balances the books" by enacting a surcharge to Wisconsin undergraduate students attending the Twin Cities campus of the University of Minnesota. The surcharge will provide the University of Minnesota with additional revenue and, most importantly, will mean less disparity between the tuition charges for two like undergraduate students from either state attending the University of Minnesota, Twin Cities.

In response to a question, it was reported that in addition to Wisconsin, the University also has reciprocity agreements with North and South Dakota and the Province of Manitoba.

Regent Hogan asked if the University is optimizing its relationships with Wisconsin. Bruininks responded that there are a number of areas being explored for expanding relationships. As an example, the Twin Cities campus has embarked on a number of exciting academic partnerships with the University of Wisconsin, Madison. The partnerships range across nearly every academic area of the University and may have a long-term effect that will allow for development of joint academic programs and expand the extent to which the citizens of both states can be served.

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

#### **SUMMARY OF EXPENDITURES**

The following resolution was presented for approval relating to the Summary of Expenditures for the Board of Regents Office, the Office of the President, and Eastcliff Maintenance.

RESOLVED, that the Summary of Expenditures for the period July 1, 1997 to September 30, 1997 for the Board of Regents Office, the Office of the President, and Eastcliff Maintenance are hereby approved.

The committee voted unanimously to recommend approval of the resolution.

#### **ACADEMIC PRIORITIES IN DIGITAL SCIENCE, DESIGN, MULTIMEDIA & COMMUNICATIONS**

President Yudof introduced the item relating to initiatives and outcomes, particularly in the area of Digital Science, Design, Multimedia and Communications, that will result from, or are allowed or expanded by, the proposed Supplemental State Request and Capital Request. It was noted that this is one in a series of presentations intended to provide the Board with concrete examples of the outcomes the institution and the State will derive if the proposed requests are funded.

Dean H. Ted Davis, Institute of Technology, provided information relating to the area of digital science. Digital technology pervades every aspect of modern life. From home entertainment systems, internet commerce, and cellular phones to the high speed



computers and powerful software used to design machinery, vehicles, buildings, and clothing, digital technology has revolutionized industry, entertainment, education and commerce.

The University of Minnesota Digital Technology Center being planned will bring together and focus the considerable strengths of several colleges in scientific computation and visualization, animation, medical graphics and display, design and manufacturing, molecular biology simulations, electronic commerce, multimedia, and digital publishing. The use of digital technology in the delivery of education to anyone, anywhere at any time will be an area of activity of the Center. The research, educational and outreach programs of the Center will improve the quality of education and research at the University, enhance the national reputation of the University, and help the state reclaim its leadership in industries built on digital technology.

Dean Thomas Fischer, College of Architecture & Landscape Architecture, presented information relating to the design initiative. Virtually everything we use in our daily lives is designed: our buildings, roads, and parks; our rooms, furniture, equipment, and clothing; our farms, landscapes, and machinery. And good design has real economic value, making people more productive, companies more competitive, and places more appealing. Minnesota has a tradition of promoting a high quality of life through good design and a growing number of companies whose competitive advantage rests on well-designed products. The Twin Cities metro area also has long been a center of design thinking and of design services. A design initiative at the University would not only strengthen our existing programs in design, but would be the basis for growing new areas of design research and expanding the design industry here.

The design initiative hopes to: 1) connect design disciplines across the campus to work on interdisciplinary teaching or research efforts; 2) raise the visibility of design thinking in "non-design" disciplines; and, 3) help apply the expertise of the University and the community to complex societal problems in a holistic manner. Taking a cue from the University's successful digital summit, we will work toward a design summit in 1998, the planning for which will bring together various design interests in the University and the community. The goal of the summit will be to define new design programs, such as industrial or Web design, as well as new research and community outreach opportunities. The design initiative will also connect to other initiatives at the University, with electronic environment design as a part of the digital initiative, and with the possibility of a radio, print, and web-based design communication component as a part of the multi-media initiative. No region in this country has yet sought to establish and promote itself as a center of design excellence, and this initiative would have that as a long-term goal, building upon our existing strengths and securing a key component of the region's economy well into the next century.

Dean Steven Rosenstone presented information on the communication studies initiative. Minnesota is a national leader in the communications industry. The advent of and growth in digital and visualization technologies, telecommunications, the Internet, and interactive communication over the past two decades has transformed the industry and blurred the boundaries between communications media, changing the way information not only is framed and communicated but is received, processed, and acted upon. These changes have broad implications for the media's role in and relationship to social and political institutions, the national and world economy, cross-cultural relations, government, education, and the body politic.

The communication studies initiative reflects a new vision of communication studies at the University of Minnesota. Grounded in a broad-based liberal arts education, the initiative incorporates new communication technologies and encompasses journalism and mass communication, speech-communication, television, radio, film, video, advertising, public relations, and publishing. The initiative builds on the strengths of the faculty while forging critical partnerships with Minnesota

businesses and media organizations to produce creative, thoughtful, and technologically adroit graduates who are ready to step into and keep up with the rapidly moving current of the communications industry.

The initiative requires:

- an overhaul of the infrastructure -- buildings, hardware, laboratories, and research and teaching space;
- an infusion of new high-caliber faculty to work with current faculty to build a world-class program as well as staff to provide the technical support the programs require;
- resources to enhance cooperation and partnerships with communications-related businesses throughout the state of Minnesota; and
- resources for broad collaboration across disciplines.

Given the importance of communication studies to educating students for the twenty-first century, and given the importance of the communications industry to the state of Minnesota, it is imperative that we seize this opportunity to reinvest in excellence and restore to greatness those disciplines that have lost ground over the last decade of deep budget cuts.

#### **SOUTH MALL DEVELOPMENT PROJECT**

Senior Vice President Jackson and Associate Vice Presidents Hewitt and Kruse presented a second report on the development of the south mall area of the campus. The primary focus of the presentation centered on how the principles and policies in the master plan guided the proposal for development of the south mall area concept and how the development relates to the "Capital Plan for the Support of Academic Programs in the Twenty-First Century." Reviewing information from the October committee meeting, it was noted that a proposal to issue a request for proposal (RFP) was presented for review to advertise for the design, construction, and management options to provide 350 to 500 beds and a replacement parking facility on the south mall. Outside financing of the project is preferred in the RFP, however, the response to the proposal will provide for other financing options, including University ownership, and public/private partnerships.

Through the use of visual aids, Hewitt provided a brief background on the south mall, showing the initial campus site before any development in 1851, a plan proposed by architect Cass Gilbert in 1907, and the north and south mall as they appear today. He noted that the original proposals for development of the campus stressed the importance of the river to the campus, however, as the campus was developed the river was neglected. With regard to the campus master plan, there are three issues that drive the plan, 1) an action by the Board supporting housing; 2) the need for the replacement of the East River Road ramp; and, 3) a need to renovate Coffman Memorial Union. These three issues were the main factors for exploring the opportunity of building housing on the South mall. Hewitt also suggested that the master plan addresses the importance of bringing activity and "life" to this precinct of the campus. A scale model of the campus was provided to show a possible conceptual scenario for development of the south mall. It was stressed that the model is not a design being proposed, but rather a possible scenario to show what the area would look like if developed according to the master plan.

Vice President Boston addressed the issues the University is facing with regard to student housing. The U2000 vision mandated a reassessment and change in housing policy. The current housing policy is that housing is guaranteed to any freshman who applies by May 1. In Fall 1997, 3,500 freshmen applied for housing. All except 60 were accommodated. Four hundred new or transfer students were not accommodated. The

waiting list for housing in June 1997 was over 800. This leads the administration to believe that there is a need for additional housing on the Minneapolis campus.

Boston referred to the private housing developments near campus, noting that he is convinced that the private development efforts will benefit the University in a significant way but will probably not come close to solving the available housing problem. It is estimated, based on residence hall retention analysis, that the unmet demand for housing by the year 2002 could be over 1,400. Associate Vice President Campbell added that with retention rates rising, the demand for housing will be even greater.

Yudof stated that the Board needs to consider a number of issues as the discussion on housing continues. The issues are: 1) what is the supply of available private housing in the near future going to be; 2) what will the demand for housing be after freshman year and will the University have more commuters requesting housing; and, 3) the cost of building housing on the river and what will students pay to live there.

Regent Neel asked for information on the definition of a commuter campus. Boston responded that he will provide the Board with that information.

Regent Reagan requested that the administration utilize the students and faculty in the College of Architecture and Landscape Architecture with development plans for housing or construction on the south mall.

Chair Hogan called a close to the discussion and announced that the issue will be added to the agenda for the Committee of the Whole on Friday morning for a continued discussion.

The meeting adjourned at 5:20 p.m.



**STEVEN BOSACKER**  
**Executive Director and**  
**Corporate Secretary**

**UNIVERSITY OF MINNESOTA**

**BOARD OF REGENTS**

**Committee of the Whole**

**November 7, 1997**

A meeting of the Committee of the Whole of the Board of Regents was held on Friday, November 7, 1997, at 9:11 a.m. in Room 238, Morrill Hall.

Regents present: William Hogan, presiding; Robert Bergland, Julie Bleyhl, Warren Larson, David Metzen, Michael O'Keefe, Jessica Phillips, Maureen Reed, and Patricia Spence.

Staff present: President Mark Yudof; Executive Vice President and Provost Robert Bruininks; Chancellors David Johnson and Donald Sargeant; Senior Vice Presidents Frank Cerra and JoAnne Jackson; Vice President McKinley Boston; Acting Vice Presidents Mike Martin and Thomas Swain; General Counsel Mark Rotenberg; Executive Director Steven Bosacker; and Associate Vice Presidents Ron Campbell, Gerald Fischer, Clint Hewitt, Eric Kruse, and Richard Pfitzenreuter.

Student Representative present: Blessing Rugara.

**INTRODUCTION OF VICE PROVOSTS**

The following newly-appointed administrators in the Office of the Executive Vice President & Provost were introduced to the committee: Norma Allewell, Ann Hill Duin, Robert J. Jones, and Craig Swan.

**RECOGNITION & INTRODUCTION OF CIVIL SERVICE COMMITTEE MEMBERS**

President Yudof acknowledged the efforts of the Civil Service Committee. He recognized outgoing Civil Service Committee members Maureen Brown Boxrud, Ellen Downing, and Anne Mockovak. Special recognition was given to Susan Carlson Weinberg for her outstanding leadership as chair during the past year.

Don Cavalier, current chair of the Civil Service Committee, introduced the 1997-98 Civil Service Committee members present at the meeting. New members joining the committee are John Blair and George Hoh.

**CONTINUATION OF REPORT ON SOUTH MALL PROJECT**

The committee continued its discussion from the previous day on the South Mall Project.

In response to an inquiry, Associate Vice President Hewitt began the presentation with history on the master planning committee, its composition and the master planning process. He referred to the scale model that was prepared for the committee, provided information regarding the designers, and reported that the concepts

used to design the scale model broadly match the emphasis in the Master Plan for the Twin Cities campus. President Yudof emphasized that the scale model is not a recommendation from the administration, it is just an example of how the campus might be developed to extend the mall down to the river.

Regent Neel asked if the administration anticipates any issues with regulatory agencies regarding development of the south mall area. Hewitt responded that the Park Board owns the land from East River Road to the river. A full connection of the campus to the river will require cooperation with the Minneapolis Park Board. The Minneapolis Park Board has been involved in the master planning process and will continue to be involved as discussions proceed.

Regent O'Keefe expressed concern that the scale model will be perceived as being the design endorsed by the Board and administration. He stated that there are a number of alternatives that could be considered for development of the space and the Board should be discussing the policy issues relating to the needs for the space before a design is presented.

Jackson and Kruse continued the presentation providing data relating to various construction and financing alternatives for the construction of new housing. Comparisons between a University standard structure and a public/private structure were also provided. Material detailing the financial scenarios are available in the Board office.

Regent Metzen questioned whether alternative sites have been explored for construction of student housing. He said he is not opposed to housing on the south mall, but would like the administration to provide the Board with alternative sites that might also be designated for housing. Metzen also asked that the Board discuss, as a policy issue, whether or not the mission of the University should include operation of housing facilities.

Regent Spence noted that the master plan does address two additional alternative sites for housing on campus, but she feels this is the opportune time to construct housing on the south mall site. The capital project for the renovation of classrooms on Northrop mall, the Coffman Memorial Union (CMU) remodeling project and the deterioration of the parking ramp adjacent to CMU are reasons that provide the south mall site as an excellent one at this time. It would also provide an inviting living atmosphere for students and would create a customer base for CMU. She added that she does not believe the University should be in the housing business and that this project should be a public/private partnership.

Concluding the presentation, Jackson noted that replacement of the parking ramp will result in a significant increase in parking rates. The proposed plan for replacement parking would be to provide an underground facility and the increase in parking rates will be "spread over all other structured parking."

Regent Hogan asked that the administration consider the following questions that have arisen during the discussion and be prepared to respond to the Board at the December meeting:

- 1) What is the decision-making process for the south mall?
- 2) Should the University build more housing on campus?
- 3) If the answer to the above question is yes, how will it be financed?

He added that he believes the housing issue is a policy issue that the Board needs to address in addition to decisions about the south mall.

Regent Phillips stated that students are not particularly concerned about the kind of building that is constructed, but do care about the money they have to pay for rent. It is important to consider the affordability for students when planning for housing construction.

Regent O'Keefe requested that a policy discussion be held regarding whether the University should be in the business of maintaining or managing student housing. He stated he is not requesting a recommendation from the administration but rather a discussion that provides alternatives for the Board's consideration. Secondly, if the Board does decide that the University is in the business of constructing student housing, the policy issue of whether it should be subsidized up front or financed through debt over time should also be discussed. Thirdly, he requested more information on the design, decision-making process, and timeline for development of the south mall.

Regent Bergland asked if the University has ever had a capital campaign for student housing? Associate Vice President Fischer reported that the University Foundation is in the process of planning a major capital campaign. The issue of improving residential life on campus is one that can be explored.

Regent Hogan asked that the administration also explore how other major universities finance their student housing.

President Yudof stated that he will review the comments that have been made by Board members and will report back to the Board on this issue for further discussion at the December meeting.

#### **QUARTERLY FACULTY CONSULTATIVE COMMITTEE REPORT**

Professor Victor Bloomfield, Chair of the Faculty Consultative Committee (FCC), presented the FCC quarterly report.

The report highlighted ten issues on which the faculty wishes to work with the administration and Board during the coming academic year:

1. Shared governance and restoring trust between faculty and Regents.
2. Faculty salaries.
3. Dramatic changes in health insurance coverage for faculty and staff.
4. The trade-off between operations and maintenance and indirect cost recovery funding as it affects the stability of the research enterprise.
5. Proper consultation between faculty and administration with the abolition of the provostal system.
6. The University's slip in NRC graduate program rankings over the past 20 years.
7. The balance between tenured and tenure-track faculty with term faculty and academic professional staff.
8. Effective public relations for the University.
9. Legal issues that assume greater prominence each year i.e. intellectual property and conflict of interest policies; accusations of sexual harassment, etc.
10. The need to improve the connection between planning and budgeting.

A complete copy of the report was included in the docket material and is on file in the Board office.

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

Luella Goldberg and Gerald Fischer, Chair and President of the University of Minnesota Foundation (UMF) presented the UMF's annual report.

Goldberg made introductory remarks stating that it has been a remarkable year for voluntary support for the University of Minnesota. She expressed gratitude for the support and encouragement that the Foundation has received from the Board of Regents and President Yudof during the past year. What is most pleasing to the members of the Foundation during a record year of support is the potential for making a difference for excellence at the University of Minnesota.

Fischer highlighted details from the Annual Report, indicating that total new gift production for 1997 totaled \$107 million, the highest yearly gift support in the history of the University Foundation.

Fischer reviewed 1997 gifts by size and donor profile, noting that 40% is donated by organizations, foundations and corporations; 28% by alumni; 30% by non-alumni; and 2% by faculty and staff. The market value of the University's combined endowment funds (University of Minnesota Foundation, Minnesota Medical Foundation, and University of Minnesota) was \$1,139 million as of June 30, 1997, compared to \$955 million in 1996.

Focusing on the UMF, Fischer reported that the endowment has grown from \$105.9 million in 1987 to \$496.5 million in 1997 with a 24.7% return for a one-year period ending September 30, 1997. The University of Minnesota ranks 11th among all public and private universities in fundraising and 4th among all public universities.

Looking to the future, the Foundation projects \$140 million in annual gift production by the year 2003 and a \$1 billion in assets. They envision working in partnership with the University, alumni, and community leaders to create a distinct margin of excellence at the University of Minnesota. In the next three years, the Foundation goals are to:

- have gift commitments of \$500 million by January 1, 2000;
- increase alumni giving from 30,000 to 42,000;
- raise donor satisfaction with the use and impact of their gifts;
- create an organization to manage \$140 million in annual gifts, and \$1 billion in assets; and
- successfully complete the Gateway project.

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

A motion was made and seconded to recommend approval of the following appointments to the University of Minnesota Foundation Board of Trustees:

William E. Hogan II - appointed for a three-year term, November 1997-2000  
Wendell R. Anderson - reappointed for a three-year term, November 1997-2000  
Stanley D. Sahlstrom - reappointed for a three-year term, November 1997-2000  
Emily Anne Tuttle - reappointed for a three-year term, November 1997-2000  
M. Elizabeth Craig - reappointed for a three-year term, November 1997-2000

The committee voted unanimously to recommend approval of the appointments to the University of Minnesota Foundation Board of Trustees.

**RESOLUTION TO EXTEND TERMS OF  
FAIRVIEW UNIVERSITY MEDICAL CENTER DIRECTORS**

A motion was made and seconded to recommend approval of the following resolution extending the initial terms of the Board of Regents appointees to the Fairview University Medical Center Board.

WHEREAS, pursuant to the Affiliation Agreement between the University and Fairview Hospital and Healthcare System ("Fairview"), the Board of Regents shall appoint certain members to the Board of Trustees of Fairview University Medical Center, and

WHEREAS, the Board of Regents appointed trustees to the Fairview University Medical Center Board of Trustees in October 1996, to serve staggered terms commencing January 1, 1997, and

WHEREAS, within the Fairview system the cycle of Board terms commence in June, rather than January, and it would be advantageous to conform to that cycle and to commence the terms of Board of Regents appointees to the Fairview University Medical Center Board in June, for purposes of organization, new member orientation, etc.,

THEREFORE, be it hereby resolved that the initial terms of the Board of Regents appointees to the Fairview University Medical Center Board are hereby extended five months, in order to conform to the Fairview cycle of Board appointments, to expire in May, and commence in June. In the future, the Board of Regents shall take action in May of each year to appoint or re-appoint members to the Fairview University Medical Center Board of Trustees, for terms which will commence in the month of June.

The committee voted unanimously to recommend approval of the resolution.

**RESOLUTION: DESIGNATION OF NORTHROP MALL  
AS A CAMPUS HISTORICAL DISTRICT**

A motion was made and seconded to recommend approval of the following resolution relating to the designation of Northrop mall as a campus historical district:

WHEREAS, the University seeks to preserve its heritage by its continuing commitment to preserve historic buildings and landscapes;

WHEREAS, the University in its Campus Master Plan, adopted by the Regents in September 1996, recognizes that "the presence and continued use of historic buildings and landscapes solidifies the image of the campus as an enduring institution and creates an inspiring environment within which to live and work";

WHEREAS, Northrop Mall, including all the buildings immediately facing the Mall, is an area possessing integrity of location, design, setting, materials, spirit and association, with distinctive characteristics of architectural quality and cultural significance in the history of the state;



WHEREAS, the Regents desire to preserve and enhance the Northrop Mall consistent with the Campus Master Plan and its use in the pursuit of the goals and purpose of the University;

WHEREAS, any construction or remodeling on the Northrop Mall should consider and attempt to preserve to the extent consistent with the Master Plan and University purposes the historical aspects of the Northrop Mall and its buildings;

NOW, THEREFORE, BE IT RESOLVED, that the Board of Regents recognizes Northrop Mall, including all the buildings immediately facing the Mall, as an important symbol of the University of Minnesota and designates the Northrop Mall as a campus historical district;

BE IT FURTHER RESOLVED, that the Board of Regents directs that appropriate policies, principles and procedures be developed, consistent with the Campus Master Plan, to ensure that the historic values of the buildings and landscapes of the Northrop Mall will be thoroughly considered in any future development of the area.

Yudof reported that approval of this resolution will implement the capital plan with respect to assuring the consideration of the historic aspects of the mall in construction or remodeling activity.

Rotenberg addressed some legal implications if the resolution is approved. There is no legal effect on the authority of the Board of Regents to govern the appearance and existence of the buildings that would be within the Northrop mall campus historical district. The Board has the general authority to erect, modify, or raze buildings on University property. The resolution will not alter that constitutional authority. However, it is important to understand that there have been in the past and are in existence at the present time, designations of certain buildings that the Board has previously approved, that are on the National Register. Because of their designation on the National Register and because of the operation of the Minnesota Environmental Rights Act, there are restrictions on the Board's authority to modify or raze those buildings. While this does not apply to the resolution under consideration at this time, Rotenberg indicated that the Board should be aware of the regulations regarding buildings listed on the National Register.

The committee voted unanimously to recommend approval of the resolution.

### **1998 STATE CAPITAL REQUEST**

A motion was made and seconded to recommend approval of the following resolution recommending approval the University's capital request to the State in the amount of \$248,950,000, as part of the "Capital Plan for the Support of Academic Programs in the 21st Century:"

WHEREAS, the citizens of Minnesota have made significant investments in their University of Minnesota for nearly 150 years creating historic, architecturally significant, and productive campuses which have served the state well with educated citizens, research in the advance of knowledge, and outreach improving the State's quality of life and supporting its economy; and

WHEREAS, the University seeks to preserve its heritage by its continuing commitment to preserve historic buildings and landmarks; and

WHEREAS, the University seeks to further the University's leadership in interdisciplinary research, to spark the State's economy, and to strengthen University/industry partnerships; and

WHEREAS, the University seeks to enhance its national and international reputation by strategically linking capital resources and academic investments in key academic areas such as biology at the molecular and cellular level, digital technology, multi-media, design, and agricultural research and outreach;

NOW, THEREFORE, BE IT RESOLVED, that the Board of Regents approve the University's capital request to the State of \$248,950,000, as part of the "Capital Plan for the Support of Academic Programs in the 21st Century", and

BE IT FURTHER RESOLVED, that the President forward this request to the State of Minnesota for consideration in the 1998 legislative session.

The committee voted unanimously to recommend approval of the resolution.

The meeting adjourned at 11:38 a.m.



**STEVEN BOSACKER**  
**Executive Director and**  
**Corporate Secretary**

**UNIVERSITY OF MINNESOTA**

**BOARD OF REGENTS**

**November 7, 1997**

A meeting of the Board of Regents of the University of Minnesota was held on Friday, November 7, 1997 at 11:39 a.m. in Room 238, Morrill Hall.

Regents present: Robert Bergland, Julie Bleyhl, William Hogan, Warren Larson, David Metzen, H. Bryan Neel, Michael O'Keefe, Jessica Phillips, and Patricia Spence. President Mark Yudof, presiding.

Staff present: Executive Vice President and Provost Robert Bruininks; Senior Vice President JoAnne Jackson; Acting Vice President Mark Brenner; General Counsel Mark Rotenberg; Executive Director Steven Bosacker; and Associate Vice Presidents Gerald Fischer and Eric Kruse.

**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 - October 9, 1997  
Faculty, Staff & Student Affairs Committee - October 9, 1997  
Educational Planning & Policy Committee - October 9, 1997  
Finance & Operations Committee - October 9, 1997  
Committee of the Whole - October 9, 1997  
Board of Regents Meeting - October 9, 1997  
Committee of the Whole - October 10, 1997  
Board of Regents Meeting - October 10, 1997

**REPORT OF THE PRESIDENT**

President Yudof talked about the good work of the Board of Trustees of the Fairview University Medical Center. He stated that the consolidation has required a tremendous commitment of time, energy, and adjustment by both institutions. The success of the new affiliation has demanded outstanding leadership from the Medical Center's Board of Trustees. He wanted to publicly acknowledge their service and thank them for their continued dedication and leadership.

Yudof also discussed the University's Capital and Supplemental Requests. He stated that the requests are critical to both the future of the University of Minnesota and the entire state. Securing support for the request will require a statewide commitment. A communications plan is being developed that will be his number one priority until the end of the legislative session. The plan will include involvement by regents, alumni, faculty, and the business community and will respond to the central question of how to nurture the past while preparing for the future.

**REPORT OF THE CHAIR**

Chair Hogan commented on the inauguration of President Yudof noting that it was a great celebration and indicating that he has sent letters, on behalf of the Board,

to members of the Inauguration Committee expressing appreciation for the hard work that was involved in organizing the events for the week.

Hogan reported that he met last week with MnSCU Board Chair Mike Vekich and Chancellor Morrie Anderson. They discussed the possibility of holding a Board of Regents meeting on a MnSCU campus in spring 1998.

He reported that the Board and President had dinner Thursday evening with leaders from the Minnesota business and industry community. The event was held to kick off a series of "fireside chats" to talk about how to further develop the role of the University as the State's economic engine.

Hogan called on Vice Chair Spence who thanked Board members for their full participation in the discussions relating to the housing issue and she reminded Board members of the importance of initiating conversations with their community and civic groups in support of the capital budget request.

### **ELECTION OF TREASURER**

As indicated in docket materials, Senior Vice President JoAnne Jackson officially resigned her position of Board Treasurer effective November 7, 1997. President Yudof, therefore, opened nominations for the position.

Chair Hogan nominated Ms. Georgina Stephens for the position of Treasurer of the University of Minnesota. The nomination was seconded. President Yudof asked if there were any other nominations. There were none. The Board voted to close nominations.

The Board of Regents voted unanimously to approve the election of Georgina Stephens as Treasurer of the University of Minnesota.

### **RECEIVE AND FILE REPORTS**

President Yudof noted the receipt and filing of the quarterly grants and contracts report.

### **GIFTS**

Associate Vice President Gerald Fischer presented the monthly list of gifts for September 1997 to the University of Minnesota, the University of Minnesota Foundation, the Arboretum Foundation, and the Minnesota Medical Foundation as listed in the docket material and on file in the Board Office

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

### **REPORT OF THE COMMITTEE OF THE WHOLE November 6, 1997**

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

- a) Approval of the Facilities Committee Consent Report as presented to the committee in the docket material and including the following items:

- Sale of approximately 84 acres of Salt Spring Lands in the Lake Vermillion Area, St. Louis County, to Terence M. and Bonita J. Fogarty.
  - Sale of Stevens Brothers Trust Property in Lawrence County, South Dakota.
  - Sale of Shoreview, Minnesota property to Wispark Corporation.
  - Ground lease to the Gateway Corporation for a parcel of land at the southeast corner of University Avenue and Oak Street and execution of a University lease for 125,000 square feet of space in the Gateway Center.
- b) Approval of the Faculty, Staff & Student Affairs Committee Consent Report as presented to the committee in the docket material and including the following items:
- Approval of a collective bargaining agreement with Teamsters Local 320.
  - Approval of the changes to the Minnesota/Wisconsin reciprocity agreement, effective July 1, 1998.
- c) Approval of a resolution relating to the Summary of Expenditures as follows:

RESOLVED, that the Summary of Expenditures for the period July 1, 1997 to September 30, 1997 for the Board of Regents Office, the Office of the President, and Eastcliff Maintenance are hereby approved.

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

Hogan reported that the committee also reviewed information relating to academic priorities in Digital Science, Design, Multimedia & Communications and a report on the south mall project.

**REPORT OF THE COMMITTEE OF THE WHOLE  
November 7, 1997**

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

- a) Approval of a resolution relating to appointments to the University of Minnesota Foundation, as follows:
- RESOLVED, that Regent William E. Hogan, II be appointed to serve on the UMF Board of Trustees for a three-year term, November 1997-2000; and that Wendell R. Anderson, Stanley D. Sahlstrom, Emily Anne Tuttle, and M. Elizabeth Craig be reappointed to serve on the UMF Board of Trustees for three-year terms, November 1997-2000.
- b) Approval of a resolution relating to extension of terms for the Fairview University Medical Center, as follows:

WHEREAS, pursuant to the Affiliation Agreement between the University and Fairview Hospital and Healthcare System ("Fairview"), the Board of Regents shall appoint certain members to the Board of Trustees of Fairview University Medical Center, and

WHEREAS, the Board of Regents appointed trustees to the Fairview University Medical Center Board of Trustees in October 1996, to serve staggered terms commencing January 1, 1997, and

WHEREAS, within the Fairview system the cycle of Board terms commence in June, rather than January, and it would be advantageous to conform to that cycle and to commence the terms of Board of Regents appointees to the Fairview University Medical Center Board in June, for purposes of organization, new member orientation, etc.,

THEREFORE, be it hereby resolved that the initial terms of the Board of Regents appointees to the Fairview University Medical Center Board are hereby extended five months, in order to conform to the Fairview cycle of Board appointments, to expire in May, and commence in June. In the future, the Board of Regents shall take action in May of each year to appoint or re-appoint members to the Fairview University Medical Center Board of Trustees, for terms which will commence in the month of June.

- c) Approval of a resolution relating to the designation of Northrop Mall as a Campus Historical District, as follows:

WHEREAS, the University seeks to preserve its heritage by its continuing commitment to preserve historic buildings and landscapes;

WHEREAS, the University in its Campus Master Plan, adopted by the Regents in September 1996, recognizes that "the presence and continued use of historic buildings and landscapes solidifies the image of the campus as an enduring institution and creates an inspiring environment within which to live and work";

WHEREAS, Northrop Mall, including all the buildings immediately facing the Mall, is an area possessing integrity of location, design, setting, materials, spirit and association, with distinctive characteristics of architectural quality and cultural significance in the history of the state;

WHEREAS, the Regents desire to preserve and enhance the Northrop Mall consistent with the Campus Master Plan and its use in the pursuit of the goals and purpose of the University;

WHEREAS, any construction or remodeling on the Northrop Mall should consider and attempt to preserve to the extent consistent with the Master Plan and University purposes the historical aspects of the Northrop Mall and its buildings;

NOW, THEREFORE, BE IT RESOLVED, that the Board of Regents recognizes Northrop Mall, including all the buildings immediately facing the Mall, as an important symbol of the University of Minnesota and designates the Northrop Mall as a campus historical district;

BE IT FURTHER RESOLVED, that the Board of Regents directs that appropriate policies, principles and procedures be developed, consistent with the Campus Master Plan, to ensure that the historic values of the buildings and landscapes of the Northrop Mall will be thoroughly considered in any future development of the area.

- d) Approval of a resolution relating to the 1998 State Capital Request, as follows:

WHEREAS, the citizens of Minnesota have made significant investments in their University of Minnesota for nearly 150 years creating historic, architecturally significant, and productive campuses which have served the state well with educated citizens, research in the advance of knowledge, and outreach improving the State's quality of life and supporting its economy; and

WHEREAS, the University seeks to preserve its heritage by its continuing commitment to preserve historic buildings and landmarks; and

WHEREAS, the University seeks to further the University's leadership in interdisciplinary research, to spark the State's economy, and to strengthen University/industry partnerships; and

WHEREAS, the University seeks to enhance its national and international reputation by strategically linking capital resources and academic investments in key academic areas such as biology at the molecular and cellular level, digital technology, multi-media, design, and agricultural research and outreach;

NOW, THEREFORE, BE IT RESOLVED, that the Board of Regents approve the University's capital request to the State of \$248,950,000, as part of the "Capital Plan for the Support of Academic Programs in the 21st Century", and

BE IT FURTHER RESOLVED, that the President forward this request to the State of Minnesota for consideration in the 1998 legislative session.

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

Hogan reported that the committee also continued its discussion relating to the south mall project; reviewed the quarterly Faculty Consultative Committee Report; and reviewed the annual University of Minnesota Foundation Report. There was also a recognition of Civil Service Committee members and an introduction of vice provosts of in the Office of the Executive Vice President and Provost.

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

Regent Bergland, Chair of the committee, reported that the committee voted unanimously to recommend and including the following items:

- a) Approval of the Finance & Operations Committee Consent Report as presented to the committee in the docket material and listed below:
  - Purchase of Goods and Services over \$250,000.
  - General Contingency transfers of \$250,000 or more.
- b) Approval to proceed with a contract between the University of Minnesota and the GIFT Foundation for establishing and operating a Secure Electronic Authentication Lind (SEAL) Hub and Advanced Laboratory for Trade Efficiency (ALTE), with assistance by the GIFT Foundation and the GIFT Advanced Laboratory for Trade Efficiency in Melbourne, Australia.

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

Bergland reported that the committee also reviewed a number of information items reported on by Senior Vice President Jackson; reviewed the Quarterly Management Report; and reviewed information relating to a proposed partnership between the University of Minnesota and Aramark Corporation to provide food services.

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

Regent O'Keefe, Chair of the committee, reported that the committee engaged in a discussion relating to the review of critical measures and planning and performance strategy; finalized the committee agenda for next year; and reviewed a number of information items provided by Executive Vice President and Provost Bruininks.

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

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

## **REPORT OF THE FACILITIES COMMITTEE**

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

## **REPORT OF THE AUDIT COMMITTEE**

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

- a) Approval of the Quarterly Internal Audit Report as presented to the Audit Committee and included in the docket materials.

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



Larson reported that the committee also reviewed the Audit Committee Charter; engaged in a discussion relating to the annual external auditor's review of University financial statements; and Executive Vice President and Provost Bruininks reviewed a number of information items for the committee. Review of the semi-annual report of the Controller was postponed until the next meeting of the Audit Committee.

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

The Litigation Review Committee did not meet in October.

Regent Peterson, Chair of the committee noted that he had met a number of times with President Yudof and General Counsel Rotenberg with regard to the out-of-court settlement with the investment firm of Piper Jaffray. As noted in the newspaper, the University received \$6.75 million from settlement of the lawsuit.

### **NEW BUSINESS**

#### **Amend Board Meeting Calendar**

A motion was made and seconded to amend the Board meeting calendar to eliminate the January 1998 meeting.

The Board of Regents voted unanimously to approve the following resolution:

RESOLVED, that the meeting dates for 1997-98 are amended as presented in the docket material to eliminate the January 1998 meeting.

It was also noted that the April 1998 meeting will be held on the campus of Southwest State University in Marshall, Minnesota.

#### **Presiding Officer at Board of Regents Meeting**

President Yudof presented a recommendation to establish the Chair of the Board as the presiding officer at Board of Regents meetings effective with the January 1998 meetings. He reported that a review of the Board minutes suggest that, while practice has been mixed, a Regent rather than the President typically has presided at Board of Regents meetings. The earliest available records of the Board of Regents meetings begin in 1889, and the Bylaws adopted that year provided that the President would preside at the meetings. However, the subsequent minutes do not identify a presiding officer until August 1911 when they indicate a Regent presiding, a practice that continued until August 1972. Based on the actual minutes from 1911 to 1972, a total of 61 years, a Regent presided at Board of Regents meetings. From 1972 to 1997, a total of 25 years, the President has presided at Board of Regents meetings.

It was noted that with this change, the Board's Bylaws will be inconsistent with the Board of Regents Policy: Board Operations and Agenda Guidelines, however, the Bylaws will take precedence in governing board procedure. The policy on Board Operations and Agenda Guidelines will be brought to the Board in the near future with a number of procedurally conforming amendments.

The Board of Regents will vote on this item at the December 1997 Board meeting.

**RESOLUTION RELATED TO SPECIAL MEETING OF THE  
FINANCE AND OPERATIONS COMMITTEE**

**University of Minnesota and IBM Partnership Agreement**

President Yudof distributed docket material relating to a proposed agreement between the University of Minnesota and IBM Corporation. He called on Regent Bergland who explained that this item did not come to the Finance & Operations Committee in time for the proper review. He stated that the committee has been informed that action needs to be taken on the item by Monday, November 10, 1997 to take advantage of a price discount. He presented the following resolution to authorize a special meeting of the Finance & Operations committee. A motion was made and seconded to approve the following resolution:

BE IT RESOLVED, that in order to provide for timely review of the proposed contract with IBM, the Board of Regents authorizes the Finance and Operations Committee to take final action on behalf of the Board with respect to the contract proposal without further review by the full Board.

BE IT FURTHER RESOLVED, that the Finance and Operations Committee will hold a special meeting on Monday, November 10, 1997, for the purpose of considering the IBM contract proposal.

The Board of Regents voted unanimously to approve the resolution.

Regent Bergland expressed concern about receiving the item late without the committee having time for review.

**Information Item**

Regent Phillips noted that the citizens of Morris voted on November 4, 1997 to approve a \$1 million bonding referendum to assist in the building of a new recreation and sports center for the University of Minnesota Morris. This is an example of how well the University is doing in building relationships with the communities surrounding its campuses.

The meeting adjourned at 12:15 p.m.



**STEVEN BOSACKER  
Executive Director &  
Corporate Secretary**

**UNIVERSITY OF MINNESOTA**

**BOARD OF REGENTS**

**Finance & Operations Committee**

**November 10, 1997**

A meeting of the Finance & Operations Committee of the Board of Regents was held on Monday, November 10, 1997, at 4:00 p.m. in Room 301, Morrill Hall.

Regents present via teleconference: Robert Bergland, presiding; Julie Bleyhl, William Hogan, Warren Larson, and H. Bryan Neel.

Staff present: Executive Vice President and Provost Robert Bruininks; Senior Vice President JoAnne Jackson; Vice President Carol Carrier; Executive Director Steven Bosacker; and Associate Vice President Don Riley.

**UNIVERSITY OF MINNESOTA AND IBM PARTNERSHIP AGREEMENT**

Executive Vice President and Provost Bruininks and Senior Vice President Jackson explained to the committee that the University of Minnesota and IBM have negotiated a partnership for the purpose of developing and implementing a Web-based application product to meet the University's needs for delivering student and human resource services and to be a product that IBM and the University can successfully market to other institutions of higher education. The proposed partnership is being presented to the committee for approval. Bruininks reminded the committee that at the Committee of the Whole meeting on Friday, November 7, the Board of Regents authorized the Finance & Operations Committee to make the decision on this matter without subsequent concurrence by the full Board.

Bruininks introduced Assistant Vice President Stephen Cawley, project director for the enterprise systems project; Associate Counsel Nancy Hoyt, who negotiated the contract; and Michael Handberg, manager of the project.

Bruininks stated that project discussions have been taking place for the past 18 months. It was determined that the University needed to develop a product that did not exist in the software world. The envisioned product would build upon the University's current Web front-end to student systems, and would change the entire paradigm to be a self-service model focusing on students, faculty, and staff. The realization that the needed software did not exist led to meetings with key vendors and groups around the country, which led to discussions with IBM, the leading developer who expressed the most interest in working with the University.

Bruininks explained that an analysis of the alternatives suggested that the University basically had two choices: 1) develop the applications in-house, or, 2) join in a public/private partnership to develop a new product to set a standard not only for the University of Minnesota, but for higher education and K-12 throughout the country. In doing so, the University would be participating in a development project that will produce revenues that will likely underwrite much of the cost of redesigning the systems.

The five-year contract includes the development fee payment and provision for royalty payments back to the University. The payments to IBM under the terms of the contract are \$3 million over three years. Internal resources applied by the University are \$1.4 million over two years. The University has a limited liability for \$3 million if the contract is canceled prior to completion of the project.

Bruininks stated that a timely decision is necessary because in December, IBM will convene a conference of universities from around the country where they will showcase the prototype of this product. Bruininks explained that this is a unique marketing opportunity that, if lost, would likely cost the University time and future resources.

In response to a concern from Regent Hogan that the University did not solicit bids from others developers as was done at the University of Kansas, Hoyt explained that the General Counsel's Office coordinated with the Purchasing Department and determined that this was a non-competitive bid situation. Jackson stated that in conversations she has had with chief financial officers of other Big 10 schools, she learned that other universities were not planning on marketing what they developed out to multiple third parties as this partnership would provide. Bruininks added that while they probably could have gone through a competitive bid process, when finished they would not be into a joint technology transfer relationship, with the possibility of substantial returns to the University in royalty payments.

In response to a question from Regent Larson, Handberg stated that some of the benefits of the new system would include:

- Hiring processes would be streamlined by allowing employees to post jobs online. Applicants could submit an application via the World Wide Web;
- Faculty and staff could enroll online for employee benefits;
- Students could get information on their financial and course registration status, including scholarship and financial aid scenarios;
- Textbooks could be purchased online;
- Payments and fees would be transacted online.

In response to a question from Regent Bergland, Hoyt stated that the focus of the negotiations was to ensure that the University had a product at a fair price that will do what is needed internally. The opportunity to market the product and make money was a secondary consideration. Hoyt said there is no absolute guarantee that IBM will market the product, but there are several protections in the contract that would allow the University to independently market the product if IBM chooses not to.

When asked about the relationship of this project to the enterprise systems project, Bruininks stated that if the Board does not approve funding of the projected \$42 million enterprise systems project, which will be reviewed at the December Board of Regents meeting, this partnership will not move forward. Hogan expressed concern that if the Board approves the IBM contract, the Board will be obligated to approve the enterprise systems project. Hoyt said there is a funding-out provision in the IBM contract which states that the University has funds sufficient to pay its immediate obligation of \$500,000. The University can then option out if unable to receive subsequent funding.

Bruininks explained that there are a number of options the University could pursue to fix its systems. The University is faced with serious problems in terms of the age and efficiency of its current system, as well as the year 2000 issue and semester conversion. One option would be to not go with the enterprise systems project and fix all of the existing systems. That cost would be approximately \$22 million. The other alternative would be to spread the systems out over a longer period of time. Analysis has determined that more money would be spent fixing the old systems so that two systems can run simultaneously. Going on a six-year schedule would run the cost up to \$52 million. The third option was running the enterprise systems project on a tighter timeframe, keeping the projects together as much as possible and achieve some greater efficiencies (i.e., reduce the extent to which you need to fix old systems and maximize the advantages of moving to new systems). The current price tag is \$42 million. These three options were given to the president with a preliminary financing strategy. Bruininks stated that he and Senior Vice Presidents Jackson and Cerra have determined that the most cost-effective option would be to go ahead with the enterprise systems project with the anticipated completion date being about three years out. The IBM contract is a part of the \$42 million enterprise systems project.

Jackson noted that the \$42 million does not consider the anticipated revenues from IBM. If any money is earned on this contract, it will reduce the total cost of the enterprise project.

In response to concerns raised by Regent Larson, Handberg stated that the system will be applicable on all campuses of the University of Minnesota. The University will not become dependent on IBM because this system, like the Web, will be universal. Cawley explained that as part of the enterprise systems project, approximately \$8.4 million of the \$42 million represents technical infrastructure. Work is still being done on a long-term maintenance plan. Handberg added that the University has already done a good job of creating an Internet culture, having one of the largest modem pools in the country and strong Web usage by students and faculty.

Regent Neel pointed out that if the University does not partner with IBM to do this project, it will likely pay a lot more money for the product without receiving the intellectual gains. Neel stated, however, that he was concerned about future budget shortfalls.

Bruininks stated that this is a capital investment to fix all of the core systems of the University. This investment will be funded through non-recurring resources, which are typically not allocated for faculty salaries. While there are serious financial challenges in the future, Bruininks said that he and Senior Vice Presidents Jackson and Cerra would not be comfortable in recommending this project if they did not think they could fund it or if it was not essential and necessary to improve the efficiency and quality of services provided at the University.

A roll call was taken which established that a quorum was present. A motion was made and seconded, and the committee voted unanimously to authorize the president to enter into an agreement with IBM.

The meeting adjourned at 5:15 p.m.



**STEVEN BOSACKER**  
**Executive Director and**  
**Corporate Secretary**

**UNIVERSITY OF MINNESOTA**

**BOARD OF REGENTS**

**MINUTES**

**BOARD OF REGENTS MEETINGS**

**AND**

**COMMITTEE MEETINGS**

**December 10-12, 1997  
January 12, 1997**

**Office of the Board of Regents**

**220 Morrill Hall**



## UNIVERSITY OF MINNESOTA

## BOARD OF REGENTS

Minutes of the Board of Regents Meetings  
and Regents Committee MeetingsDecember 10-12, 1997  
January 12, 1998

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**UNIVERSITY OF MINNESOTA**

**BOARD OF REGENTS**

**Audit Committee**

**December 10, 1997**

A meeting of the Audit Committee of the Board of Regents was held on Wednesday, December 10, 1997, at 3:35 p.m. in the Board Room, 238 Morrill Hall.

Regents present: Warren Larson, presiding; Robert Bergland, H. Bryan Neel, and Maureen Reed.

Staff present: Executive Vice President and Provost Robert Bruininks; Senior Vice President JoAnne Jackson; Executive Director Steven Bosacker; Associate Vice President Don Riley; and Director of Audits Gail Klatt.

Student Representatives present: Matt Curry and Blessing Rugara.

**INFORMATION ITEMS**

Senior Vice President Jackson distributed an employee's guide to the University which answers frequently asked questions by new employees. The guide introduces new employees to many University resources and also summarizes many University policies and procedures.

The committee viewed an employee training video that focuses on issues of internal control and sets the tone for what is expected of University employees. Jackson explained that the video is being shown at new employee orientation sessions.

Jackson explained that the guide and video were developed for use during employee training sessions to make certain that employees understand the important role they have in maintaining the control environment of the University.

**SEMI-ANNUAL CONTROLLER'S REPORT**

Controller Terry O'Connor presented the Semi-Annual Controller's Report to provide information regarding activities in Business Services.

O'Connor stated that the June 30, 1997 financial audit, performed for the first time by Deloitte and Touche, was completed on schedule. The transition from prior auditors added complexity to the audit process but resulted in no significant problems or delays. Improvements to the year-end processes, based on discussions and recommendations from the auditors, will be implemented in fiscal year 1998.

Coopers and Lybrand, the University's prior audit firm, is still under contract to complete the fiscal year 1995 and 1996 NCAA audits. Deloitte and Touche will be performing the fiscal year 1997 NCAA audit, which is expected to be completed by December 31, 1997.

O'Connor gave an update on the status of 1996 audit management comments made by Coopers and Lybrand.

- Develop a comprehensive plan for addressing year 2000 issues across the University.

Year 2000 readiness issues for all central systems are being addressed through system replacements or specific fixes to existing systems.

- Formalize procedures relating to the electronic authorization for moving program changes into production.

Manual procedures have been revised to improve controls over movement of program changes into production.

- Implement a consistent methodology for all system development projects.

All major central systems projects are utilizing trained project managers and, if necessary, external consultants to ensure that sound project methodologies are used. Oversight of the projects is the responsibility of a University senior project manager, reporting to the newly-established executive management team.

- Enhance Universitywide communication and reporting responsibility to facilitate the closing process.

Changes incorporated for fiscal year 1997 include: successful completion of accounting for the hospital transaction; modification of closing procedures for new electronic transactions processes; revisions to year-end accounts payable processes; and, additional communication with the State of Minnesota's reporting unit to improve coordination of the state's reporting requirements.

O'Connor noted that improvements in the University's control environment include: the development of an employee handbook and video; the teaching of internal controls classes; control improvements in the areas of transactions, consulting activities, and internal sales policy implementation; the completion of the year 2000 conversion of CUFS; and improved CUFS security controls.

In response to a question from Regent Reed, O'Connor said that he is pleased with the progress made on improving the internal control structure. Senior Vice President Jackson added that the accounting policy function has been transferred to the controller's office.

Regent Larson said he is pleased with the handbook and video, as well as the training of project managers. Larson asked if the University has reward programs in place for employees who comply with the management philosophy regarding responsibility, accountability and authority. Director of Audits Klatt stated that this idea has been discussed during meetings of the task forces dealing with control systems. Because behavior that is rewarded is the behavior that will be manifested, Klatt agreed that this is an important concept.

#### **ANNUAL EXTERNAL AUDITOR'S REVIEW OF UNIVERSITY FINANCIAL STATEMENTS**

Senior Vice President Jackson reminded the committee that John Scheffler of Deloitte and Touche made a presentation to the committee at the November 1997

meeting, but because the committee did not receive the report in advance, further discussion was postponed until this meeting.

Jackson distributed a copy of the University of Minnesota's 1997 Annual Report. A copy of the report is on file in the Board of Regents Office.

Regent Reed stated that after having a chance to read through the annual external auditor's review of University financial statements, she had no further questions.

### **INFORMATION TECHNOLOGY SECURITY AND CONTROLS**

Executive Vice President and Provost Bruininks and Associate Vice President Riley reported on information technology security and controls issues.

Riley stated that the University currently serves over 100,000 students, staff, faculty, and the public. There are over 30,000 computers and printers on the University network. The University has 1,600 modems which accept 42,000 connections per day. There are now 55,000 e-mail accounts, receiving 300 messages per minute.

Bruininks noted that while the University's computing environment in the past was centralized and mainframe-based, it is now decentralized, distributed, and network-based. In this environment, problems may arise in data usage, integrity, and availability along with malicious misuse, destruction, sabotage, mistaken use, loss, or degradation. All of these possibilities pose a significant institutional risk, both financial and legal. The solution to these control issues is strong leadership in the Office of Information Technology, and a security strategy and infrastructure appropriate for today's environment with appropriate policies and standards in place.

Riley explained a proposed security strategy called public key infrastructure (PKI) which provides the automated tools needed to: a) verify the identify of users using digital signatures; b) control access to systems and data, and, c) encode information traveling across the network. A universitywide security infrastructure based upon PKI will meet current needs as well as provide the flexibility to adapt to future needs. The estimated cost of the PKI security strategy is estimated to be \$4 million over a three-year period.

In response to a question from Regent Neel, Riley stated that it is difficult to measure security. You can measure security anecdotally, do security testing, and have consultants do security overviews, but there is never a guarantee of 100% security.

Regent Larson commended the Office of Information Technology and the Director of Audit's office for their work on the year 2000 issue. Larson stated that while the University has been very proactive in trying to ensure that all technologies will continue without problems at the beginning of the new millennium, he is concerned that the University's vendors may not be as prepared. Larson requested a report on this issue at a future committee meeting.

The meeting adjourned at 5:05 p.m.



**STEVEN BOSACKER**  
**Executive Director and**  
**Corporate Secretary**

**UNIVERSITY OF MINNESOTA**

**BOARD OF REGENTS**

**Educational Planning and Policy Committee**

**December 11, 1997**

A meeting of the Educational Planning and Policy Committee of the Board of Regents was held on Thursday, December 11, 1997 at 8:45 a.m. in Room 207, St. Paul Student Center.

Regents present: Michael O'Keefe, presiding; David Metzen, William Peterson, Jessica Phillips, Maureen Reed, and Patricia Spence.

Staff present: Executive Vice President and Provost Robert Bruininks; Chancellors David Johnson and Donald Sargeant; Executive Director Steven Bosacker; and Associate Vice President Jane Canney.

Student Representatives present: Tammy Koob and Kristen Vathauer.

**POLICY & PROGRAM REVIEW:  
TEACHING AND UNDERGRADUATE PROGRAMS**

Chair O'Keefe told the committee members that this discussion would be the first in a series of seminar-style briefings and discussions. Committee members had received background reading well in advance of today's meeting. The discussions will examine national issues and trends confronting educational institutions and how the University of Minnesota is dealing with them.

Executive Vice President Bruininks reviewed the framework of the committee work plan. He also noted the faculty leadership's openness to future forums with members of the Board of Regents on critical issues facing the University.

Bruininks framed the discussion with three points: 1) Most public, research universities in the past few decades have not paid sufficient attention to the quality of their undergraduate education programs; 2) The general public evaluates our quality and how we deliver higher education services in terms of undergraduate education; and, 3) More and more, leaders are understanding the important link between undergraduate education and the research mission of universities. On this last point, Bruininks reminded the committee that President Yudof had focused on this in his inaugural address and made a substantial commitment to build on Minnesota's proud tradition of providing a high quality undergraduate education.

Vice Provost Craig Swan reaffirmed the point that the ability for the University to succeed in all of its missions is critically dependent on the quality of its undergraduate education. The key and the challenge is to strike the right balance between access and excellence. Swan's presentation to the committee was based on four sets of questions. A number of University of Minnesota-specific initiatives and outcomes were highlighted under each set of questions and are available in the docket materials.

- 1) Who should our students be? How do we attract them and enable them to attend and graduate?
- 2) How do we provide a good learning environment? How do we create a sense of community?
- 3) How do we know we are improving undergraduate education at the University of Minnesota?
- 4) What should be the University of Minnesota's role in post-secondary education in the metropolitan area and greater Minnesota?

Regent O'Keefe asked whether the University is responding adequately to the most critical issues raised by the readings. A number of concerns and questions were raised by committee members regarding:

- the dissemination of information to students about the research and internship opportunities available to them;
- the level and quality of academic and career counseling;
- minority encouragement and the importance of diversity to a complete higher education;
- whether graduates meet the needs of businesses who hire them;
- the changing demographics of students (i.e., the numbers of students who work while they attend school and the impact on their education); and,
- the value of service learning.

In response to these comments, Bruininks and Swan made the following points:

1) The administration is making progress in identifying research opportunities and internships and making them available to students at all levels and on all campuses; 2) The administration will continue to review the advising system so the appropriate academic and career counseling is available to students wherever they are in their educational program; and, 3) The administration will be following the continuing change in student demographics and how other outside effects, such as diversity, K-12 system changes, class sizes, and poverty, affect the student body and the University in general.

Chair O'Keefe requested that committee members provide feedback to him and Provost Bruininks regarding whether the right issues are being discussed and if there are others they want raised for discussion.

#### **INFORMATION ITEMS**

Executive Vice President and Provost Bruininks briefly noted information from a November 1997 NASULGC publication titled, *College Costs: Perceptions and Reality*. Bruininks also mentioned the recent conference called "Beyond the Tenure Debates: Strengthening the Faculty's Role in the Management of Colleges and Universities" held in Minneapolis and sponsored by the University of Minnesota Twin Cities Chapter-AAUP, the Minnesota State Conference-AAUP, and the American Association of University Professors. Regents O'Keefe, Hogan and Reed participated in the conference.

The meeting adjourned at 10:31 a.m.



**STEVEN BOSACKER**  
**Executive Director and**  
**Corporate Secretary**

**UNIVERSITY OF MINNESOTA**  
**BOARD OF REGENTS**  
**Finance & Operations Committee**

**December 11, 1997**

A meeting of the Finance & Operations Committee of the Board of Regents was held on Thursday, December 11, 1997, at 8:45 a.m. in Room 202, St. Paul Student Center.

Regents present: Robert Bergland, presiding; Julie Bleyhl, William Hogan, Warren Larson, H. Bryan Neel, and Thomas Reagan.

Staff present: President Mark Yudof; Senior Vice President JoAnne Jackson; Vice President McKinley Boston; Executive Director Steven Bosacker; Associate Vice Presidents Ronald Campbell, Clint Hewitt, Terry O'Connor and Georgina Stephens.

Student Representatives present: Matt Curry and Brett Hoerner.

**INFORMATION ITEMS**

Senior Vice President Jackson reviewed the information items and noted the following:

- The June 30, 1997 year-end financial statements of the University reflect the transfer of assets to the Fairview organization. A detailed summary of the Fairview transaction is included in the docket materials. Jackson explained that the July 1996 estimated net fund balance available to the University was \$70.2 million. After the completion of the audit and the reconciliation of receivables, liabilities, and cash balances, the actual fund balance is \$69.4 million. Jackson reminded the committee that at the July meeting, a commitment was made that this balance would be put into central reserves and would be restricted until the Board made a determination as to how it would be used.

Regent Reagan stated that in the past the University's central reserves had fallen to a dangerously low level and it was suggested that when the Fairview transaction took place, a certain amount of the money should be designated to build the central reserve balance from its current \$20 million. Jackson said that the appropriate level of reserves is currently being analyzed and she will report back to the committee when the analysis is complete.

**CONSENT REPORT**

Senior Vice President Jackson distributed a revised consent report which included two items.

Jackson reviewed the purchase of goods and services over \$250,000 and said this item was before the committee for approval contingent upon approval of the enterprise systems project in the Committee of the Whole. The contract with Cambridge Technology Partners, PeopleSoft Consulting, Brady and Company, and Softlink for continuing consultant-technical help of the enterprise project is expiring. The continuation of the agreements through June of 1998 will cover the software-installation phase of the project.

Jackson introduced Dean David Thawley of the College of Veterinary Medicine (CVM) to discuss the second item in the consent report regarding a recommendation for Board response to a state request concerning funding for the diagnostic laboratory in the CVM. Thawley explained that in the 1997 session, the state legislature included language in the Higher Education Appropriations Bill requiring the following:

"By January 15, 1998, the Board of Regents, after consultation with the Board of Animal Health, the livestock industry, and the Minnesota Veterinary Medical Association, is requested to make recommendations to the higher education finance divisions of the legislature regarding transfer of funding for the Veterinary Diagnostic Laboratory to the Board of Animal Health."

Jackson explained that there has been correspondence regarding this matter between the State Board of Animal Health (SBAH), the Minnesota Veterinary Medical Association (MVMA) and the University. Thawley and Senior Vice President Frank Cerra have met and consulted with SBAH, MVMA and others, and are now making a consensus recommendation to the Board. They recommend that the state funds flow remain as is -- a line-item in the higher education budget to the diagnostic laboratory in the CVM. After discussing several alternative funding arrangements with SBAH and MVMA, they concluded that the current arrangement made the most sense since the University is responsible for management and operation of the laboratory, and the work of the laboratory is closely linked with the education, research, and outreach activities of the College of Veterinary Medicine and other University units. The laboratory provides essential services, and there is a strong need for continuing state support for the Diagnostic Laboratory, which serves as the state's official laboratory for animal health. CVM will work with the laboratory's customers to identify and implement needed service and management improvements.

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

#### **ARAMARK CONTRACT**

Vice President Boston presented for approval the proposed ten-year agreement between the University of Minnesota and Aramark Corporation to provide food services on campus. The scope of the partnership will include vending, retail, residential, and catering food services. Boston reminded the committee that the proposed partnership was presented for their review at the November 1997 meeting. All terms of the agreement are the same as when presented to the committee in November.

Boston stated that the objectives of the proposed partnership are clear and include the following: a) to deliver high quality food at affordable prices where and when people want them; b) to enable student participation in food service design and financial benefits; and, c) to create a financially self-sufficient food service program.



Boston said that the University is currently not delivering what people want. Only 19% of the available market is being served, compared to a national average of 30-35%. As a consequence, the current food services program has lost a significant amount of money in five of the last six years. Boston stated that in the existing operation, he anticipates the food service program would lose approximately \$1.6 million in the 1997-98 school year.

Boston noted that students are the primary food service customers and food service employees. Students will receive benefits of the program, including full student participation in food choices and hours of operation, commitment to maintain affordable prices, continued student employment at current wages, and commitment of net profits to student initiatives.

The process for choosing a food service plan was led by Associate Vice President Ronald Campbell and a 23-member Universitywide evaluation team. Student leadership was active, vocal and accountable. The students participated, were involved in identifying potential problems and were equally involved in problem-solving. Labor representatives consistently participated and worked to develop acceptable solutions, and there continues to be productive dialogue with labor representatives. Numerous open forums of students, faculty, labor representatives, and neighboring businesses were held.

One of the unique characteristics of this public/private partnership is the amount of control retained by the University. The University has negotiated for continued control of pricing, concept, selection, certain labor requirements, and food and service locations.

Boston stated that an immediate end to significant operating losses is anticipated. It is expected that the partnership will generate income for the University in the first year. No University capital was required for this agreement. Up to \$4.7 million in capital improvements will be funded by Aramark and repaid out of the partnership revenue in excess of the agreed-upon University base income.

Boston noted that the partnership will honor the terms and conditions of all existing labor contracts. All student workers will maintain their wages as University employees for at least the next two years. Students will remain the primary source of labor.

The proposed agreement creates unique opportunities for targeted group businesses and local food businesses in partnership with the University. Prior to this partnership, there has been no opportunity for businesses to have a meaningful presence on campus because the University controlled and operated all of its food services. The partnership requires the consideration and support of targeted group businesses.

A motion was made and seconded and the committee voted unanimously to recommend approval of the partnership between the University of Minnesota and Aramark Corporation.

#### **IMPLEMENTATION OF TARGETED GROUP BUSINESS POLICY**

Senior Vice President Jackson and Associate Vice President Hewitt presented a report on the implementation of the Targeted Business, Urban Community Economic Development and Small Business Programs Policy which was approved by the Board of Regents in November 1996.

Highlights of the Targeted Group Business (TGB) program's first year include: a) the development of a prequalification mechanism for contractors that requires all accepted contractors to have a predetermined commitment to TGB; b) target group purchasing in 1997 totaling \$28,608,182; c) the establishment of a cooperative program with Hennepin County and the City of Minneapolis to develop and implement programs designed to enhance opportunities for traditionally underutilized small businesses; and, d) the current search for a director to monitor and implement the TGB program.

In response to a question from Regent Neel regarding the budget for the program and the salary for the new position, Jackson stated that last year during the budget cycle, \$100,000 was allocated to the Office of Finance and Operations to establish the position and training programs. By reshuffling resources within the Office of Finance and Operations, the position will be funded on a recurring basis.

In response to a question from Regent Bleyhl, Associate General Counsel Karin Birkeland stated that other universities around the country are looking to the University of Minnesota as a possible model for their targeted group business programs.

Hewitt noted that in addition to the cooperative program with Hennepin County and the City of Minneapolis, he anticipates the establishment of a similar program with Ramsey County and the City of St. Paul.

#### **QUARTERLY PURCHASING REPORT**

Senior Vice President Jackson and Karen Triplett, Director of Purchasing Services, reviewed the Quarterly Purchasing Report for the first quarter of the fiscal year (July, August and September 1997) which was included in the docket materials.

The first quarter purchases (construction, goods and services, and professional services) total \$121,393,500. Jackson noted a significant increase in purchasing compared to the first quarter of last year and explained that the 9% increase was due to the major construction activities taking place.

#### **INVESTMENT PROGRAM REVIEW**

Associate Vice President Stephens introduced George Pendergast of Cambridge Associates, a long-time investment management consultant for the University of Minnesota. Cambridge & Associates is the firm that produces the NACUBO (National Association of College and University Business Officers) investment report.

Stephens reminded the committee that at the last committee meeting, she reviewed the University's one, three, and five-year performance relative to the benchmarks. Today's report focuses on the University's investment program from a long-term perspective relative to the University's peer groups. The program comparisons are included in the docket materials.

Stephens explained that when compared to the endowments of other universities, the University's asset allocation to domestic and international equities is higher than most. In an analysis of the best performing college and university investment pools, the University of Minnesota ranked 37 out of 78 institutions. The median return was 11.6%, which Stephens explained is a good performance over a ten-year period. Stephens explained that in the Institutional Performance Report, which will be presented to the Committee of the Whole later in the day, the University's

performance -- over a shorter, five-year period of time -- ranks in the top quartile of all universities and colleges.

In response to a question from Regent Bergland, Pendergast stated that the University of Minnesota is slightly underweighted in domestic equities. While market timing is not the University's business, some increased exposure to domestic equities would be worthwhile.

Stephens noted graphs included in the docket materials which compare performance of domestic equity managers, international equity managers, and emerging market managers. Among domestic equity managers, Alliance Capital Management has consistently outperformed its peers. The University's international and emerging markets managers have equaled or outperformed their peers.

Due to a shortage of time, Regent Bergland suggested that this discussion continue at the February 1998 committee meeting.

The meeting adjourned at 10:35 a.m.



**STEVEN BOSACKER**  
**Executive Director and**  
**Corporate Secretary**

**UNIVERSITY OF MINNESOTA**

**BOARD OF REGENTS**

**Facilities Committee**

**December 11, 1997**

A meeting of the Facilities Committee of the Board of Regents was held on Thursday, December 11, 1997, at 10:45 a.m. in Room 207, St. Paul Student Center.

Regents Present: Thomas Reagan, presiding; David Metzen, William Peterson, Jessica Phillips, Maureen Reed, and Patricia Spence.

Staff Present: President Mark Yudof; Senior Vice President JoAnne Jackson; Vice Chancellor Fox; Vice President McKinley Boston; Executive Director Steven Bosacker; and Associate Vice President Eric Kruse

Student Representatives present: Tammy Koob and Kristen Vathauer.

**INFORMATION ITEMS**

Senior Vice President Jackson presented for information three real estate sales in the Motley Neighborhood. She noted that these transactions, referenced in the docket materials, are for information only due to their size and, therefore, do not require Board approval. The proceeds from these sales will be deposited in the University's Central Reserves.

**REAL ESTATE TRANSACTIONS**

**Action**

**Sale of Property in the Motley Neighborhood**

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

On the recommendation of the President and the Senior Vice President for Finance and Operations, the appropriate administrative officers are authorized to execute the appropriate documents providing for the following real estate transactions.

Associate Vice President Georgina Stephens reported a number of real estate transactions in the Motley Neighborhood. The properties were offered through request for proposals or, as in three cases, to adjacent landowners. She noted that some of the sales are at less than the appraised value, but are still being recommended since any financial benefit would be lost if the University were to list the properties and pay an agent a sales commission. These properties were assigned to Housing and Residential Services and are being sold because they no longer serve that unit's primary mission. The proceeds from these transactions will be deposited into the University's central reserves.

**Sale of 419 and 429 Ontario Street SE;  
915, 917, 921, and 925 Essex Street SE;  
and 416 Erie Street SE, Minneapolis**

It is recommended that 419 and 429 Ontario Street SE; 915, 917, 921, and 925 Essex Street SE; and 416 Erie Street SE in Minneapolis be sold to Dinnaken Properties, Inc. for the sum of \$675,000. The collective appraised value for these properties is \$749,000. Dinnaken's proposal was the high bid for the collective property and they intend to redevelop the property into housing for up to 120 students.

**Sale of 811 and 815 Fulton Street SE, Minneapolis**

It is recommended that 811 and 815 Fulton Street SE in Minneapolis be sold to Sherwood and Arlene Brekke for the sum of \$212,500. Their proposal was the high bid and exceeded the collective appraised average value of \$158,000. They intend to rehabilitate it and provide housing for up to 14 students.

**Sale of 505, 511, and 513 Ontario Street SE, Minneapolis**

It is recommended that 505, 511, and 513 Ontario Street SE in Minneapolis be sold to Dinnaken Properties, Inc. for the sum of \$271,000. These properties were offered to Dinnaken as adjacent landowners. The collective appraised average value for these properties is \$271,000. Dinnaken intends to redevelop the entire block with a townhouse development.

In response to a question from Regent Reed, Senior Vice President Jackson stated that the designs are not yet completed, but the townhouses would be suitable for student housing.

**Sale of 635 Erie Street SE, Minneapolis**

It is recommended that 635 Erie Street SE in Minneapolis be sold to Frank Zaragoza for the sum of \$66,000. He intends to be an owner-occupant of one unit on this property and make the second unit available for student housing. This was the high bid, and did meet the marketing plan for an owner-occupant buyer. The average appraised value for this property is \$75,500.

**Sale of 623 Ontario Street SE, Minneapolis**

It is recommended that 623 Ontario Street SE in Minneapolis be sold to James Eischens for \$77,500. He intends to rehabilitate the property and provide housing for up to 10 students. This bid was slightly less than the appraised value of \$78,000.

The committee voted unanimously to recommend approval of these real estate transactions.

**REAL ESTATE TRANSACTION  
Action**

**Sale of Sargent Trust Property**

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

On the recommendation of the President and the Senior Vice President for Finance and Operations, the appropriate administrative

officers are authorized to execute the appropriate documents providing for the following real estate transaction.

Associate Vice President Stephens presented a recommendation to sell 208 acres of Sargent Trust Property in Itasca County to Kris and Carey Anderson for \$42,000. This exceeds the average appraised value of \$41,000. This property was donated to the University in September 1989, but has never been used. Although the property is being sold, the University is reserving the mineral rights. The proceeds from the sale will be dedicated to mineral and geological engineering education at the University of Minnesota.

Regent Reagan requested staff to determine the proposed use of the property prior to final passage of this transaction by the full Board of Regents at tomorrow's meeting.

The committee voted unanimously to recommend approval of this real estate transaction.

### **FY98 CAPITAL BUDGET AMENDMENT Action**

#### **South Mall Parking Facility Planning**

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

On the recommendation of the President and the Senior Vice President for Finance and Operations, the FY98 Capital Budget is amended to incorporate the following budget amendment and the administration is authorized to commission the service of a professional design consultant(s) for the purpose of initiating schematic design for the South Mall Parking Facility with a design budget of \$800,000.

Senior Vice President Jackson provided the committee with information regarding possible construction options and proposals for the parking facility as found in the docket materials. Jackson explained that this issue is being brought separate from and in advance of the housing discussion due to the unsafe conditions present in the existing ramp, which may need to be closed by next summer. She clarified for the committee that the type of construction determined for the parking facility does not depend on the size or type of construction selected for the south mall development. In fact, the parking construction needs to be completed prior to commencing with any other construction on the south mall.

In response to support voiced by Regents Spence and Reed for the second option which provides for additional structural capacity to support future building, Jackson explained that the administration does recommend that option, but wanted to offer the Regents another option with which to compare attributes and costs.

In response to questions from President Yudof, Jackson explained that in order to carry the debt of the new parking facility there will be a \$20.00 per month increase at all structured parking facilities on the Twin Cities campus. The cost of this facility is approximately \$11 million more due to it being constructed underground.

The committee voted unanimously to recommend approval of the amendment to the FY98 Capital Budget.

**FY98 CAPITAL BUDGET AMENDMENTS  
Review and Action**

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

On the recommendation of the President and the Senior Vice President for Finance and Operations, the FY98 Capital Budget is amended as follows:

- A. Increase the budget for the Darland Administrative Building Ventilation/Air Conditioning Upgrade Project on the Duluth Campus by \$475,000 to \$1,350,000.
- B. Incorporate the Research Animal Resources Security Card Access Project in the Health Sciences area of the Twin Cities Campus valued at \$152,000 into the FY98 Capital Budget.

**Darland Administration Building Ventilation/Air Conditioning Upgrade Project,  
Duluth Campus**

Original estimated project costs:	\$875,000
Project increase:	\$475,000
Revised estimated project costs:	\$1,350,000
Funding for increase:	Duluth Campus Repair & Replacement Funds
Estimated completion date:	July, 1998

Senior Vice President Jackson explained to the committee that the significant increase in the Darland Project is due to a major change in the design of the project. Vice Chancellor Fox added that the original design of the project installed all the mechanics and duct chases on the inside of the building, which was the low cost alternative. Upon further examination it was discovered that this plan would result in lower than acceptable ceilings, more noise, and greater maintenance costs.

Associate Vice President Kruse explained that estimates for remodeling existing buildings can be inaccurate due to the difficulty in predicting the existing conditions. Kruse suggested that it may be necessary to hold a higher contingency number to ensure that all costs will be covered.

**Research Animal Resources Security Card Access Project, Twin Cities Campus**

Estimated project costs:	\$152,000
Funding source:	Academic Health Center funds
Estimated completion date:	March, 1998

The committee voted unanimously to recommend approval of these amendments to the FY98 Capital Budget.

**FY98 CAPITAL BUDGET AMENDMENTS  
Review**

**Football Complex Improvement Phase II Project**

The committee reviewed a proposal to amend the FY98 budget to include \$3 million for Phase II of the Football Complex Improvement Project as outlined in the docket materials.

Vice President Boston also informed the committee that the Governor has allocated a separate \$3 million in the Governor's Bonding Bill for Title 9 initiatives to address gender equity issues.

Regent Reagan requested that Men's Athletic Director Mark Deinhart distribute detailed information he recently received regarding this project to the other members of the committee.

**Commonwealth Terrace Roof Replacement Phase II  
Twin Cities, St. Paul Campus**

The committee reviewed a proposal to amend the FY98 budget to include \$450,000 dollars for Phase II of the Commonwealth Terrace Housing Complex to replace the roof as outlined in the docket materials.

The meeting adjourned at 11:40 a.m.



**STEVEN BOSACKER**  
**Executive Director and**  
**Corporate Secretary**



**UNIVERSITY OF MINNESOTA**  
**BOARD OF REGENTS**  
**Faculty, Staff & Student Affairs Committee**

**December 11, 1997**

A meeting of the Faculty, Staff and Student Affairs Committee of the Board of Regents was held on Thursday, December 11, 1997, at 10:50 a.m. in Room 202, St. Paul Student Center.

Regents present: Julie Bleyhl, presiding; Robert Bergland, William Hogan, Warren Larson, Michael O'Keefe, and H. Bryan Neel.

Staff present: Executive Vice President and Provost Robert Bruininks; Chancellors David Johnson and Donald Sargeant; Vice President McKinley Boston; Executive Director Steven Bosacker; and Associate Vice President Jane Canney.

Student Representatives present: Maureen Sheehan and Andrew Toftey.

**INFORMATION ITEMS**

Regent Bleyhl read a letter from Regent Maureen Reed stating her support of Vice President Boston's recent decision regarding University contracts with breweries and casinos. Noting the very significant public health impacts of alcohol in college-aged youth, Reed stressed that institutions such as the University should give an unambiguous message to youth and society in general.

Executive Vice President and Provost Bruininks reviewed the information items included in the docket materials including:

- Facts about college costs contained in the recent NASULGC (National Association of State Universities and Land-Grant Colleges) publication titled College Costs: Perceptions and Reality;
- On November 22-23, 1997, the conference, "Beyond the Tenure Debates: Strengthening the Faculty's Role in the Management of Colleges and Universities," was sponsored by the AAUP (American Association of University Professors); and
- Kenneth A. Crandall has been named football head coach at the University of Minnesota, Morris, effective immediately.

Regents Hogan and O'Keefe noted their participation in the faculty governance conference, and agreed that ongoing informal conversations between the Board of Regents, the administration, and the faculty about governance issues will lead to an increased understanding of the realities that each group faces.

## CONSENT REPORT

Executive Vice President and Provost Bruininks distributed a consent report which was prepared after docket materials went to print. The report proposed the appointment of Dr. Theora Evans to serve on the governing board of the Community University Health Care Center (CUHCC). CUHCC, a federally-qualified health care center that provides comprehensive health care services in the Phillips neighborhood of Minneapolis, is required to have a community governing board. The Board of Regents appoints three of the eighteen appointed members to the CUHCC board. In October 1997, Dr. Kearse Brookins left the University of Minnesota and resigned from the CUHCC board, creating a vacancy.

Bruininks noted that Dr. Evans, an Assistant Professor of Pediatrics in the University of Minnesota Medical School and School of Social Work, has extensive experience in higher education, health care, and social service agencies.

A motion was made and seconded, and the committee voted unanimously to recommend approval of the appointment of Dr. Theora Evans to serve on the community governing board of CUHCC.

## NON-RESIDENT TUITION RATES FOR UMC & UMM

Executive Vice President and Provost Bruininks presented the following resolution regarding 1998-99 nonresident tuition rates for the Morris and Crookston campuses:

RESOLVED, that the Board of Regents approve a 1998-99 nonresident tuition rate of \$9,000 for the Morris and Crookston campuses, and

BE IT FURTHER RESOLVED that the administration incorporate the new rate structure into the fiscal year 1999 institutional budget that will be brought to the Board for action in Spring, 1998.

Regent Bleyhl explained that the administration is proposing to restructure nonresident tuition rates for the Morris and Crookston campuses. The annual tuition rates for nonresident students at Morris and Crookston are currently \$12,024 and \$10,388, respectively. The recommended \$9,000 rate for 1998-99 would affect about 20 current students on each campus, and a total tuition loss from the lowering of rates would be approximately \$80,000. With more competitive nonresident rates, however, the campuses expect to enroll an additional 10-15 nonresident students in order to make up for the lost revenue.

Chancellors Johnson and Sargeant explained that the proposal will allow the Morris and Crookston campuses to create a more equitable and competitive tuition rate for nonresident, nonreciprocity students. The current nonresident tuition rates are actually unfair to students in that they exceed actual instructional cost. The Morris and Crookston campuses must increase the size of their student body in order to remain competitive in the midwest higher education market.

Bruininks stated that tuition rates are normally set by the Board of Regents in May or June. However, the administration recommends that the tuition rates for nonresident students at Morris and Crookston be established now, both for the benefit of current nonresident students and as a way of encouraging additional nonresident students to seek admission for the fall of 1998.

In response to a question from Regent Hogan, Bruininks explained that the Duluth campus is not included in this proposal because they wanted more time to examine the proposal and the cost impacts.

In response to a question from Regent Larson, Bruininks stated that if action is not taken immediately, aggressive recruitment would likely have to be delayed for another year. Regent Larson made a motion that the proposal be voted on immediately, rather than waiting until the committee meets again in February 1998. The motion was seconded, and the committee voted unanimously to approve the resolution.

#### **STUDENT LEADERSHIP DEVELOPMENT ISSUES AND NEEDS**

Due to a shortage of time this report was postponed until the February 1998 committee meeting.

The meeting adjourned at 9:45 a.m.



**STEVEN BOSACKER**  
**Executive Director and**  
**Corporate Secretary**

**UNIVERSITY OF MINNESOTA**

**BOARD OF REGENTS**

**Committee of the Whole**

**December 11, 1997**

A meeting of the Committee of the Whole of the Board of Regents was held on Thursday, December 11, 1997, at 1:30 p.m. in the North Star Ballroom in the St. Paul Student Center.

Regents present: William Hogan, presiding; Robert Bergland, Julie Bleyhl, Warren Larson, David Metzen, H. Bryan Neel, Michael O'Keefe, Jessica Phillips, Thomas Reagan, Maureen Reed, and Patricia Spence.

Staff present: President Mark Yudof; Executive Vice President and Provost Robert Bruininks; Chancellor David Johnson; Senior Vice President JoAnne Jackson; Executive Director Steven Bosacker; and Associate Vice Presidents Clint Hewitt, Eric Kruse, and Robert Kvavik.

Student Representative present: Maureen Sheehan.

**RECOGNITION: FACILITIES MANAGEMENT**

Chair Hogan presented a resolution to Phillip McDonald, Facilities Management Project Development, in recognition of the significant contributions that the University's Facilities Management staff made to the success of the "Beautiful U Campaign."

**HONORS COMMITTEE NOMINATIONS**

The committee voted unanimously to recommend approval of the following resolution:

RESOLVED, that on the recommendation of the President, the recommendations of the All-University Honors Committee is hereby approved.

**FAIRVIEW UNIVERSITY MEDICAL CENTER REPORT**

Senior Vice Presidents Cerra and Jackson and University Attorney Keith Dunder presented a follow-up report on the first year of business for the Fairview University Medical Center (FUMC).

In January 1997, University Hospital was sold to Fairview Hospital and Health System (FHHS), and a unique public-private relationship was established. The basis for the relationship was to:

- provide greater access to patients for education, research, and clinical practice of faculty;
- meet a FHHS need to enhance its care delivery;
- improve the University Hospital's financial performance;
- stabilize one portion of the financial base of the Medical School/Academic Health Center (AHC);
- provide enhanced opportunities for education and research development within the FHHS; and,
- support the public community mission of the Medical School and AHC schools.

Cerra presented information on how the relationship has progressed with regard to patient care; the impact on faculty, students, and employees of both entities; and the research interface between the AHC and FUMC. A summary of the financial transactions for the merger was also provided.

Highlights of the report indicate that admissions have increased 1.6 percent for an average of 3,247 per month in 1997. The length of stay of patients has decreased and a survey by the Joint Commission on Accreditation of Healthcare Organizations indicates that the FUMC passed and received a positive special comment on the quality of the care environment and care services delivered. With regard to the impact on students, the educational experience for the students has been unaffected by the merger. The impact on the faculty has resulted in an increase in the number of compensated physician leaders in FUMC. The faculty turnover rate remains approximately the same as it was before the merger and, in fact, three new senior faculty with excellent academic credentials have been recruited. There were losses in terms of access to regentally-delegated funds for faculty recruitment, retention, and program development and in clinical revenue to the Medical School. These issues are being addressed.

Cerra reported that the transition of approximately 4,000 University Hospital employees has been fairly smooth. While 200 layoffs were expected, almost none occurred and there are currently over 100 employment opportunities present at FUMC. While the cultural integration of the two systems has not been achieved, it is an ongoing process and there is optimism that it will succeed.

Relative to research, the operations interface between the AHC and FUMC is implemented. More importantly, the number of approved clinical research protocols active in the hospital has essentially doubled in the last year. The AHC continues to experience an increase in sponsored research funding.

Dunder reported on progress relating to the legal issues surrounding the partnership and Jackson provided summary financial information showing a comparison of the actual revenues and expenses of the University Hospital-Fairview transaction to the amounts estimated in July 1996.

Cerra concluded the presentation with issues to be included in the workplan for 1998 and beyond. He summarized by saying that "whatever challenges are before us, this was a good decision for the University of Minnesota."

In answer to a question, Cerra responded that the University is not actively seeking mergers or acquisitions at this time. However, in conjunction with its partner, Fairview Hospital and Health Systems, there may be opportunities that arise in the future that the University may want to consider.

Regent Peterson asked about the patient base. Cerra reported that FUMC has not achieved a significant increase in the joint marketshare of the Fairview and University systems coming together, however, it is fully anticipated that as the

partnership moves forward the market share will increase in some substantial manner. Cerra stated that it should also be noted that for the institution to go through a merger of this complexity and not have a significant reduction in market share is a major accomplishment and a credit to the relationship.

Regent Bergland referred to the increasing difficulties facing academic health centers around the country regarding the cost cutting policies of insurance companies engaged in reimbursements. Cerra responded that this is a major issue of concern to the entire country and the issue is being discussed at the national level. Additionally, the health systems in the state of Minnesota are very interested in the problems related to medical education and research and are interested in participating in discussions to try and solve the problems.

Regents complimented the administration on the report indicating that the success of this partnership is being viewed by medical schools nationwide as they strive to address the issues of financing medical research and education.

### **ANNUAL INSTITUTIONAL PERFORMANCE REPORT**

President Yudof introduced the agenda item relating to the annual institutional performance report. The report is intended to reflect, at an institutional level, the University's success in meeting important University goals.

Executive Vice President and Provost Bruininks commented that this is an internal evaluation system that highlights progress toward the University's goals for the future. It includes fourteen measurement categories and a process of annual progress reporting. The first performance report was presented to the Board in 1995. The *1997 Institutional Performance Report* provides performance data for the following seven critical measures: Characteristics of Entering Students; Graduation Rate; Underrepresented Groups/Diversity; Sponsored Funding; Investment and Voluntary Support; Overall Satisfaction of Minnesota Citizens; and Facilities Infrastructure. Data on the remaining measures, for which reporting methodologies are still under development, will be included in future performance reports. Bruininks stressed that this process for evaluating progress is a never-ending process and will undergo substantial modification over the next year or two as the goals are reviewed and determinations are made regarding whether the goals continue to be the right goals for the University. Bruininks called on Associate Vice President Kvavik to highlight portions of the report.

The report indicates that the Twin Cities and Duluth campuses exceeded their 1996 performance in freshman class "readiness" with 75.1% for the Twin Cities campus, up from 73.6%; and 67.6% for UMD, up from 63.7%. Continued progress was made toward the year 2000 goal of being in the 77th percentile for mean high school rank across all campuses. The graduation rates for the freshman class entering in 1992 is 40.3%. The overall institutional goal is 50% by the year 2000.

The overall 1997 percentage of freshman students of color for the University is 13.2%. The 1996 percentage was 12.6%. The year 2000 goal for the institution is set at 16%. The Twin Cities and Morris campuses are at or above the goal. On an institutional level, the overall graduation rate for students of color who entered the University as freshmen in 1992 was 26.1%, up from 22.2% in the baseline year. This is generally in line with the goal of 33.0% for the class entering in 1996. It was noted that in spite of positive results in many areas, enrollment and graduation rates for students of color remain areas for continuing concern on all of the University's campuses.

Overall, the institutional increase in sponsored funding from 1996 to 1997 was 2.7%, over \$8 million. However, the institution did not meet the goal set for 1997 in this

area. The Twin Cities and Duluth both show increases over their 1996 totals and Morris is above its goal in this area.

The annualized return on investment for the year ending June 30, 1997 was 23.6% on University-held endowments and 16.0% on University of Minnesota Foundation-held endowments. The University's rate is well within the upper quartile of the 375 institutions reporting.

With regard to private gifts, non-contractual research grants, and bequests, the University ranks 12th among the top 20 higher education institutions in the country in 1997. The amount for total voluntary support in 1997 was \$140.5 million, up from \$131.6 million in 1996.

The University is institutionally above its goal in terms of numbers of women and minority faculty, showing increases in both areas for 1997.

Referring to the critical measure relating to facilities infrastructure, it was reported that because the deferred renewal backlog continues to increase each year, the University is unlikely to achieve its year 2000 goal of \$750 million unless significant investments can be made in the next several years.

A three-year comparison poll of Minnesota citizens showed that overall satisfaction with the University has increased since 1994. The 1996 survey of Minnesota residents showed that 71% expressed "satisfaction" with the University; 27% indicated they were "very satisfied"; and 44% indicated they were "somewhat satisfied."

Kvavik concluded the presentation indicating that the administration is looking for guidance from the Board on whether these are the right goals and critical measures for the University or if they need to be revised.

Regent O'Keefe commented on the measurement relating to the students of color. He stated that he feels if the University is to serve that population, it will need to be an ongoing dual commitment between the University and the state's school systems to achieve the goals set.

Regent Phillips asked what is being done to aid students that want to graduate in four years. Kvavik responded that there are a number of reasons why students do not graduate in four years, i.e., job opportunities, changes in majors, internships, availability of courses, etc. It is a complex set of factors that are continually being measured to find ways to help students who want to graduate in four years. Phillips added that the issue of academic advising has been discussed in the Educational Policy & Planning Committee at length. Academic advising plays an important role for setting freshmen on the right track. She would like to see this issue on the agenda for future discussion.

Student Representative Sheehan asked if the five-year graduation rate will be affected by the semester conversion. Kvavik responded that the University has benefitted from the experiences of other schools making calendar changes and it is hoped that the impact of the change will be minimal for students. There is a faculty and student committee that has been appointed addressing this issue. The graduation rate may actually increase in the next year as many students may try to graduate before the conversion.

## **ANNUAL FINANCIAL REPORT**

Senior Vice President Jackson and Controller Terry O'Connor presented the 1997 Annual Financial Report.

Jackson reported that this report is presented on an annual basis in conformance with Board Operations and Agenda Guidelines. She provided brief highlights from the report indicating that the University is in a stronger financial position at FY97 year-end than it was at FY96 year-end due primarily to the impact from the Fairview-University transaction resulting in an increase in cash and a decrease in liabilities relating to the hospital operation.

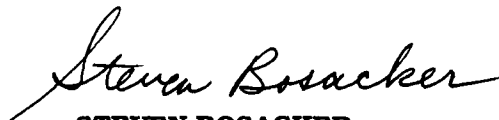
O'Connor reported on the annual enrollment statistics, indicating that there is approximately a 1.3 percent increase in enrollment over the prior year. This increase is largely due to a 27 percent increase at the Crookston campus as the result of the campus changing from a two to a four-year program. In addition, minority enrollment at the University increased approximately 2.5 percent over the prior year and international students approximately 1.4 percent.

With regard to investment income over a five-year period, the University had a significantly large return relating to the consolidated endowment fund, the result of which is related to the University's heavy investment in the equities market.

Jackson reported that a full copy of the 1997 Financial Report is available and on file in the Board office.

Regent Hogan asked about utilizing this report for future projections. He stated that he would like to see a projection of the balance over two or three years. Jackson responded that this is an appropriate request. The University will be utilizing these reports more in the future for projections as a matter of prudent financial management.

The meeting adjourned at 2:55 p.m



**STEVEN BOSACKER**  
**Executive Director and**  
**Corporate Secretary**



**UNIVERSITY OF MINNESOTA**

**BOARD OF REGENTS**

**Committee of the Whole**

**December 11, 1997**

A meeting of the Committee of the Whole of the Board of Regents was held on Thursday, December 11, 1997, at 4:00 p.m. in the North Star Ballroom of the St. Paul Student Center.

Regents present: William Hogan, presiding; Robert Bergland, Julie Bleyhl, Warren Larson, David Metzen, H. Bryan Neel, Michael O'Keefe, William Peterson, Jessica Phillips, Thomas Reagan, Maureen Reed, and Patricia Spence.

Staff present: President Mark Yudof; Executive Vice President and Provost Robert Bruininks; Senior Vice President JoAnne Jackson; Vice President McKinley Boston; Acting Vice President Thomas Swain; Executive Director Steven Bosacker; and Associate Vice Presidents Ronald Campbell, Clint Hewitt, and Eric Kruse.

Student Representative present: Maureen Sheehan.

**SOUTH MALL DEVELOPMENT PROJECT**

The committee engaged in discussion relating to the possible development of the south mall area on the Minneapolis campus. The committee discussed this issue at its November 1997 meetings and this presentation addressed questions raised during that discussion regarding whether the University needs additional housing. If so, how much additional housing; what type of housing; where it should be located; how it should be developed; and how it should be financed.

President Yudof introduced the item, indicating that his recommendation is for the development of a concept design for the footprint assigned to housing on the south mall that would accommodate 300 beds. The concept design should enable the University to offer housing that will be competitively constructed within the marketplace and maintain a positive cash flow across existing housing. The concept proposal should utilize private development without sacrificing the University's objectives of developing campus life. The concept should also allow for occupancy by no later than Fall 2001. He called on Vice President Boston to present further information.

Boston summarized the findings of the financial and market analyses conducted of current housing at the University of Minnesota. The results showed that trends in vacancy rates, population increases, and market demands indicate that the University needs additional housing on campus. At the present time, a minimum of three additional developers are in the process of building close, convenient, and affordable student housing. The market analysis indicates, however, that external housing will not accommodate the anticipated needs. The analysis also showed that students prefer a single occupancy bedroom and are willing to pay a premium price for this type of housing accommodation.

Boston said after reviewing the research analysis, the administration recommends building apartment-style housing with single bedrooms, priced competitively and consistent with the external competitors, and constructed as soon as possible (hopefully by Fall 1999 or 2000).

Boston reviewed possible sites to locate the housing on the west bank, east bank, Como Avenue, the area where Norris Hall is located, and on the south mall. He provided pros and cons for each site. He indicated that the south mall site is most desirable with the market study and the administration is supporting this location. One drawback to this site is that occupancy would most likely be delayed until 2001 to accommodate parking construction and the construction of a ramp to East River Road which must be done before a housing facility can be built.

Senior Vice President Jackson briefed the Board on possible development approaches for construction of a housing facility on the south mall. She stated that any plans brought to the Board will include considerations for the future of Coffman Union as well. Jackson also discussed possible financial options. She indicated that a survey was taken of other Big Ten institutions on the types of financing options used to finance housing within their areas. A variety of options have been used, i.e., general obligation bonds, revenue bonds, housing reserves, or a sale/lease back combination. Up until now, the University of Minnesota has used reserves from housing to build new housing. At this point in time the University is not in a position to use housing reserves, so other avenues have to be explored. Jackson reviewed possible financial options. In answer to a question, Jackson reported that general obligation bonds typically have a lower interest rate by approximately one-half to a whole percentage point which is why the first option would be to use general obligation bonds.

Regent Metzen thanked members of the administration for responding to the questions that were asked at the November meeting. Many of his concerns have been alleviated and he is comfortable with the proposed design of the south mall. He stated that it is his understanding that the issues being discussed today relate only to the proposed 300 bed facility on the south mall and that other sites that may become available will be considered as separate issues. Boston said that is correct and that he will be consulting with the president in the near future regarding additional sites that might be considered for construction of housing.

Yudof reiterated that he endorses the south mall project. He added that Board members should be aware it is projected that the University will lose approximately \$300,000 a year if the rent charged to each student is at market rate. If the Board agrees, the deficit will not be recovered out of academic funds, but rather out of housing revenues and reserves and through a small percentage increase in rent charged throughout the system. After three years, with inflation and other factors, the deficit will be totally absorbed into the system.

In answer to a request from Regent O'Keefe, Yudof stated that he is committed to using the talents available in the institution to participate in the process of defining the design for development of the project.

Regent Spence summarized by saying that the discussion today indicates that Board members are supportive of the south mall project and she would request, if possible, the timetable for completion be shortened so that students could benefit from this earlier than anticipated.

**COMMUNICATIONS PLAN REPORT**

The agenda item relating to the communications plan report was delayed due to time constraints.

The meeting adjourned at 4:55 p.m.

*Steven Bosacker*

**STEVEN BOSACKER  
Executive Director and  
Corporate Secretary**

**UNIVERSITY OF MINNESOTA**

**BOARD OF REGENTS**

**December 12, 1997**

A meeting of the Board of Regents of the University of Minnesota was held on Friday, December 12, 1997 at 11:45 a.m. in the North Star Ballroom of the St. Paul Student Center.

Regents present: Robert Bergland, Julie Bleyhl, William Hogan, David Metzen, Michael O'Keefe, Jessica Phillips, Thomas Reagan, Maureen Reed, and Patricia Spence. Regent Larson participated via telephone. President Mark Yudof, presiding.

Staff present: Executive Vice President and Provost Robert Bruininks; Chancellor David Johnson; Senior Vice Presidents Frank Cerra and JoAnne Jackson; Vice President McKinley Boston; Acting Vice Presidents Carol Carrier and Thomas Swain; Executive Director Steven Bosacker; and Associate Vice Presidents Robert Kvavik, Eric Kruse, Terry O'Connor, Richard Pfutzenreuter and Donald Riley.

**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 - November 6, 1997  
Educational Planning & Policy Committee - November 6, 1997  
Finance & Operations Committee - November 6, 1997  
Committee of the Whole - November 6, 1997  
Committee of the Whole - November 7, 1997  
Board of Regents Meeting - November 7, 1997  
Finance & Operations Committee - November 10, 1997

**REPORT OF THE PRESIDENT**

President Yudof talked about the importance of a sense of community in the academic community. Regents, administrators, faculty, staff and students need to have a strong sense that they are working together in a cooperative spirit for the same enterprise. It is important that decisions made about the University are not based on adversarial relationships. The challenges ahead relating to the capital and supplemental budget requests, growth in selected academic areas, and the integration of the biological sciences, will need to be faced in a cooperative effort -- with effective shared governance. Effective shared governance is based upon trust. Trust is the basic factor that will enable the University to operate effectively.

**REPORT OF THE CHAIR**

Chair Hogan reported on the recent American Association of University Professors (AAUP) conference. He thanked Regents O'Keefe and Reed for their participation at the conference. The meeting was productive with a number of ideas shared between the faculty from the University Minnesota and various institutions.

Members of the Board leadership, the President and Provost Bruininks met with the faculty leadership for the second in what will likely be quarterly meetings. There was a discussion relating to an alternative to the proposal for having faculty representatives to the Board of Regents. The alternative proposal would provide for faculty to be invited to work with the administration on developing and participating in major policy discussions that will come before the Board. An example of one such issue would be the discussion of the virtual university.

The faculty will also be conducting a number of forums during the year on a number of topics to which they intend to invite and include regents.

Hogan reported that he met recently with business leader Lawrence Perlman to continue discussions relating to the "fireside chats" that are scheduled to be held to talk about how to further develop the role of the University as the State's economic engine.

Lastly, a letter will be sent to President Yudof outlining a suggested process for his performance evaluations. The letter will request that President Yudof formalize his workplan for the Board's use in the process.

Hogan also noted that he and Vice Chair Spence will be meeting to review their first six months as officers of the Board and discuss whether changes need to be made with the committee structure and membership.

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

President Yudof noted the receipt and filing of the Board of Regents Policy Report and the Federal Relations Report.

#### **GIFTS**

Assistant Director Judy Kirk, University of Minnesota Foundation, presented the monthly list of gifts for October 1997 to the University of Minnesota, the University of Minnesota Foundation, the Arboretum Foundation, and the Minnesota Medical Foundation as listed in the docket material and on file in the Board Office

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

#### **REPORT OF THE COMMITTEE OF THE WHOLE December 11, 1997 1:30 p.m.**

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

- a) Approval of a resolution relating to the Honors Committee nominations, as follows:

RESOLVED, that on the recommendation of the President, the recommendations of the All-University Honors Committee is hereby approved.

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

Hogan reported that the committee also reviewed a report on the Fairview University Medical Center; reviewed the Annual Institutional Performance Report; and

reviewed the Annual Financial Report. The committee also recognized individuals from Facilities Management who participated in the Beautiful U campaign.

**REPORT OF THE COMMITTEE OF THE WHOLE**  
**December 11, 1997**  
**4:00 p.m.**

Regent Hogan, Chair of the committee, reported that the committee engaged in a discussion relating to the south mall development project. The communications plan report scheduled for discussion on the agenda was delayed until Friday, December 12, 1997, due to time constraints.

**REPORT OF THE COMMITTEE OF THE WHOLE**  
**December 12, 1997**

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

- a) Approval of a resolution relating to the 1998-99 nonresident tuition rates for Morris and Crookston, as follows:

RESOLVED, that the Board of Regents approve a 1998-99 nonresident tuition rate of \$9,000 for the Morris and Crookston campuses; and

BE IT FURTHER RESOLVED that the administration incorporate the new rate structure into the FY99 institutional budget that will be brought to the Board for action in Spring 1998.

- b) Approval of a resolution relating to the Enterprise Systems Project, as follows:

WHEREAS, current University of Minnesota administrative systems reside in 30 separate, disconnected systems encompassing admissions, registration, financial aid, grades, tuition charges and collections, graduation tracking, human resource management, payroll, employee benefits, staff demographics, seniority tracking and other planning and advising systems, and

WHEREAS, the University of Minnesota is committed to the fundamental redesign of its administrative organization and core businesses in support of greater operating efficiency and to achieve the goal of decentralized management and local-level decision making, accountability, and responsibility; and

WHEREAS, the senior management of the University is committed to achieve the objectives of the fundamental redesign of its administrative organization it has established an Executive Oversight Committee responsible for the Enterprise Systems Project; and

WHEREAS, the students, faculty, and staff, and academic programs need to be supported by the most efficient and productive administrative systems through the use of leading edge technology in support of administrative processes; and

WHEREAS, the University of Minnesota has determined that the priority for achieving these goals is the replacement of its

human resource management system and student registration system in conjunction with the development of a web enabled front end in partnership with IBM.

NOW, THEREFORE, BE IT RESOLVED that the Board of Regents of the University of Minnesota approves moving forward with an Enterprise Project plan involving the replacement of student and human resource systems, making the financial systems year 2000 compliant, and the development of a web enabled front end in partnership with IBM.

BE IT FURTHER RESOLVED that the Board of Regents of the University of Minnesota approve the Enterprise Project plan and budget proposal:

- Approval of a budget authorization for the Enterprise Project amounting to \$38,000,000, which includes previously authorized allocations in the amount of \$10,000,000 for the Enterprise Systems Project and \$3,000,000 for the IBM contract.
- Approval of a project contingency budget of \$4,300,000 which would, upon authorization by the President, be added to the \$38,000,000 Enterprise Project budget thereby raising the overall project costs to \$42,300,000.

The current financing plan consisting of the following elements, subject to further review and action by the administration:

\$2,400,000 of in-kind or financial contribution from the Academic Health Center;

\$3,000,000 of in-kind or financial contribution from the operating funds of the Vice President for Human Resources and the Executive Vice President and Provost;

\$10,000,000 made available from proceeds of the Fairview/University of Minnesota Hospital and Clinic merger;

\$5,000,000 from fiscal year 1998-1999 non-recurring state appropriations; and,

\$21,900,000 to be financed by a 0.7% assessment on salary budgets of academic and support units of the University or non-recurring central allocations for a period not to exceed five years.

BE IT FURTHER RESOLVED that the proposal represents an overall framework for the budgetary needs of the Enterprise Project and that the Board of Regents, in adopting this plan, recognizes that the specific components of the plan may be altered by the President in order to ensure a fair and reasonable distribution of the costs of the project or to take advantage of other resources which may become available for financing the costs of the Enterprise Project. Modifications in the budget shall not result in an increase of the \$42,300,000 projected budget for the enterprise project without review and approval by the Board of Regents.

BE IT FURTHER RESOLVED that the annual operating budget of the University of Minnesota for fiscal year 1998-99, and for subsequent years as necessary until the project is completed, presented to the Board of Regents shall include an annual budget plan for the Enterprise Project. On a semi-annual basis a report to the Finance Committee of the Board of Regents will be made by the Executive Oversight Committee. The plan shall include a report on expenditures to date, accomplishments and the status of the project relative to completion.

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

Hogan reported that the committee also reviewed a communications plan report and discussed the resource allocations and University budget for FY99.

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

Regent O'Keefe, Chair of the committee, reported that the committee received a presentation on teaching and undergraduate programs as part of the committee's policy and program review, and reviewed a number of information items provided by Executive Vice President and Provost Bruininks.

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

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

- a) Approval of the Finance & Operations Committee Consent Report as presented to the committee in the docket material and listed below:
  - Purchase of Goods and Services over \$250,000.
  - Board response to a state request concerning funding for the diagnostic laboratory in the College of Veterinary Medicine.
- b) Approval to proceed with a contract between the University of Minnesota and Aramark Corporation to provide food services as outlined to the committee in the docket materials.

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

Bergland reported that the committee also reviewed a number of information items presented by Senior Vice President Jackson; was provided with an update on the implementation of the Targeted Group Business policy; reviewed the Quarterly Purchasing Report; and reviewed information presented from Cambridge & Associates as part of the investment program review.

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

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



- a) Approval of the Faculty, Staff & Student Affairs Committee Consent Report as presented to the committee and listed below:
- Appointment of Dr. Theora Evans to serve on the community governing board of the Community University Health Center.
- b) Approval of a resolution relating to the 1998-99 nonresident tuition rates for the Morris and Crookston campuses, as follows:

RESOLVED, that the Board of Regents approve a 1998-99 nonresident tuition rate of \$9,000 for the Morris and Crookston campuses; and

BE IT FURTHER RESOLVED that the administration incorporate the new rate structure into the FY99 institutional budget that will be brought to the Board for action in Spring 1998.

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

Bleyhl reported that the committee also reviewed a number of information items presented by Executive Vice President and Provost Bruininks. The agenda item relating to student leadership development issues and needs was delayed until February due to time constraints.

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

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

- a) Approval of a recommendation relating to real estate transactions, as follows:

On the recommendation of the Senior Vice President for Finance and Operations, the appropriate administrative officers are authorized to execute the appropriate documents providing for the following real estate transactions:

- A. Sale of 419 and 429 Ontario Street SE, 915, 917, 921, and 925 Essex Street SE and 416 Erie Street SE, Minneapolis, to Dinnaken Properties, Inc. for the sum of \$675,000.
- B. Sale of 811 and 815 Fulton Street SE, Minneapolis, to Sherwood and Arlene Brekke for the sum of \$212,500.
- C. Sale of 505, 511 and 513 Ontario Street SE, Minneapolis, to Dinnaken Properties, Inc. for the sum of \$271,000.
- D. Sale of 635 Erie Street SE, Minneapolis, to Frank Zaragoza for the sum of \$66,000.
- E. Sale of 623 Ontario Street SE, Minneapolis, to James Eischens for the sum of \$77,500.

- b) Approval of a recommendation relating to a real estate transaction, as follows:

On the recommendation of the Senior Vice President for Finance and Operations, the appropriate administrative officers are authorized to execute the appropriate documents providing for the following real estate transaction:

A. Sale of Sargent Trust Property in Itasca County to Kris and Carey Anderson for \$42,000.

- c) Approval of a recommendation relating to an amendment to the FY98 Capital Budget and Schematic Plans pertaining to the South Mall Parking Facility, as follows:

On the recommendation of the President and the Senior Vice President for Finance and Operations, the FY98 Capital Budget is amended to incorporate the following budget amendment and the administration is authorized to commission the service of a professional design consultant(s) for the purpose of initiating schematic design for the South Mall Parking Facility with a design budget of \$800,000.

- d) Approval of a recommendation relating to amendments to the FY98 Capital Budget, as follows:

On the recommendation of the President and the Senior Vice President for Finance and Operations, the FY98 Capital Budget is amended as follows:

A. Increase the budget for the Darland Administrative Building Ventilation/Air Conditioning Upgrade Project on the Duluth Campus by \$475,000 to \$1,350,000.

B. Incorporate the Research Animal Resources Security Card Access Project in the Health Sciences area of the Twin Cities Campus valued at \$152,000 into the FY98 Capital Budget.

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

Regan reported that the committee also reviewed a number of information items presented by Senior Vice President Jackson and reviewed proposed amendments to the FY98 Capital Budget relating to the Football Complex Improvement Phase II project and the Commonwealth Terrace Roof Replacement Phase II project.

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

Regent Larson, Chair of the committee, reported that the committee reviewed a number of information items presented by Executive Vice President and Provost Bruininks and Senior Vice President Jackson; reviewed the semi-annual Controller's Report; engaged in a discussion relating to the annual external auditor's review of the University's financial statement; and reviewed a report on information technology security and controls.

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

Regent Peterson reported that the Litigation Review Committee did not meet this month. He did report on two information items: 1) dismissal of a City of Minneapolis challenge to the University's steam plant project; and 2) a wrongful death action against the University and Dr. John Najarian was settled out of court. Terms of the settlement are confidential.

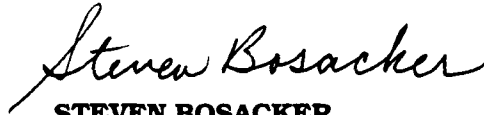
**OLD BUSINESS**

**Presiding Officer at Board of Regents Meetings**

A motion was made and seconded to recommend amendments to the Board of Regents Bylaws, as found in the docket materials, to establish the Chair as the presiding officer at meetings of the Board of Regents.

The Board of Regents voted unanimously to approve the amendments to the Board of Regents Bylaws.

The meeting adjourned at 12:15 p.m.



**STEVEN BOSACKER**  
**Executive Director &**  
**Corporate Secretary**

**UNIVERSITY OF MINNESOTA**  
**BOARD OF REGENTS**  
**Litigation Review Committee**  
**January 12, 1998**

A meeting of the Litigation Review Committee of the Board of Regents was held on Monday, January 12, 1998, at 5:06 p.m. in Room 325, Morrill Hall.

Regents present: Regent Peterson, presiding; and Regent Jessica Phillips. Regent Patricia Spence participated via telephone.

Staff present: Senior Vice President Frank Cerra; General Counsel Mark Rotenberg; Executive Director Steven Bosacker; and Associate Vice Presidents Robert Kvavik, Georgina Stephens, and Ed Wink.

Others present: Mark Bohnhorst, William Donohue, Nancy Hoyt, and Tracy Smith.


**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 non-public meeting of the Board of Regents' Litigation Review Committee be held on Monday, January 12, 1998, in 325 Morrill Hall, 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 5:07 p.m.

  
**STEVEN BOSACKER**  
**Executive Director and**  
**Corporate Secretary**



**UNIVERSITY OF MINNESOTA  
BOARD OF REGENTS**

**MINUTES**

**BOARD OF REGENTS MEETINGS**

**AND**

**COMMITTEE MEETINGS**

**February 3, 1998  
February 12-13, 1998**

**Office of the Board of Regents**

**220 Morrill Hall**

## UNIVERSITY OF MINNESOTA

## BOARD OF REGENTS

Minutes of the Board of Regents Meetings  
and Regents Committee MeetingsFebruary 3, 1998  
February 12-13, 1998

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**UNIVERSITY OF MINNESOTA**  
**BOARD OF REGENTS**  
**Litigation Review Committee**  
**March 3, 1998**

A meeting of the Litigation Review Committee of the Board of Regents was held on Tuesday, March 3, 1998, at 8:00 a.m. in Room 325, Morrill Hall.

Regents present: Regent Peterson, presiding; and Regent Jessica Phillips. Regent Patricia Spence participated via telephone.

Staff present: Senior Vice President Frank Cerra; General Counsel Mark Rotenberg; and Executive Director Steven Bosacker.

Others present: William Donohue and Keith Dunder.

**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 non-public meeting of the Board of Regents' Litigation Review Committee be held on Tuesday, March 3, 1998, in 325 Morrill Hall, 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 8:01 a.m.



**STEVEN BOSACKER**  
**Executive Director and**  
**Corporate Secretary**

**UNIVERSITY OF MINNESOTA**  
**BOARD OF REGENTS**  
**Faculty, Staff & Student Affairs Committee**

**February 12, 1998**

A meeting of the Faculty, Staff & Student Affairs Committee of the Board of Regents was held on Thursday, February 12, 1998, at 7:50 a.m. in the Board Room, 238 Morrill Hall.

Regents present: Julie Bleyhl, presiding; Robert Bergland, William Hogan, Warren Larson, and Michael O'Keefe.

Staff present: Executive Vice President and Provost Robert Bruininks; Senior Vice President Frank Cerra; Chancellors David Johnson, Kathryn Martin and Donald Sargeant; Vice Presidents McKinley Boston and Carol Carrier; Executive Director Steven Bosacker; and Associate Vice Presidents Jane Canney and John Erickson.

Student Representatives present: Maureen Sheehan and Andrew Toftey.

**INFORMATION ITEMS**

Regent Bleyhl said that members of the Board have been lobbying the state legislature on behalf of the University's capital request. Bleyhl urged everyone to call or write to their legislator in support of the request.

Executive Vice President and Provost Bruininks reviewed the information items included in the docket materials and noted the following:

- The appointment of Julie A. Sweitzer as Acting Director of the Office of Equal Employment Opportunity and Affirmative Action.
- Statistics from *State Profiles: Financing Public Higher Education 1997 Rankings*, the nation's premier annual report on the financing of public higher education, are included in the docket materials.
- At Chair Bleyhl's request, the administration has organized a series of luncheon meetings for University department chairs. To date, three meetings have been held. Bruininks stated that the response from department chairs has been extremely positive. So far, twenty-two chairs from six colleges have attended.
- Over 500 students at the University are affected by the recent Asian financial crisis. These full-time students, from countries whose currency has been devalued, are facing significant problems. Several offices at the University have been working to assist these students through a wide range of activities including out-of-state tuition waivers and tuition payment restructuring.

## **CONSENT REPORT**

Executive Vice President and Provost Bruininks reviewed the consent report which was included in the docket materials. Two proposed personnel actions are included in the report:

- The proposed appointment of Christine Maziar as Vice President for Research and Dean of the Graduate School effective June 1, 1998. Dr. Maziar is currently a Vice Provost and Professor of Electrical and Computer Engineering at the University of Texas at Austin.
- The proposed appointment of Kjell Knudsen as Dean of the University of Minnesota, Duluth (UMD) School of Business and Economics effective January 1, 1998 (retroactive). Dr. Knudsen is currently an Associate Professor of Strategic Management and Administrative Behavior and Associate Dean at UMD.

The committee voted unanimously to recommend approval of the Consent Report.

### **COLLECTIVE BARGAINING AGREEMENT WITH FACULTY OF THE UNIVERSITY OF MINNESOTA, DULUTH**

Vice President Carrier and Director of Employee Relations John Erickson presented the collective bargaining agreements between the University of Minnesota and the University Education Association on behalf of the faculty at the University of Minnesota, Duluth as contained in the docket materials.

A motion was made and seconded and the committee voted unanimously to approve the resolution.

### **ADDENDUM COLLECTIVE BARGAINING AGREEMENT WITH INTERNATIONAL BROTHERHOOD OF ELECTRICAL WORKERS, LOCAL 292**

Vice President Carol Carrier and Director of Employee Relations John Erickson presented the collective bargaining agreements between the University of Minnesota and the International Brotherhood of Electrical Workers (I.B.E.W.), Local 292 as contained in the docket materials.

A motion was made and seconded and the committee voted unanimously to approve the resolution.

### **BOARD OF REGENTS POLICY: AWARDS, HONORS & RECOGNITION**

Executive Vice President and Provost Bruininks explained that the awards, honors and recognition policy was adopted on February 19, 1965, with amendments made to the policy on April 13, 1984 and July 8, 1994. The policy serves as a guide to the granting of institutional awards, honors, and recognitions. Proposed revisions to the policy are intended to clarify and/or refine definitions used throughout the policy and consolidate all of the non-collegiate and non-departmental awards into one umbrella policy rather than several separate regental policies as has been the case up to now. Two additional awards have been added: the President's Award for Outstanding Service and the Josie R. Johnson Human Rights and Social Justice Award.

The committee supported the revisions to the policy and suggested that more awards should be considered to recognize outstanding contributions made in the University community.

The policy will be brought back for approval at the March 1998 committee meeting.

#### **COMMITTEE WORK PLAN**

Chair Bleyhl stated that she and Executive Vice President and Provost Bruininks have created a list of four topic areas of discussion for the committee to examine in future months. These four items were derived from past committee discussions. The work plan is brought before the committee to confirm with members the committee's goals for the coming year. The four areas to be examined are: 1) human resource policies and practices; 2) information in preparation of upcoming budget decisions; 3) review of student, staff, and faculty programs that relate to critical measures and goals; and 4) human resource programs/procedures related to the enterprise system.

Regent Larson noted that many legislators are concerned with semester conversion and transfer of credits, and suggested that this issue could be examined under the third discussion topic. Bruininks agreed and noted that the semester conversion process has been going very smoothly. The next step is to ensure that the Minnesota transfer curriculum is put in place in a way that is effective and easy for students to use. The University's agreement with Minnesota State Colleges and Universities (MnSCU) makes a commitment to sharing academic resources and making it easy for students to transcend institutional boundaries.

Regent O'Keefe noted that the focus of this committee has to do with the groups of people who make up the institution. Because there are so many detailed policy issues that affect the different constituencies, the committee, the administration and the leadership of the institution run the risk of having the whole fragmented by spending time discussing an endless stream of specific policy issues. O'Keefe said he believes the greater impact can be found in asking the broad, contextual questions, such as, "What is the total student experience at this institution?" "What is the quality of student life, the quality of the education experience, the quality of the interactions with the bureaucracy of the University?" Similar questions can be asked of the faculty. "What is the environment which we have produced for faculty so that they can do their job -- teaching, research and outreach? Does that environment encourage the highest level of productivity and effectiveness for faculty?" The same could apply for support staff. "Are they capable of achieving their goals?" O'Keefe stated that while the four agenda topics are important, he would urge that the questions be asked in the larger framework and put the specific policy issues that the committee will be addressing into the broader context. Regent Bleyhl agreed and asked O'Keefe to continue to remind the committee to look at the whole rather than individual pieces.

#### **STUDENT LEADERSHIP DEVELOPMENT ISSUES AND NEEDS**

Vice President Boston and Associate Vice President Canney reported on the development of a University of Minnesota Leadership Experience program which will be a partnership between the Office of Student Development and Athletics and collegiate units. This partnership is aimed at coordinating the University's leadership development opportunities for undergraduates. The program's goal is to enhance student capacities for leadership in an applied context with an emphasis on global citizenship, personal development, and social change.

Boston explained that an assessment of student opinion on leadership programming at the University of Minnesota was conducted between 1994-97 by the Campus Involvement Center. The assessment indicated that leadership development programs play an integral and popular role in undergraduate education and students believe for-credit courses in leadership development should be offered to provide a theoretical component to the experience.

The student leadership development initiative model will seek to provide each student with the opportunity to develop core knowledge about leadership that will support the traditional goals of liberal education and student development. Educating people about leadership requires a multidisciplinary approach. The course will include faculty from many academic fields -- psychology, political science, education, philosophy and others. This will ensure that issues relevant to leadership of students with differing backgrounds, values, and experiences is provided.

Regent Hogan suggested that members of the Board may be able to provide mentorship to students interested in leadership. Boston noted a program called "Leaderquest," a program where students are joined with mentors from the community. The program, which is in its tenth year, starts with a weekend retreat where students and mentors are introduced and partnership plans are established for the year. Boston said he believed the students would welcome the opportunity to be mentored by members of the Board, and if there were members interested in more information, we would be happy to give them more information. O'Keefe requested that written materials on the program be distributed to members of the Board.

#### **UNIVERSITY HEALTHCARE BENEFITS**

Senior Vice President Cerra and Vice President Carrier provided an overview of the University of Minnesota's health care coverage for faculty and staff.

Carrier explained that since 1967, the University has participated in the State of Minnesota Employee Group Insurance Program (SEGIP). University employees make up approximately 14,000 of the total 60,000 employees currently covered by SEGIP.

The State of Minnesota, through its joint labor management committee, has begun a major study to determine the options to be offered under SEGIP beginning in January 2000. The University has three members on this committee. A second task force, the Task Force on Health Insurance, was formed by two major committees of the University's faculty senate, to study the long-term options for health insurance for University faculty.

Cerra noted that a key area of concern for faculty and staff in 1998 was the removal of the Medica Premier plan. Approximately 31 percent of University employees participated in this plan in 1997. To receive equivalent coverage in 1998, including access to University facilities/providers, these employees needed to switch to the State Health Plan in 1998, costing them \$909 per year for employee-only coverage and \$2,564 per year for family coverage. This is an increase of 85% and 76%, respectively over the 1997 rates.


Cerra explained that other concerns include: the desire for greater access to University providers; non-managed care option needed at a more affordable rate; inadequate access and coverage of mental health and chemical dependency problems; coverage for domestic partners; and early retirees.

Professor Richard McGehee, chair of the internal health plan task force, stated that the State of Minnesota should be congratulated for having provided high-quality,

low-cost health care to its employees over the years. The areas where there seems to be a difference in the order of priority between the two task forces examining the State program are access to University providers and out-of-area coverage.

Carrier noted that a variety of different approaches to health care will be considered by the two task force groups for implementation in the year 2000. The models will be examined over the coming months in terms of choice, opportunities, risk, and costs/benefits to the institution and the individual employee.

The meeting adjourned at 9:56 a.m.



**STEVEN BOSACKER**  
**Executive Director and**  
**Corporate Secretary**

**UNIVERSITY OF MINNESOTA**

**BOARD OF REGENTS**

**Facilities Committee**

**February 12, 1998**

A meeting of the Facilities Committee of the Board of Regents was held on Thursday, February 12, 1998, at 8:00 a.m. in Room 300, Morrill Hall.

Regents Present: Thomas Reagan, presiding; David Metzen, William Peterson, Jessica Phillips, Maureen Reed, and Patricia Spence. Special Guest: Regent Emeritus Wendell Anderson.

Staff Present: Senior Vice President JoAnne Jackson; Associate Vice Presidents Eric Kruse and Georgian Stephens; and Executive Director Steven Bosacker.

Student Representatives present: Tammy Koob and Kristen Vathauer.

**INFORMATION REPORT AND AGENDA CHANGES**

Senior Vice President JoAnne Jackson reported no information items. Jackson informed the committee that the capital budget amendment and schematic plans for the Dance Center were pulled from the agenda for continued negotiations with the surrounding neighborhoods. The project will be brought to the committee at a future meeting.

**CONSENT REPORT**

Senior Vice President Jackson reported there were no items to report.

**CAPITAL BUDGET AMENDMENTS**

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

On the recommendation of the President and the Senior Vice President for Finance and Operations, the Capital Budget is hereby amended to incorporate the following projects:

- A. Commonwealth Terrace Roof Replacement Phase II, Twin Cities Campus  
Estimated project costs: \$450,000  
Funding: Housing and Residential Life Capital Budget Reserves,  
Estimated completion date: August 1998
- B. Football Complex Improvements Phase II, Twin Cities Campus  
Estimated project costs: \$3,000,000  
Funding: Office of Student Development and Athletics Coca-Cola Revenue  
Reserves  
Estimated completion date: October 1998

The committee voted unanimously to recommend approval of the resolution regarding the amendments to the FY 1997 capital budget.

**SCHEMATIC PLANS**  
**Football Complex Improvements Phase II, Twin Cities Campus**

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

On the recommendation of the President and the Senior Vice President for Finance and Operations, the schematic plans for the Football Complex Improvement Phase II Project are approved and the appropriate administrative officers are authorized to proceed with the development of construction documents and construction.

Men's Football Coach Glenn Mason informed the committee of the positive impact the upgraded football complex had on the recruiting process this year. With the completion of phase II, the University will have fully functional facilities and a visible sign of commitment to the football program.

Men's Athletic Director Mark Dienhart explained that the project includes three basic improvements to the facilities: new weight room, new instructional space, and new entry to the Gibson Nagurski Complex.

Associate Vice President Kruse presented drawings of the proposed improvements to the football complex. The plans for the new entryway bring the main entrance out to the street and easy to find. There will be a banner that will tie the two athletic buildings, the Gibson/Nagurski Football Facility and the Bierman Athletic Building, together as one complex. The new entrance is a two-story addition and will be primarily glass and create a more open and inviting atmosphere. The 2,600 square feet created by the addition will serve as a Gopher sports showcase and sports memorabilia hall of fame for the football program and will simulate a football field. The second part of the addition consists of adding air conditioning and remodeling the Bierman gym for weight and exercise training. In addition, the existing weight room in the Gibson facility will be remodeled for state-of-the-art instructional and office space. The estimated completion date is October 1998.

In response to a question from Student Representative Koob, Deinhart explained that the new weight room would be used for several different men's athletic programs.

Regent Metzen requested staff to consult the plans for the Gateway Center to ensure that the historical components of these projects complement each other.

Deinhart assured the committee that the space for the hall of fame is roughly the same size as the Michigan hall of fame and will be adequate for the University's needs.

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

**REAL ESTATE TRANSACTIONS**  
**Sale of 626 Ontario Street SE, Minneapolis**

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

On the recommendation of the President and the Senior Vice President for Finance and Operations, the appropriate administrative officers are authorized to execute the appropriate documents providing for the following real estate transactions:



- A. Sale of 626 Ontario Street SE, Minneapolis to Ronald McDonald House Charities for the sum of \$78,500; and
- B. Sale of 633 and 644 Ontario Street SE, Minneapolis, to Frank Zaragoza for the sum of \$117,000.

The committee voted unanimously to recommend approval of the resolution regarding the real estate transactions.

### **PROJECT MANAGEMENT PROCESS**

Senior Vice President JoAnne Jackson stated that the report presents a view of the project management process used by Facilities Management in planning, constructing, and operating University facilities. Associate Vice President Kruse presented a comprehensive overview of the process as found in the docket materials. Kruse stated that the process is a "work in progress" and that Facilities Management is committed to making any changes to the process necessary to best accomplish the University's mission.

In response to a question from Regent Peterson, Kruse explained that contractors are pre-qualified on an annual basis, with the availability of up to four one-year renewal contracts.

Regent Metzen stated he would like more appropriate involvement by the committee in the pre-funding, pre-planning activities. Kruse agreed to work with Chair Reagan to identify ways the committee could be more involved early in the process. Regent Spence suggested that it may be beneficial if there could be some type of review by the committee after the institutional strategic planning stage. Jackson added that since the capital budget is strictly financial in nature, it could be advantageous for the committee to review the "physical side" of the capital budget at that time.

Regent Reed suggested that if the Board developed a list of principles and standards that all capital projects must meet, it may eliminate schematic plans being developed that fall short of the Board's expectations. Kruse responded that, given the diverse nature of the campus, it might be difficult for one common theme. He suggested that a district theme could be developed that would recognize each district's unique architectural context and integrity.

In response to concerns from committee members that the master plan be utilized early in the process, Kruse stated that the master plan is brought into play during the pre-design phase and is carried through to the schematic design.

Jackson explained that this is the first time this process has been evaluated to this extent and assured the committee that Associate Vice President Kruse is working diligently to further refine this process and identify ways that various groups in the decision-making process can work together to move the process along faster.

In response to concerns from Regent Spence that faculty be involved in the process, Jackson explained that one purpose for this evaluation of the project process is to determine whether or not the projects are receiving the appropriate input at the appropriate stage in the process. Kruse added that the term "program critical decision-makers" found in the materials would include academic staff on certain projects.

Reed expressed her belief that if the expectation is that University buildings will take longer and cost more, often expectations become reality. Regent Reagan relayed the Wilkins Hall experience in which the committee expected it to be built in a short time frame and it was built in ten months.

Jackson noted the Legislative Auditor's report, "State Building Maintenance," and stated that it contained some positive comments regarding the University's

initiatives and approach towards deferred maintenance and construction of new buildings.

**QUARTERLY CAPITAL IMPROVEMENT PLAN REPORT  
(2ND QUARTER FY 98)**


Associate Vice President Kruse presented the Quarterly Capital Improvement Plan Report as found in the docket materials.

In response to a question from Regent Phillips, Kruse stated that although it would be preferable to have all current projects completed, Facilities Management staff is working as hard as possible to push projects through while still maintaining a high level of quality.

Regent Reagan recommended that Facilities Management staff should work closely with the Admissions Office and University Relations to inform prospective students and faculty of the significant improvements being made to University facilities.

Student Representative Vatthauer complimented the Facilities Management staff on the positive impact that the facilities improvements have had on students, especially at the St. Paul Campus.

The meeting adjourned at 9:30 a.m.

  
**STEVEN BOSACKER**  
**Executive Director and**  
**Corporate Secretary**

**UNIVERSITY OF MINNESOTA**

**BOARD OF REGENTS**

**Educational Planning and Policy Committee**

**February 12, 1998**

A meeting of the Educational Planning and Policy Committee of the Board of Regents was held on Thursday, February 12, 1998 at 10:05 a.m. in Room 300, Morrill Hall.

Regents present: Michael O'Keefe, presiding; David Metzen, Jessica Phillips, Maureen Reed, and Patricia Spence.

Staff present: President Mark Yudof; Executive Vice President and Provost Robert Bruininks; Chancellors David Johnson and Kathryn Martin; Vice President Mark Brenner; Executive Director Steven Bosacker; and Associate Vice President Rusty Barcelo.

Student Representatives present: Tammy Koob and Kristen Vathauer.

**UNIVERSITY-MnSCU AGREEMENT ON COOPERATION**

President Yudof reported to the committee the signing of a formal agreement to foster expanded cooperation and innovation between the University of Minnesota and the Minnesota State Colleges and Universities (MnSCU). The systems currently have a number of successful joint programs and projects. Through this agreement, expanded opportunities could include: cooperative degree programs in select fields, professional development opportunities for faculty and staff, more joint programs, and sharing library resources. The current agronomy program at Southwest State will be the model for granting University degrees in selected undergraduate disciplines at MnSCU campuses. The administration has begun discussion with other MnSCU institutions and with the faculty, as the faculty deliberative processes for the granting of degrees and credits will be followed. President Yudof commented on the potential benefits of the agreement, including facilitating the transfer of credits from one system to another, sharing software computer systems for student processes, sharing resources to create a virtual university, and creating professional graduate programs at other campuses. As an important first step, the chief academic officers of both systems (the Senior Vice Chancellor for Academic and Student Affairs at MnSCU and the Executive Vice President and Provost of the University of Minnesota) will co-chair an Inter-System Policy Committee to provide oversight and a coordinating mechanism for joint working groups.

Chancellor Martin provided the committee with specific examples of how the University of Minnesota, Duluth campus could benefit, including expansion of the current 2 plus 2 degree programs. She expressed hope that joint ventures would lead to workforce development for northeastern Minnesota.

Student Representative Koob asked if students will pay the lower MnSCU tuition rates, but receive University degrees. Executive Vice President Bruininks stated the University does not want to create disincentives to attend the University and that the committee will work out details. Student Representative Vathauer thinks this agreement is a wonderful opportunity, but cautioned that students need to participate in the decision-making and that good communication was needed. President Yudof stated that he expected that joint degrees will be relatively small, non-traditional programs. He agreed it would be good to have student involvement. Regent Spence

commented that this agreement broadens access to education and that non-traditional students have had the least access in the past. All the members of the committee expressed their strong support for the cooperative agreement and applauded President Yudof for his strong leadership in forging this new relationship.

**POLICY AND PROGRAM REVIEW:  
GRADUATE AND PROFESSIONAL PROGRAMS**

Regent O'Keefe reminded the committee this was their second policy review session meant to identify key issues facing higher education. He acknowledged the number and depth of the readings that were provided to the committee and thanked members for their diligence in preparing for the meeting.

Executive Vice President Bruininks introduced the subject, Graduate and Professional Education. He told the committee of the strong connection between undergraduate and graduate education and noted that 20% of the University's students are in graduate or professional programs, but 45% of the degrees granted by the University are graduate and professional degrees. O'Keefe requested that each committee member ask questions based on the readings. The questions would help the presenters tailor their comments and also help frame the committee's discussion.

Regent Spence asked about the importance of interdisciplinary research and whether the University can be all things to all people. Regent Reed asked about the outcomes of graduate education and how they can be measured. She wondered if there is an oversupply of graduates or a lack of jobs and whether the University should limit enrollment. Reed asked if departments have standards for the time from enrollment to degree and if they are the right standards. She also questioned if the University has a responsibility to consider the consumption of scarce resources. O'Keefe questioned how the University should look at demand for graduate education. He asked what process should the University use to determine its response to changing demand, or does the University ignore demand.

Vice President Mark Brenner spoke on the role of the Graduate School to strengthen the quality of the institution, to promote interdisciplinary scholarly efforts, to advocate for a quality experience for students, to champion faculty development and to envision and initiate change. Brenner stated that applications to graduate programs are down 15%. This is a typical drop across the Big 10 and is considered a sign of a good economy. Admissions are not down as much as applications, although some programs are limiting enrollment. Minority enrollment has increased to 7.8%, but it is still too low for Native Americans, Hispanics and African-Americans. The University ranks between fourth and sixth in the country in the number of doctorate degrees granted, but there is growing concern that the best students are choosing to enroll elsewhere, he said

Brenner noted that the University's rankings, as determined by the National Research Council, have fallen overall from sixteenth to twentieth and dropped significantly in biology. To meet new demands, the University is restructuring programs and actively promoting professional master's degrees and certificate programs. The University is also expanding the scope of the Ph.D. experience through the largest and most successful faculty preparation program in the country and by promoting interdisciplinary activities. The graduate school is also looking to expand ethics education and mentoring programs. Only half of graduate students go on to academia, but the University prepares them all to go there, he stated. The University needs to think about this differently.

Brenner listed important issues for the committee to consider:

- the University ranks number 8 in the Big Ten in fellowship money;
- the University is not able to commit to multi-year fellowship packages;

- other competitive universities are raising large sums for graduate education;
- Incentives for Managed Growth (IMG) poses a risk to interdisciplinary ventures.

Dean Thomas Sullivan told the committee that through its professional schools the University is the intellectual and economic engine for the State of Minnesota. Sullivan believes it is crucial to have first rate undergraduate programs in order for the University to have great professional programs, because many of our graduate students come from the undergraduate colleges. He said that all the professional programs at the University are ranked in the top 30 in the country. Most are in the top twenty which is the best record for a public university in the country.

Sullivan stated that all the professional programs are involved with innovative programming, building relationships outside the university, strategic planning, multi-disciplined approach to learning, and internationalization. He spoke of the great value clinical faculty bring to the institution and stressed the importance of community involvement. Sullivan provided several examples within the Law School of the value of the clinics which offer an important educational experience, while providing service to low income individuals.

Sullivan suggested these issues for committee deliberation:

- Recruiting and retaining the best students and faculty requires competitive salaries, top-notch facilities, and ample fellowships;
- Student debt load is growing and the amount of debt is determining the jobs students select after graduation;
- Professional schools need to consider the supply of graduates they produce and the demand for them, as evidenced through job offers.

Regent Spence asked if the University plans to raise funds for graduate student support. Bruininks responded yes, but also said the University has to look at how current money is spent and leverage current dollars most effectively. Regent Reed commented that the public expects the University to look critically at its programs. She wondered if the University and/or the public are willing to sacrifice the less successful or lower priority programs in order to have more resources for the most important programs. Reed questioned if we know what society expects from graduate education in the future.

Bruininks believes the University will restructure programs, rather than eliminate them in the future. The University currently has about 165 different graduate programs, 115 of these grant PhDs. There is no magic number, he said and in some areas the University is developing professional masters degree programs. Regent Metzen sees cooperation and a drive for high standards as important themes. Regents Phillips and O'Keefe asked if internships and community involvement are available to all graduate students. Brenner responded that a significant number, but probably fewer than 50% of all Graduate School students, are involved in a formal way outside the University. He stated the institution needs to improve in this area, in order to better prepare students for professional careers, rather than academic work.

Student Representative Vathauer told the committee she has had a bad experience applying to the Graduate School at the University this year. Unlike her response from other universities, she has had no contact from the department. Dean Brenner expressed his sorrow at hearing that. Regent O'Keefe stated the committee needs to look at how the institution functions from the perspective of one student, or an individual faculty member or staff. Dean Sullivan spoke in support of surveys to regularly know what constituents believe. The law school surveys every year. Regent Reed requested a synopsis of information from employees of graduates. Dean Brenner said that information was not collected at the Graduate School because of the cost.

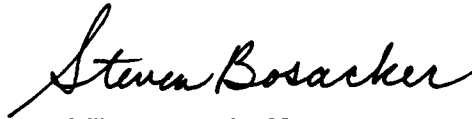
## CONSENT REPORT

Executive Vice President and Provost Bruininks reviewed the items in the consent report. The College of Education and Human Development requested approval to add three certificate programs: in coaching, adult education and human resource development. The Graduate School sought approval to add a Master in Fine Arts and discontinue the Master in Arts at UMD and to discontinue the Master in Mechanical Engineering and Master in Industrial Engineering.

The Hubert H. Humphrey Institute of Public Affairs sought authorization to appoint Dr. Geri Joseph to the Institute Advisory Board. Bruininks also reported the University has been invited to join the Midwest Consortium for Latino Research and asked for approval of the agreement to become a member of this organization whose mission is to provide leadership for the advancement of Latino scholars and research.

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

The meeting adjourned at 12:00 noon.



**STEVEN BOSACKER**  
**Executive Director and**  
**Corporate Secretary**

**UNIVERSITY OF MINNESOTA**  
**BOARD OF REGENTS**  
**Finance & Operations Committee**

**February 12, 1998**

A meeting of the Finance & Operations Committee of the Board of Regents was held on Thursday, February 12, 1998, at 10:10 a.m. in the Board Room, 238 Morrill Hall.

Regents present: Robert Bergland, presiding; Julie Bleyhl, William Hogan, Warren Larson, and Thomas Reagan.

Staff present: President Mark Yudof; Chancellor Donald Sargeant; Senior Vice President JoAnne Jackson; Executive Director Steven Bosacker; Associate Vice Presidents Terry O'Connor, Richard Pfutzenreuter, and Georgina Stephens.

Student Representatives present: John Cahoy and Brett Hoerner.

**INFORMATION ITEMS**

Regent Bergland noted that Senior Vice President Jackson has accepted a position at the University of Alabama. On behalf of the committee, Bergland thanked Jackson for her service to the committee and the University.

Jackson reviewed the information items and noted the following:

- A contract has been negotiated with the firm Loder Drew & Associates, Inc. (LDA) to perform a recovery audit of the University's accounts payable system. LDA will review the accounts payable records to identify credits, overpayments and duplicate payments. The audit will be performed on a contingency fee basis where a percentage of actual recoveries will be earned by LDA. In addition to the recovery audit services, LDA will analyze the accounts payable process and make recommendations for improvement.

**CONSENT REPORT**

Senior Vice President Jackson reviewed items included in the consent report for committee approval, which was included in the docket materials and is on file in the Board Office:

- The use of \$275,000 out of the general contingency fund to renovate space for the Diabetes Institute;
- The allocation from the fund balance of the Fairview transaction for two purposes: \$6.9 million for programmatic support of the Medical School for losses incurred during the transaction and \$24 million to finance renovation of space in the Academic Health Center;

- Purchases of goods/services over \$250,000.

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

### **CASH BALANCES REPORT**

Senior Vice President Jackson and Associate Vice Presidents O'Connor and Stephens discussed differences between the University's fund and cash balances. Jackson stated that this report was prepared to answer a question which seems to be plaguing the University. People have quite often looked at the fund balances in University financial reports and wrongly think that the University is sitting on a tremendous amount of cash. It is a misconception that the fund balance is the University's cash balance.

O'Connor explained that the report included in the docket materials attempts to illustrate how you get from the fund balance to the cash balance. The total fund balance equals assets minus liabilities. The biggest difference between the fund balance and the cash balance is the net investment in plant, which are the fixed assets of the University that have been purchased over many prior periods and have depreciated to get to their "net book value." If you start off with a \$2 billion fund balance, after subtracting the net investment in plant (\$1,114,000,000) and the overall investments of the University (\$679,000,000), you get to the approximate cash balance.

Regent Bergland stated that legislators called him after the University's annual report came out. They were confused by the numbers and thought that the University was sitting on \$2 billion. Bergland suggested that if there was any way to clarify this in future annual reports, it should be done.

### **ANNUAL OPERATING BUDGET ADJUSTMENTS/ TRANSFER OF FUNDS**

Senior Vice President Jackson explained that the delegation of authority manual, which will improve controls over the University, the transfer of balances and the approval processes, is being rewritten. There is a need for controls and delegation of authority for the transfer of funds between units in certain situations, particularly when a program or area has a transaction approval but the dollars to fund the transaction are somewhere else.

Associate Vice President O'Connor explained that transfer of funds are sometimes needed to address a variety of needs: operational, programmatic, non-capital improvements or to cover budget deficits. Risks associated with this type of transfer include legal and accounting regulations, the potential for unchecked deficit spending, and compromising the clarity and applicability of Board-approved budget workplans.

The recommended administrative oversight of transfers to address risks include executing the request in accordance with department or college guidelines with RRC approval; seeking ORTTA approval for transfers involving sponsored funds; and transfers from auxiliary operations over \$100,000 reported to the Senior Vice President for Finance and Operations.

Requests exceeding \$1 million will be subject to approval of the Senior Vice President for Finance and Operations. Transfers exceeding \$1 million will be



reported to the President on a monthly basis. Transfers between \$100,000 and \$1 million will be reported to the Senior Vice President for Finance and Operations on a monthly basis. Transfers where student programs or services are affected will be reported to the President.

In response to a question from Regent Hogan, O'Connor stated that some existing Board of Regents and administrative financial policies, may need to be amended or revised to incorporate the recommended procedures.

The meeting adjourned at 10:55 a.m.



**STEVEN BOSACKER**  
**Executive Director and**  
**Corporate Secretary**

**UNIVERSITY OF MINNESOTA**

**BOARD OF REGENTS**

**Committee of the Whole**

**February 12, 1998**

A meeting of the Committee of the Whole of the Board of Regents was held on Thursday, February 12, 1998, at 1:45 p.m. in Room 238, Morrill Hall.

Regents present: William Hogan, presiding; Robert Bergland, Julie Bleyhl, Warren Larson, David Metzen, Michael O'Keefe, Jessica Phillips, Thomas Reagan, Maureen Reed, and Patricia Spence. Regent H. Bryan Neel participated for a portion of the meeting via telephone.

Staff present: President Mark Yudof; Executive Vice President and Provost Robert Bruininks; Senior Vice Presidents Frank Cerra and JoAnne Jackson; Vice President McKinley Boston; Acting Vice Presidents Mark Brenner and Thomas Swain; General Counsel Mark Rotenberg; Executive Director Steven Bosacker; and Associate Vice Presidents Richard Pfutzenreuter, Clint Hewitt, Eric Kruse, Terry O'Connor, and Georgina Stephens.

Student Representative present: Blessing Rugara.

**RECOGNITION OF SENIOR VICE PRESIDENT JOANNE JACKSON**

Recognition was given to JoAnne Jackson who is leaving her position as Senior Vice President of Finance effective February 28, 1998, to assume the position of Vice Chancellor for Financial Affairs at the University of Alabama, Tuscaloosa campus.

**HONORS COMMITTEE NOMINATIONS**

The committee voted unanimously to recommend approval of the following resolution:

RESOLVED, that on the recommendation of the President, the recommendations of the All-University Honors Committee included in the correspondence sent to the Board on February 2, 1998 and February 6, 1998, are hereby approved.

**QUARTERLY SUMMARY OF EXPENDITURES**

The following resolution was presented for approval relating to the Summary of Expenditures for the Board of Regents Office, the Office of the President, and Eastcliff Maintenance:

RESOLVED, that the Summary of Expenditures for the period July 1, 1997 to December 31, 1997 for the Board of Regents Office, the Office of the President, and Eastcliff Maintenance are hereby approved.

The committee voted unanimously to recommend approval of the resolution.

## **SOUTH MALL RESOLUTION & DESIGN COMMITTEE REPORT**

President Yudof introduced the agenda item relating to the organizational framework for the south mall development project. The proposed framework will serve as the basis for coordinating the development of the south mall to produce an integrated project that makes full use of the Mississippi River and creates a user-friendly academic, residential and social environment for students, faculty, and staff.

A number of factions make up the organizational framework. Ultimate responsibility for the south mall development project (final decisions on design, scope, and cost) will be made by the Board from recommendations by the President. There will be a Vice Presidents Group, composed of the two senior vice presidents and the vice president for student development, that will make recommendations on development concepts and project designs to the President. The framework also includes a South Mall Development Advisory Committee that will give oversight to the process of defining a strong development concept. An urban design consultant will be utilized to give focus to a process for producing an urban design concept for the south mall that is responsive to multiple constituent interests, engenders the support of University leadership, and whose ultimate design and development will ennoble the University. And lastly, technical teams are being formed for the purpose of applying the broad design concept and development parameters established for the south mall to individual projects.

In response to a question from Regent Reagan regarding input from University staff groups, it was noted that University staff will have input into the project through participation on the development advisory committee.

Senior Vice President Jackson introduced Mr. Ken Greenberg from the firm of Berridge, Lewinberg, Greenberg, Dark, Gabor, Ltd., the consultants that were part of the team that developed the University's Master Plan. Greenberg addressed the committee and described how the University can accomplish the vision for the south mall through this project and how it relates to implementation of the principles of the master plan.

A resolution was included in the docket materials recommending approval of the organizational framework and authorizing that the appropriate steps be taken to complete the planning and architectural design necessary for the south mall project. The design, scope and cost of the project will be presented to the Board for separate consideration and approval, as required by Board policy. The President will also periodically report to the Board on the steps taken by the administration pursuant to the resolution. A motion was made and seconded to recommend approval of the resolution. In answer to a question from Regent Phillips, Yudof reported that the consultant and the advisory committee will make a recommendation regarding the type of design recommended for the project. The committee voted unanimously to recommend approval of the resolution.

Regent Metzen asked if written updates on the progress of the project could be forwarded to the Board on an ongoing basis when the item is not being discussed at Board meetings. Yudof responded that this can be done and added that it might be a way of anticipating some of the concerns that arise in advance of reports to the Board.

Regent Reagan complimented the administration on the organizational framework for the south mall project, and noted the attentiveness to the campus master plan in producing the framework. Reagan urged that the administration develop an ongoing process to assure that the master plan serve as a guide for all capital projects.

## **ADMINISTRATIVE BUDGET REDUCTIONS**

Executive Vice President and Provost Bruininks presented information on the administrative budget reductions proposed for the FY99 budget. Bruininks reported that the University is undertaking an ambitious effort to create a smaller, more productive central administration. The goal of the effort is to increase administrative efficiency, reduce the administrative burden on academic units, and streamline processes and improve service. Administrative cost reductions have been identified for each Senior Vice Presidential and Vice Presidential unit. Each unit is to realize a permanent 8 percent reduction of administrative costs for a total savings of \$4.8 million. In addition, a 2 percent charge will be applied to central auxiliary revenues that is designed to generate \$1.5 million. It was noted that the Office of the Board of Regents has also initiated a cost reduction in the amount of \$25,000 as a part of this effort. The total of the \$4.8 million and \$1.5 million will be pooled for allocation to academic units.

To help accomplish the goal in a thoughtful manner, a number of principles were established as guidelines for the cost reductions:

- Cost savings should represent recurring reductions, necessitating long-term solutions to reduce administrative burden.
- Changes should embrace a philosophy of improving and expanding the level of service while reducing the number of administrative processes to complete work.
- Work and process should be eliminated, not transferred elsewhere in the institution.
- Units should assess each vacated position to determine if the job functions can be accomplished in ways other than refilling the position.
- Units must abide by the terms and conditions of existing labor and employment contracts.

Bruininks reported that each vice presidential unit has been asked to provide a work plan outlining their reductions. The work plans will be finalized and resources removed from unit base budgets by mid-March effective for the fiscal year beginning July 1, 1998. The new resources allocated to academic needs will also become effective July 1, 1998.

Regent Bergland asked how the reductions will be achieved without the quality of the institution being diminished. Bruininks replied that a variety of strategies will be utilized. In some cases, units will be consolidated, in others functions will be reduced. While there is no simple formula, he is hopeful that the reductions can be successful without the quality of the institution being affected.

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

Acting Vice President Mark Brenner presented the annual report on the status of the University of Minnesota's research.

Sponsored research expenditures for FY97 increased to \$312 million, up by approximately 3% from FY96. Expenditures using federal funds (totalling \$224 million) increased by less than 1%; state and local research expenditures (totalling \$27 million) increased by 12%; and sponsored expenditures from other sources, such as business and industry, associations and private foundations, (totalling \$62 million) increased by 7%.

The National Institutes of Health (NIH) continues to be the major source of sponsored research funding (\$124 million) at the University, followed by the National Science Foundation (\$30.5 million), and the U.S. Department of Defense (\$17.1 million). The Medical School receives the greatest amount of research funding based on its FY97 research expenditures of \$104.3 million. It is followed by the Institute of Technology (\$65.4 million), the School of Public Health (\$35.7 million), the College of Agriculture, Food, and Environmental Sciences (\$13.7 million), the College of Education and Human Development (\$11.8 million), and the College of Biological Sciences (\$11 million).

The report addressed interdisciplinary centers. Many of the new programs in the sciences, social sciences, and humanities come from the successful interactions and effective utilization of several disciplines tackling a single issue. This is well recognized by both federal and private funding agencies, which have an expanding number of grants programs that specifically target new interdisciplinary activities. Development of successful interdisciplinary programs is difficult. Brenner cited a number of successful programs at the University of Minnesota: the New Initiatives in Interdisciplinary Research & Postbaccalaureate Education Program; the Tucker Center for Research on Girls and Women in Sport; the Center for Immunology; the Center for Political Psychology; and the Center for Integrated Agriculture and Natural Resource Management.

Brenner talked about the Undergraduate Research Opportunity Program (UROP). UROP has grown since 1985 to include participation from 23 colleges on the four University campuses. The program provides a unique experience for undergraduates, giving them the opportunity to see and work with faculty on a one-on-one basis on research projects in many areas. This is an opportunity that no other college or university in the state provides. Approximately 400 students receive funding of up to \$1,300 each year.

FY97 was very successful for patents and licensing at the University. The overall number of disclosures filed was 148, down from 159 in FY96. However, 58 patents were granted during FY96, the largest number ever in one fiscal year. As of December 31, 1997, the University has a total of 283 active technology license agreements with industry, including 99 with Minnesota companies, 166 with companies in other states and 18 with foreign companies. Another measure of the success of the University's technology transfer operation is the number of company starts that resulted from the efforts of the faculty. During FY97, the University facilitated the establishment of six startup companies.

Relating to the status of the University with the NIH, Brenner reported that the University is continuing to work with the NIH to develop a corrective action plan. In December NIH sent the University a detailed assessment report that provided a number of constructive suggestions to guide the University toward meeting the requirements of the corrective action plan. The University recently provided a plan and timetable for implementing the critical revisions set forth in the assessment report. The University anticipates the NIH will conduct a site visit during fall quarter to verify that the corrective actions have been taken and that systems are operating effectively.

Regent Reagan asked how long Brenner anticipates the University will be under the "exceptional organization" status from the NIH, which included the withdrawing of the University's expanded authorities due to the problems associated with the University's grants management. Brenner responded that it is possible that the expanded authorities may be restored sooner than the change in the "exceptional organization" status. Brenner believes that the NIH would like to continue to provide a certain level of oversight before the status is changed. He added that he also believes that restoring the expanded authorities is most important to researchers as it requires a significant amount of time to go through the approval processes that are necessary before projects can proceed.

## **VIRTUAL UNIVERSITY DISCUSSION OUTLINE**

President Yudof introduced the discussion relating to a new initiative defined by the State Legislature as Minnesota's Virtual University (MVU). The MVU is a system designed to provide the uniform delivery of higher education administrative services and program offerings to students through the electronic medium of the Internet. The University of Minnesota and the Minnesota State Colleges and University (MnSCU) together with the Private College Council, the Minnesota Office of Technology, the Department of Children, Families and Learning, K-12 educators, IBM and other industry representatives are collaborating to develop MVU. It will not be a chartered, degree-granting institution but rather a digital "front door" to provide better access to post-secondary instruction and other services of the partner institutions to all Minnesota citizens.

The purpose of the presentation today is to provide the Board with information regarding the policy issues related to the MVU. Yudof stated that the issue creates a number of concerns and questions. An important issue to be decided is the role the University of Minnesota will play. If given a choice, should the University serve another 5,000 students through distance learning or would the University be better off to add another 1,000 to its residential campuses? Will the University operate in a graduate environment or an undergraduate environment? Who are the individuals that are not being served and who can best serve them? When can the University best cooperate with the private colleges and the MnSCU system in this state? What will this mean in terms of providing instructional services? The issue is not whether the MVU is good or bad, the issue is what is the usefulness of the MVU for the University of Minnesota. The presentation today is to provide the Board with the background issues

Executive Vice President & Provost Bruininks urged the Board to think about this issue in the context of the recent agreement signed with MnSCU in January 1998. The agreement states that a variety of strategies, including technology, will be explored to expand partnerships in higher education to create more access for Minnesota citizens to higher education and life-long learning. The MVU may play an important role as strategies are explored. Bruininks introduced Vice Provost Ann Hill Duin, co-chair of the Minnesota Virtual University Coordinating Board, to provide background information, the challenges and barriers facing the University on this issue, and models being developed by other states and regions.

Duin reported that MVU will be a state-of-the-art system that will offer streamlined access to financial aid information and services; one-stop registration and tuition services; articulation and transfer information; academic portfolios for students; and access to texts and libraries. The services offered will be available to anyone, anytime, in any place and will range from non-credit modules for employees to graduate degree programs. Minnesota will not only have to compete with new university entities such as California Virtual University and the Western Governor's University, but also with less traditional providers such as Boeing, Microsoft and others who are planning to move into the higher education market. It is anticipated that if Minnesota loses its home state educational edge, Minnesota businesses and society will suffer.

While MVU's funding and initial steps are a positive step toward the future, there are many barriers and questions to be addressed. Educators may not be willing to adapt to learning technologies of the future. Institutions may be unwilling to share power and resources. Difficult decisions about residency requirements, non-residency tuition rates, transfer of credit and credit banks, the role of this effort in the promotion and tenure process, and how content creation and delivery is compensated must be addressed.

Regent O'Keefe asked several policy questions. He asked that as we move into an era in which various institutions across the country and the world can come into the University's service area through the Internet, what competitive challenges will the University face? How does the MVU respond to those challenges and does it put the University in a highly-competitive position? Secondly, why remain within Minnesota boundaries? A number of adjoining states have extraordinary educational resources. Could the University unite with sister institutions and save money? And lastly, where will the funding come from that will be needed to create the system and what is the positive cash flow in aggregate terms once the system is established that will repay the capital investment and be used to operate and maintain the system?

Regent Reed indicated that a number of these policy questions may not be important in five years. Assuming that the MVU will be a part of the future, she would encourage Board members to think "long term" as this issue is reviewed.

Regent Reagan expressed concern about the quality of education produced electronically. He believes a good educational experience includes exchanges among individuals and social interaction. He fears that a "real" learning experience will be lost through distance education.

Bruininks said that while answers to the questions relating to distance learning are still being explored, he is encouraged by the discussion. This issue will be on the agenda for future meetings as the MVU system progresses.

The meeting adjourned at 2:55 p.m



**STEVEN BOSACKER**  
**Executive Director and**  
**Corporate Secretary**

**UNIVERSITY OF MINNESOTA**

**BOARD OF REGENTS**

**February 13, 1998**

A meeting of the Board of Regents of the University of Minnesota was held on Thursday, February 12, 1998 at 4:15 p.m. in Room 238, Morrill Hall.

Regents present: William Hogan, presiding; Robert Bergland, Julie Bleyhl, Warren Larson, David Metzen, Michael O'Keefe, Jessica Phillips, Thomas Reagan, Maureen Reed, and Patricia Spence. Regent H. Bryan Neel participated via telephone.

Staff present: President Mark Yudof; Executive Vice President and Provost Robert Bruininks; Senior Vice Presidents Frank Cerra and JoAnne Jackson; Vice President McKinley Boston; Acting Vice Presidents Mark Brenner and Thomas Swain; General Counsel Mark Rotenberg; Executive Director Steven Bosacker; and Associate Vice Presidents Richard Pfutzenreuter, Clint Hewitt, Eric Kruse, Terry O'Connor, and Georgina Stephens.

**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 - December 10, 1997  
Educational Planning & Policy Committee - December 11, 1997  
Finance & Operations Committee - December 11, 1997  
Facilities Committee - December 11, 1997  
Faculty, Staff & Student Affairs Committee - December 11, 1997  
Committee of the Whole - December 11, 1997  
Committee of the Whole - December 12, 1997  
Board of Regents Meeting - December 12, 1997  
Litigation Review Committee - January 12, 1998

**REPORT OF THE PRESIDENT**

President Yudof provided a brief update on the legislative session. He said there is a tremendous amount of support for the University's request from a number of constituencies contributing on behalf of the University. He thanked members of the Board for the personal time they have provided to talk to legislators about the University's request. Faculty, staff, students, alumni, and foundation trustees have also played an extraordinary role. A number of endorsements from organizations such as the AFL-CIO Executive Council, the Minnesota High Technology Council, the Citizens League, and the Minnesota Medical Association were also noted.

Yudof reported that he met with Governor Arne Carlson on January 11 and the Governor continues to be strong in his commitment to support the University's capital and supplemental budget priorities.

**REPORT OF THE CHAIR**

Chair Hogan reported that the "fireside chats" are underway. A number of them will be held in the upcoming months. He talked briefly about the role Regents are



playing with a number of issues that are important to the University and indicated that more regents may be asked to assist as issues arise.

Hogan reported that the Board meetings in September will be held on the Southwest State University campus in Marshall, Minnesota. The Board will also hold a retreat in the near future to discuss issues relating to the University budget, affirmative action, team-building and other policy matters.

Regent Metzen referred to the fireside chats and requested that the chair call on other members of the Board to attend if he believes it would be beneficial to the meetings. Regents Bergland and O'Keefe agreed with Metzen's comments. O'Keefe added that it would be helpful if the Chair would schedule a future discussion on the issue of technology transfer and the interface between the University and the business community.

With regard to the upcoming retreat, O'Keefe asked that Board members have an opportunity to provide input to the agenda for the meeting.

### **RECEIVE AND FILE REPORTS**

Chair Hogan noted the receipt and filing of the Annual Eastcliff Report and the Quarterly Grants & Contracts Report.

### **GIFTS**

Associate Vice President Gerald Fischer, University of Minnesota Foundation, presented the monthly list of gifts for November and December 1997 to the University of Minnesota, the University of Minnesota Foundation, the Arboretum Foundation, and the Minnesota Medical Foundation as listed in the docket material and on file in the Board Office

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

### **REPORT OF THE COMMITTEE OF THE WHOLE**

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

- a) Approval of a resolution relating to the Honors Committee nominations, as follows:

RESOLVED, that on the recommendation of the President, the recommendations of the All-University Honors Committee is hereby approved.

- b) Approval of a resolution relating to the Quarterly Summary of Expenditures, as follows:

RESOLVED, that the Summary of Expenditures for the period July 1, 1997 to December 31, 1997 for the Board of Regents Office, the Office of the President, and Eastcliff Maintenance are hereby approved.

- c) Approval of a resolution relating to the south mall project, as follows:

WHEREAS, the Board of Regents has reviewed, discussed and approved the University's Campus Master Plan (the "Master

Plan”), which reaffirmed the vision of Cass Gilbert’s 1907 plan for the Twin Cities campus; and

WHEREAS, the administration has determined that there is a need for additional student housing on the East Bank of the Twin Cities campus, for a parking ramp to replace the East River Road ramp, for major renovations to Coffman Memorial Union, and for the construction of academic facilities on the East Bank (the “South Mall Project”); and

WHEREAS, the administration intends that the South Mall Project will be consistent with the Master Plan, will make full use of the Mississippi River, and will create a user-friendly academic, residential and social environment for students, faculty, staff and visitors to the Twin Cities campus; and

WHEREAS, the administration has prepared for the Board of Regents’ approval an Organizational Framework for the South Mall Project, describing the structure and the individuals who will coordinate the South Mall Project.

NOW, THEREFORE, IT IS RESOLVED THAT:

1. The Organizational Framework is hereby approved and the administration is hereby authorized and directed to take appropriate steps to complete the planning and architectural design necessary and desirable for the South Mall Project. The design, scope and cost of the project will be presented to the Board for separate consideration and approval, as required in Board policy.
2. The President shall periodically report to the Board of Regents on the steps taken by the administration pursuant to this resolution.

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

Hogan reported that the committee also reviewed a report on administrative budget reductions, reviewed the annual report on the status of the University’s research and engaged in a discussion relating to the Minnesota Virtual University.

#### **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 Educational Policy & Planning Committee Consent Report as presented to the committee in the docket material and listed below:
  - Program changes relating to 1) the Certificate Programs in the College of Education and Human Development; and 2) in Graduate School Programs.
  - Appointment of Dr. Geri Joseph to the Hubert H. Humphrey Institute of Public Affairs Advisory Board.

- Institutional memberships: the University of Minnesota to become a member of the Midwest Consortium for Latino Research.

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

O'Keefe reported that the committee also received a report on the University-MnSCU Agreement on Cooperation and reviewed a number of informational items relating to local, regional, and national higher education issues.

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

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

- a) Approval of the Finance & Operations Committee Consent Report as presented to the committee in the docket material and listed below:
  - Central Reserve Summary;
  - General Contingency Fund Balance;
  - Allocation from fund balance of Fairview transaction; and
  - Purchase of Goods and Services over \$250,000.

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

Bergland reported that the committee also reviewed a number of information items presented by Senior Vice President Jackson; reviewed a cash balances report; and engaged in a discussion relating to annual operating budget adjustments and transfer of funds.

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

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

- a) Approval of a recommendation relating to an amendment to the FY98 Capital Budget, as follows:
  1. Add the following projects and funding to the budget:
    - A. Commonwealth Terrace Roof Replacement Phase II, Twin Cities campus (\$450,000).
    - B. Football Complex Improvements Phase II, Twin Cities campus (\$3,000,000).
- b) Approval of a recommendation from the President and Senior Vice President for Finance and Operations, that the schematic plans for the Football Complex Improvement Phase II project be approved and that the appropriate administrative officers be authorized to proceed with the development of construction documents and construction.

- c) Approval of a recommendation from the President and Senior Vice President for Finance and Operations, that the appropriate administrative officers be authorized to execute the appropriate documents providing for the following real estate transactions:
- A. Sale of 626 Ontario Street SE, Minneapolis, to Ronald McDonald House Charities.
  - B. Sale of 633 and 644 Ontario Street SE, Minneapolis to Frank Zaragoza.

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

Reagan reported that the committee also received a presentation outlining the project management process.

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

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

- a) Approval of the Faculty, Staff & Student Affairs Committee Consent Report as presented to the committee and listed below:
- Appointment of Christine Maziar as Vice President for Research and Dean of the Graduate School effective June 1, 1998.
  - Appointment of Kjell Knudsen as Dean of the University of Minnesota, Duluth School of Business and Economics effective January 1, 1998.
- b) Approval of a resolution relating to the proposed labor agreement with the University Education Association for the faculty at the University of Minnesota, Duluth, as follows:

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

WHEREAS, the University Education Association has ratified acceptance of the agreement; and

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

NOW, THEREFORE, BE IT RESOLVED, that on the recommendation of the President, the Executive Vice President and Provost for Academic Affairs, and the Senior Vice President for Finance and Operations, the Board of Regents approves this labor agreement as outlined in the docket for February 12, 1998.

- c) Approval of a resolution relating to the labor agreement with the International Brotherhood of Electrical Workers, Local 292 - Radio and Television Broadcast Technicians, as follows:

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

WHEREAS, the I.B.E.W., Local 292 has ratified acceptance of the agreement; and

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

NOW, THEREFORE, BE IT RESOLVED, that on the recommendation of the President, the Executive Vice President and Provost for Academic Affairs, and the Senior Vice President for Finance and Operations, the Board of Regents approves this labor agreement as outlined in the docket for February 12, 1998.

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

Bleyhl reported that the committee also reviewed a number of information items presented by Executive Vice President and Provost Bruininks; reviewed a proposed Board of Regents Policy on Awards, Honors and Recognition; discussed the committee's work plan; received a report on student leadership development issues and needs; and engaged in a discussion relating to University healthcare benefits.

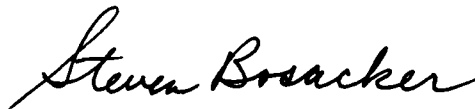
#### **REPORT OF THE AUDIT COMMITTEE**

The Audit Committee did not meet this month.

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

Regent Peterson reported that the Litigation Review Committee met on February 3, 1998 and reviewed the semi-annual report of the General Counsel. A copy of the report is on file in the Board office.

The meeting adjourned at 5:05 p.m.



**STEVEN BOSACKER**  
**Executive Director &**  
**Corporate Secretary**

**UNIVERSITY OF MINNESOTA**

**BOARD OF REGENTS**

**February 13, 1998**

A meeting of the Board of Regents was held on Friday, February 13, 1998, at 9:13 a.m. in Room 238, Morrill Hall.

Regents present: Regent William Hogan, presiding; Regents Robert Bergland, Julie Bleyhl, David Metzen, Michael O'Keefe, William Peterson, Jessica Phillips, Thomas Reagan, Maureen Reed, and Patricia Spence. Regents Warren Larson and H. Bryan Neel participated by telephone.

Staff present: President Mark Yudof; Executive Vice President and Provost Robert Brutninks; Senior Vice Presidents Frank Cerra and JoAnne Jackson; Acting Vice President Mark Brenner; General Counsel Mark Rotenberg; and Executive Director Steven Bosacker.

Others present: Mark Bohnhorst, William Donohue, Marsha Fluer, Donna Saathoff, Jan Symcyh, and Thomas Tinkham.

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 13, 1998, in Room 238, Morrill Hall, for the purpose of discussing attorney-client privileged matters.

The Board of Regents voted unanimously to approve the resolution.

The meeting adjourned at 9:14 a.m.



**STEVEN BOSACKER**  
**Executive Director and**  
**Corporate Secretary**