UNIVERSITY OF MINNESOTA
BOARD OF REGENTS

MINUTES

BOARD OF REGENTS MEETINGS
AND
COMMITTEE MEETINGS

November 11-12, 2010
November 18, 2010

Office of the Board of Regents
600 McNamara Alumni Center
I. Committee Meetings
   A. Audit Committee - November 11, 2010  ..........................................................  78
   B. Finance & Operations Committee - November 11, 2010  .......................................  81
   C. Faculty, Staff & Student Affairs Committee - November 11, 2010  .........................  85
   D. Educational Planning & Policy Committee - November 11, 2010  ............................  90
   E. Facilities Committee - November 11, 2010  ..........................................................  93

II. Board of Regents Work Session - November 11, 2010
   A. Metrics/Key Measures to Evaluate the University’s Performance  ...............................  100

III. Board of Regents Meeting - November 12, 2010
   A. Approval of Minutes  .................................................................................................  102
   B. Report of the President  ............................................................................................  102
   C. Report of the Chair  ..................................................................................................  103
   D. Receive and File Reports  .........................................................................................  103
      1. Annual Eastcliff Report  .......................................................................................  103
   E. Approval of Consent Report  .....................................................................................  103
      1. Approval of Appointments: University of Minnesota Foundation Board of Trustees
      2. Approval of Appointments: Fairview Health Services Board of Trustees
      3. Gifts
   F. Annual Report of Private Giving  ................................................................................  103
   G. Approval of Resolution Related to FY2012-2013 State Biennial Budget Request  ........  105
   H. Report of the Faculty, Staff & Student Affairs Committee  ........................................  106
      1. Approval of Consent Report  ..................................................................................  106
      2. University District Alliance Update  .......................................................................  106
      3. Measuring Faculty & Staff Satisfaction: Results of 2010 Pulse Survey ................  106
      4. Targeting Communications Strategies for Faculty, Staff & Students ...............  106
      5. Review Amendments to Board of Regents Policy: Conflict Resolution Process for Employees
      6. Information Items  ..................................................................................................  106
   I. Report of the Finance & Operations Committee  .......................................................  106
      1. Approval of Revised Consent Report  .......................................................................  106
      2. Approval of Resolution Related to Issuance of Debt  .............................................  106
      3. Issues Related to: University Risk Tolerance  ........................................................  108
      4. Debt Capacity Update  ............................................................................................  108
      5. Information Items  ..................................................................................................  108
   J. Report of the Audit Committee  ..................................................................................  108
      1. Approval of Consent Report  ..................................................................................  108
      2. Issues Related to: University Risk Tolerance  ........................................................  108
      3. External Auditor Report  ........................................................................................  108
      4. Compliance Officer Report  ....................................................................................  108
      5. Information Items  ..................................................................................................  108
   K. Report of the Educational Planning & Policy Committee  ........................................  109
      1. Approval of Consent Report  ..................................................................................  109
      2. Coordinate Campus Reports & Strategic Positioning Update  ...............................  109
      4. Information Items  ..................................................................................................  109
   L. Report of the Facilities Committee  ............................................................................  109
      1. Approval of Real Estate Transactions  .......................................................................  109
         A. Purchase of 617 South Broadway, Rochester, Rochester Campus
         B. Purchase of 527 Oak Street, Minneapolis, Twin Cities campus
C. Forty-year lease to Dakota Aggregates, LLC covering 1,722 Acres in Dakota County for Aggregate Mining (UMore Park)
2. Approval of Schematic Plans
   A. Mayo Garage Renovation – Nuclear Magnetic Resonance Facility Relocation Project, Twin Cities campus
   B. Eastcliff Renovations, Twin Cities campus
   C. Wind Energy Conservation System Turbine Installation, Morris campus
3. Approval of Capital Budget Amendments
   A. Mayo Garage Renovation – Nuclear Magnetic Resonance Facility Relocation Project, Twin Cities campus
   B. Eastcliff Renovations, Twin Cities campus
4. Approval of Resolution Related to the Adequacy of the Final Environmental Impact Statement for the Proposed UMore Park Sand and Gravel Resources Project
5. Review Real Estate Transaction
   A. Twenty-year lease of 1802 – 18th Street NE, Willmar
6. Review Capital Budget Amendment – Item Delayed
8. Information Items
M. Report of the Litigation Review Committee
   1. No meeting this month
N. New Business
   1. Designation of Finalist for President

IV. Board of Regents Meeting - November 18, 2010
   A. Interview of a Finalist for Presidency of the University of Minnesota
   B. Discussion & Consideration of the Finalist
A meeting of the Audit Committee of the Board of Regents was held on Thursday, November 11, 2010 at 8:17 a.m. in the East Committee Room, 600 McNamara Alumni Center.

Regents present: Steven Hunter, presiding; Richard Beeson, Linda Cohen, John Frobenius, Maureen Ramirez, and Patricia Simmons.

Staff present: Chancellors Charles Casey, and Stephen Lehmkuhle; Senior Vice President and Provost E. Thomas Sullivan; Vice Presidents Kathryn Brown, Steve Cawley, R. Timothy Mulcahy, and Richard Pfutzenreuter; Executive Director Ann Cieslak, and Associate Vice Presidents Gail Klatt, and Michael Volna.

Student Representatives present: Matt McGeachy and Matt Privratsky.

ISSUES RELATED TO: UNIVERSITY RISK TOLERANCE

Vice President Mulcahy outlined the recommendations of the University’s Risk Tolerance Working Group, which is comprised of senior administrators and faculty leaders. The group’s objective is to transform the University’s prevailing risk-averse culture to one that is more risk tolerant. To do this, the group has developed a set of principles and initial implementation steps. Mulcahy reported that there seems to be broad consensus within the University community to move in this direction, but stressed the importance of having support from the Board of Regents. Mulcahy indicated that President Bruininks plans to bring a plan to the Board for consideration in February 2011.

In response to questions from Regents Frobenius and Ramirez, Mulcahy explained that implementation of the recommendations would be the first step in a long process to change the risk-averse culture of the University. He emphasized that the tone set by the Board of Regents on this topic is crucial.

Regent Beeson suggested implementing some successful pilot projects as a way to move forward. Regents Hunter and Cohen noted that the new president should to be involved in and comfortable with this effort.

EXTERNAL AUDITOR REPORT

Associate Vice President Mike Volna introduced Kirsten Vosen and Katie Knudtson from Deloitte & Touche LLP (Deloitte) to present the external auditor’s
opinion on the University of Minnesota’s fiscal year 2010 financial statements and other required audit communications.

Vosen reported that Deloitte had issued an unqualified opinion. She then explained the major elements of the audit as well as the procedures used to complete the review.

In response to a question from Regent Beeson, Vosen reported that the University has successfully implemented the Enterprise Financial System (EFS). Given that it is only in its second year of use, she noted that it is somewhat surprising the audit did not find any major data issues or errors.

In response to a question from Regent Simmons, Vosen stated that Deloitte does not audit the University of Minnesota Foundation (UMF) and Minnesota Medical Foundation (MMF). Deloitte instead confirms the audit procedures used by the external auditors for UMF and MMF and then incorporates those audits into the overall University of Minnesota audit.

**COMPLIANCE OFFICER REPORT**

Lynn Zentner, Director, Office of Institutional Compliance, presented a summary of the most significant compliance-related risks identified since the last report to the committee in March 2010, as detailed in the docket and on file in the Board Office.

Zentner identified the most significant current risk areas and provided a brief summary of the actions being taken in each area. The areas discussed were Health Insurance Portability and Accountability Act (HIPPA)-related matters, export controls, international programs, conflict of interest program, and assurance mapping. Zentner also provided an update on UReport, which is a confidential web-based reporting system that allows individuals to report potential violations of local, state, and federal law and University policy. She presented a summary of overall allegation categories by percentage and a summary of employment report allegations.

In response to a question from Regent Simmons, Zentner stated that the Office of International Programs tries to keep faculty, staff, and students apprised of cultural and political situations in other countries to the extent they know who is traveling abroad for University purposes. She reported that faculty members are not currently required to notify the University when they travel abroad and that further consultation with faculty would be required before implementing such a requirement.

In response to a question from Regent Beeson, Zentner indicated that increased portability of health records might increase the risk for HIPPA violations.

**CONSENT REPORT**

A motion was made and seconded, and the committee unanimously recommended approval of the following contract, as described in the Consent Report:

- Engagement of PriceWaterhouseCoopers, LLP by the University's Office of Technology Commercialization to perform audit services on royalty
calculations for sales by GlaxoSmithKline occurring in the calendar year 2009. The contract is for an estimated value of $70,000.

INFORMATION ITEMS

Associate Vice President Klatt referred the committee to the information items contained in the docket materials, which included:

- Information on the recent accreditation of the University's Human Research Protection Program by the Association for the Accreditation of Human Research Protection Programs, Inc. (AAHRPP); and
- Semi-Annual Controller's Report.

The meeting adjourned at 9:30 a.m.

ANN D. CIESLAK
Executive Director and
Corporate Secretary
A meeting of the Finance & Operations Committee of the Board of Regents was held on Thursday, November 11, 2010 at 9:45 a.m. in the East Committee Room, 600 McNamara Alumni Center.

Regents present: John Frobenius, presiding; Clyde Allen, Richard Beeson, Venora Hung, Steven Hunter, and Patricia Simmons.

Staff present: Chancellor Charles Casey; Vice Presidents Steve Cawley, Timothy Mulcahy, Charles Muscoplat, Richard Pfutzenreuter, and Steven Rosenstone; Executive Director Ann Cieslak; and Associate Vice Presidents Stuart Mason, Beth Nunnally, and Michael Volna.

Student Representatives present: Paul Strain and Matt Privratsky.

ISSUES RELATED TO: UNIVERSITY RISK TOLERANCE

Vice President Pfutzenreuter introduced Vice President Mulcahy to present information on University efforts related to risk tolerance, as detailed in the docket and associated materials distributed at the meeting and on file in the Board Office. Mulcahy explained that a working group was recently convened to develop recommendations related to risk tolerance, in particular to transform the University from a risk-averse culture to one that is risk tolerant.

Mulcahy observed that the University has traditionally cultivated a culture in which risk has been viewed as damaging, irresponsible, and costly. He noted that a strategic approach views risk as a positive opportunity for advancement. Mulcahy discussed principles recommended by the working group, including: high tolerance for risks in the pursuit of innovation, productivity, or instructional enhancement; low tolerance for risks related to inappropriate fiduciary action or undermining of safety; and zero tolerance for intentional non-compliance with laws or regulations.

Mulcahy noted that this effort has generated significant enthusiasm from faculty. He identified several implementation steps to be taken, including a review of institutional policies, comprehensive definitions within units of appropriate risk, and continued socialization of the revised risk tolerance principles.

Regent Frobenius noted that the Audit Committee received a similar presentation and expressed enthusiasm for the process and principles. In response to a question from Regent Beeson, Mulcahy acknowledged that continued communication
with faculty and staff will be necessary for the cultural change to occur. In response to a question from Student Representative Strain, Mulcahy explained that the review of policies and procedures is the logical first step in determining the appropriate level of risk tolerance.

DEBT CAPACITY UPDATE

Regent Frobenius introduced Vice President Pfutzenreuter to present an update on institutional debt capacity, as detailed in the docket and associated materials distributed at the meeting and on file in the Board Office. Pfutzenreuter explained that the report would provide information on the University's outstanding debt, current amortization structure, institutional credit ratings, and projected debt capacity. He highlighted the following:

- The University has over $943 million in outstanding long-term debt as of June 30, 2010 with an average life of 10.3 years.
- 87 percent of the debt is fixed rate and 13 percent is variable rate.
- If there are no additional issuances of debt after the $78 million issued in 2011, the total outstanding debt is projected to drop to $684 million by 2016.
- Both major credit rating agencies have rated the University in the excellent category.

Pfutzenreuter provided an analysis of several key ratios related to debt, including total resources to modified comprehensive debt, debt service to operations, and total expendable resources to operations. He explained that when credit agencies account for the total assets of the University, the assets of the University of Minnesota Foundation (UMF) and Minnesota Medical Foundation (MMF) are included in the analysis. Pfutzenreuter reported that when accounting for total institutional assets, the projected debt capacity by 2016 is more than $1.5 billion, which is more than twice the projected outstanding debt. However, he observed that when making decisions on additional debt, the University is more conservative and does not account for UMF and MMF assets.

Regent Beeson observed that the message of the presentation is not the ability to issue more debt, but rather that there is some room to exchange additional debt for other strategic institutional investments. In response to a question from Regent Frobenius, Pfutzenreuter explained that the ratio of debt service to operations had increased from 2.0 percent in 2009 to 2.6 percent in 2010 because of the amount of new building that has occurred in recent years, particularly related to the Bio-Medical Discovery District. He added that this ratio is important to observe in future years, especially in light of projected diminishing state support.

In response to a question from Regent Simmons, Carole Fleck, Director of Debt Management, explained that the credit agencies' analysis of student demand is influenced by statistics such as total number of applicants and University planning processes related to projected admissions.
RESOLUTION RELATED TO THE ISSUANCE OF DEBT

Vice President Pfutzenreuter introduced Carole Fleck, Director of Debt Management, to explain the resolution related to the issuance of debt. Fleck reported that the total issuance is for $78 million, with $59 million directed toward the Recreation Center Expansion project, $11.5 million for the Folwell Hall renovation, $3.6 million for a new wind turbine on the Morris campus, and the remainder for future land purchases.

In response to a question from Regent Frobenius, Rosalie O'Brien, Associate General Counsel, explained that while the majority of bonds are tax-exempt, there are some federal bonds that are taxable and that the resolution is written to provide flexibility to the underwriter in making the taxable determination.

The committee unanimously recommended approval of the Resolution Related to the Issuance of Debt.

CONSENT REPORT

Vice President Pfutzenreuter presented the revised Consent Report, which was distributed at the meeting, and included the following:

General Contingency:

- An estimated maximum allocation of $215,000 to the Associate Vice President for Capital Planning and Project Management for maintenance and refurbishment projects at Eastcliff.

Purchase of Goods and Services $1,000,000 and Over:

- To OLSON + CO, Inc. for an additional $1,000,000 for an Integrated Marketing Plan for the period of November 30, 2010, through December 1, 2011, for University Relations. This is the first of two renewals for this contract.

Approval of Underwriter

- To Barclay’s Capital for approximately $245,000 in underwriter discount for the issuance of $78,000,000 in general obligation financing for various capital projects. The fee, which is considered cost of issuance, will be paid with bond proceeds.

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

Vice President Pfutzenreuter referred committee members to the Information Items, including:

- Quarterly Investment Advisory Committee Update; and
- Lease for Phased Aggregate Mining at UMore Park.

The meeting adjourned at 10:55 a.m.

ANN D. CIESLAK
Executive Director and
Corporate Secretary
A meeting of the Faculty, Staff & Student Affairs Committee of the Board of Regents was held on Thursday, November 11, 2010 at 9:45 a.m. in the West Committee Room, 600 McNamara Alumni Center.

Regents present: Dean Johnson, presiding; Anthony Baraga, Dallas Bohnsack, Linda Cohen, David Larson, and Maureen Ramirez.

Staff present: President Robert Bruininks; Chancellors Lendley Black and Stephen Lehmkuhle; Senior Vice President Robert Jones; Vice Presidents Kathryn Brown, Carol Carrier, and Karen Himle; Executive Director Ann Cieslak; and Associate Vice Presidents Sharon Reich Paulsen, Donna Peterson, and Kristin Lockhart.

Student Representatives present: Chelsey Doepner and Abdul Omari.

UNIVERSITY DISTRICT ALLIANCE UPDATE

Vice President Carrier invited President Bruininks to make some introductory remarks. He stated that the vitality of nearby neighborhoods is integral to the success of the University, reporting that in the past, 70 percent of the University’s Twin Cities students commuted. Now, because of students living near the campus, only 30 percent commute.

Regent Johnson recognized State Senator Lawrence Pogemiller, who commented on how valuable the University District Alliance (Alliance) has been to the neighborhoods adjacent to the University.

Jan Morlock, Director of Community Relations, Dick Poppele, University District Alliance Co-Chair, and Arvonne Fraser, University District Alliance Steering Committee member were invited to provide an update on the University District Alliance, as detailed in the docket and associated materials distributed at the meeting and on file in the Board Office.

Poppele described the community development approach of the Alliance as focusing on five essential tasks: 1) create a shared vision for the future of the University District; 2) preserve a balance of home-ownership and build pride in the community; 3) improve “livability” and rebuild confidence in the future of the community; 4) engage students as citizens and scholars; and 5) create a shared identity for the University district, and promote it as a place to learn, live, work, play, do business, and visit.
Poppele reviewed the challenges facing the Alliance, including: enhancing the district to aid in the recruitment and the retention of world-class faculty and students, building positive alumni and public relations; and garnering partners for the work ahead.

Goals identified by the Alliance included:

- Create a University district identity as a forward-looking place to live, learn, work, invest, and visit;
- Increase diversity of residents and housing stock;
- Combine the resources of the University, city, and community for a vibrant living and learning environment; and
- Demonstrate quality urban design and sustainable urban development.

Poppele detailed current homeownership initiatives within the district, stating that increased confidence in the future of the community promotes the district as a desirable place to live. Over 500 community participants, including community leaders, students, business owners, and developers, attended planning workshops and forums designed to establish a district-wide consensus and identity.

In response to questions from the committee, Frazer indicated that absentee landlords are a continuing problem and that deepening the partnership with the University to engage in solving issues within the district would be welcome. Poppele stated the incentive for homebuyers who purchased in the district has been extremely successful, and he suggested that an extension of the program be considered.

Pogemiller indicated that the state legislature has requested formalization of the Alliance and the appointment of a program director to help to ensure success of the program.

President Bruininks stated that there is strong engagement across the administration, and that the issues the Alliance has addressed also have application to other parts of the University, most notably at the Duluth campus. He commented on the important work of the Alliance, and he added that the University should continue to expand partnerships within the Alliance.

Regent Johnson recognized Minneapolis City Council members Cam Gordon and Diane Hofstede and suggested that the committee receive annual updates on the Alliance.

**MEASURING FACULTY & STAFF SATISFACTION: RESULTS OF 2010 PULSE SURVEY**

Vice President Carrier invited Theresa Glomb, Associate Professor, Carlson School of Management, Leonard Goldfine, Assistant Director, Office of Institutional Research, and Susan Rafferty, Assistant Director, Office of Human Resources, to present the 2010 Pulse Survey results, as detailed in the docket and associated materials distributed at the meeting and on file in the Board Office.
Rafferty stated that the 2010 Pulse survey is the fourth in a series and provides a rich source of data. There are few external measures for benchmarking employee satisfaction, none of which are as comprehensive as the University's Pulse survey. Glomb discussed the purpose of the survey, including:

- Assess the employees workplace experience;
- Provide critical information on organizational performance and manager quality; and
- Ensure that the employee's voices are heard.

Goldfine indicated that in response to previous surveys, the 2010 survey was streamlined and that aggregated information will be shared with other, national surveys. He noted that the 2010 Pulse survey results were consistent with past surveys. It showed that most University of Minnesota employees are very engaged in their work and satisfied with their employment, despite the impact of the economic downturn. The overall employee engagement index is at its highest level since the survey began in 2004. Satisfaction with pay increases is the one area that had a significant decrease compared to past surveys.

In response to questions from the committee, Glomb stated that some of the national employee satisfaction surveys are more limited in their scope and may include just 12 questions. The University's Pulse survey probes a number of factors that provide a broad picture of employee satisfaction.

**TARGETING COMMUNICATIONS STRATEGIES FOR FACULTY, STAFF & STUDENTS**

Vice President Carrier invited Vice President Karen Himle and Ann Freeman, Director, University Relations, to present an update on communications strategies for faculty, staff, and students, as detailed in the docket and associated materials distributed at the meeting and on file in the Board Office.

Himle described the internal communication improvements that identified in 2007 the need for increased connection, community, and commitment to internal communications. Recommendations to improve internal communication included providing resources through an infrastructure of both people and technology, and addressing issues of importance through a collaborative, cooperative internal communications strategy.

Freeman presented key findings from the first system-wide survey of faculty and staff communication preferences, including:

- Faculty and staff prefer face-to-face communication and email as their top two communication methods;
- Staff rely more on email from the President and other University administrators, meetings with supervisors, and the Brief email communication from the University;
- Faculty rely on email from a department head or dean, and on department or collegiate print publications; and
- Topics of greatest interest to faculty and staff are financial decisions, workplace technology, research and discovery updates, and notices of events, seminars, and workshops.
Recommendations from faculty and staff for improvement in communications included: 1) more communication, delivered in the way they prefer; 2) more detail, particularly on budget and financial decisions; 3) more transparency; and 4) opportunities for face-to-face discussion to provide feedback.

In response to a question from Student Representative Omari, Freeman reported that a student communications survey is being developed with the Office of Student Affairs that will provide information on student communication preferences.

**BOARD OF REGENTS POLICY: CONFLICT RESOLUTION PROCESS FOR EMPLOYEES**

Senior Vice President Jones presented for review proposed amendments to Board of Regents Policy: *Conflict Resolution Process for Employees*, as outlined in the docket materials. He noted that the amendments remove the requirement for policy review every five years; add a prohibition on retaliation for using the conflict resolution process; and provide clarity for administrative policy and administrative procedures to implement the Board policy.

The policy will return for action at a future meeting of the committee.

**CONSENT REPORT**

Vice President Carrier presented for action the Consent Report, which included the following action items:

- Appointment of Kathryn F. Brown as vice president for human resources, effective June 1, 2011

President Bruininks acknowledged Vice President Carrier’s outstanding service to the University. He stressed the importance of continued strong leadership in the Office of Human Resources following Carrier’s return to faculty in May 2011. Bruininks expressed confidence that Vice President Brown’s principled, strong leadership will be pivotal during the upcoming transition. He added that all Vice Presidents are “at will” employees, and that this appointment would not restrict the next President, who will have absolute authority.

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

**INFORMATION ITEMS**

Vice President Carrier referred the committee to the information items contained in the docket materials, which included:
• Personnel highlights;
• University highlights;
• Faculty and staff activities and awards; and
• Student activities and awards.

The meeting adjourned at 12:00 p.m.

ANN D. CIESLAK
Executive Director and
Corporate Secretary
A meeting of the Educational Planning & Policy Committee of the Board of Regents was held on Thursday, November 11, 2010 at 2:45 p.m. in the East Committee Room, 600 McNamara Alumni Center.

Regents present: Patricia Simmons, presiding; Richard Beeson, Linda Cohen, John Frobenius, David Larson, and Maureen Ramirez.

Staff present: Chancellors Lendley Black, Charles Casey, Jacqueline Johnson, and Stephen Lehmkuhle; Senior Vice President & Provost E. Thomas Sullivan; Senior Vice Presidents Frank Cerra and Robert Jones; Vice President R. Timothy Mulcahy; Executive Director Ann Cieslak, and Associate Vice President Sharon Reich Paulsen.

Student Representatives present: Matt McGeachy and Paul Strain.

COORDINATE CAMPUS REPORTS & STRATEGIC POSITIONING UPDATES

Senior Vice President Jones along with Chancellors Black, Casey, Johnson, and Lehmkuhle led the discussion of strategic challenges and opportunities facing the coordinate campuses, as detailed in the docket and associated materials distributed at the meeting and on file in the Board Office. Jones noted the unique strengths that the coordinate campuses bring to fulfilling the University of Minnesota’s mission.

Casey reported that the University of Minnesota Crookston (UMC) is now delivering 25 percent of its credits online. He highlighted some noteworthy faculty research, student achievements, and campus partnerships. These developments have led to increased enrollment and retention of students. UMC now serves more than 1,450 degree-seeking students from 40 states and 25 countries. Senior Vice President & Provost Sullivan noted that growth in online credit delivery has led to an $800,000 increase in revenue at UMC.

Black outlined some of the recent changes at the University of Minnesota Duluth (UMD), including an enhanced freshman experience and greater emphasis on graduating in four years.

In response to a question from Regent Larson, Black acknowledged that part of the challenge in increasing graduation rates is that many students work while attending college, which can slow their progress toward degree completion.

Johnson presented on the distinctive purpose of the University of Minnesota Morris (UMM) campus as a nationally ranked public liberal arts campus. UMM has greater student diversity than the Twin Cities campus, has a very strong academic
profile, and has cultivated an identity as a renewable, sustainable campus. In the future, UMM seeks to grow enrollment, increase retention and graduation rates, align personnel with student numbers, develop new revenue streams, and enhance the utilization of natural resources. Sullivan noted that UMM has experienced a 7.5 percent increase in diversity in the past year.

Lehmkuhle reported on the continued enrollment growth at the University of Minnesota Rochester (UMR) and the high level of faculty engagement. UMR admitted 100 freshmen this Fall and now has approximately 500 total students. With sustained growth, the undergraduate program in health sciences is poised to become the largest program of its kind in the nation.

In response to a question from Regent Cohen, the Chancellors reported on the financial picture facing each of their campuses. Casey noted that UMC’s tuition revenue now exceeds state support. Johnson agreed that shrinking resources from the state have presented a challenge and added that UMM is trying to innovate and form partnerships to alleviate budget pressures. Black stated that UMD is in reasonable financial shape, but it needs to invest in hiring additional faculty. He is also looking for new sources of funding. Lehmkuhle reported that UMR has been budgeting as if it were a start up company and is on track for revenues to exceed expenses in FY 2012.

In response to a question from Regent Beeson, Johnson explained that while UMM has a relatively small percentage of Hispanic students compared to Minnesota’s statewide demographic profile, the UMM student population is consistent with national trends in higher education.

BOARDS OF REGENTS POLICY: COMMERCIALIZATION OF INTELLECTUAL PROPERTY RIGHTS

Vice President Mulcahy and Jay Schrankler, Director, Office for Technology Commercialization (OTC), presented amendments to Board of Regents Policy: Commercialization of Intellectual Property Rights. Mulcahy and Schrankler explained that the policy was being revised to provide for recovery of the administrative costs associated with operating the OTC.

Mulcahy and Schrankler briefly explained that the University of Minnesota’s current funding model for OTC is out of sync with its peers. This policy change will authorize implementation of a 15 percent service fee to fund OTC. This fee will bring the University into alignment with other major research universities and help ensure continued commercialization efforts even as royalty revenue from GlaxoSmithKline declines.

The policy will return to the committee for action at a future meeting.

CONSENT REPORT

A motion was made and seconded, and the committee unanimously recommended approval of the following academic program changes, as described in the Consent Report:
• New Centers
  • Academic Health Center – Establish the Southeast Minnesota Area Health Education Center (AHEC)
  • Academic Health Center – Establish the Minnesota Urban Area Health Education Center (AHEC)

• New Academic Programs
  • Medical School – Create fellowship in Primary Care Sports Medicine
  • Medical School – Create fellowship in Pediatric Otolaryngology
  • Medical School – Create fellowship in Cytogenetics
  • Medical School – Create fellowship in Clinical Chemistry

• Changed Academic Programs
  • College of Food, Agricultural and Natural Resources Sciences (Twin Cities Campus) – Discontinue the Forest Conservation/Ecosystem Management subplan within the B.S. degree in Forest Resources
  • College of Food, Agricultural and Natural Resources Sciences (Twin Cities Campus) – Discontinue the Recreation Resource Management and Resource Based Tourism subplans within the B.S. degree in Recreation Resource Management

• Discontinued Academic Programs
  • Carlson School of Management (Twin Cities Campus) – Discontinue delivery of M.B.A. degree in Warsaw, Poland

INFORMATION ITEMS

Senior Vice President & Provost Sullivan referred the committee to the information items contained in the docket materials and distributed at the meeting, which included:

• Enrollment data for Fall 2010 showing that the University of Minnesota system now has 67,932 students;
• National Research Council assessment of doctoral programs; and
• Data showing that the four-year graduation rate at the Twin Cities campus has reached 50 percent.

The meeting adjourned at 4:45 p.m.

ANN D. CIESLAK
Executive Director and
Corporate Secretary
A meeting of the Facilities Committee of the Board of Regents was held on Thursday, November 11, 2010 at 2:45 p.m. in the West Committee Room, 600 McNamara Alumni Center.

Regents present: Steven Hunter, Chair, Clyde Allen, Anthony Baraga, Dallas Bohnsack, Venora Hung, and Dean Johnson.

Staff present: Chancellor Jacqueline Johnson; Senior Vice Presidents Frank Cerra and Robert Jones; Vice Presidents Karen Himle, Timothy Mulcahy, and Kathleen O’Brien; Executive Director Ann Cieslak; and Associate Vice Presidents Michael Berthelsen and Michael Perkins.

Student Representatives present: Chelsey Doepner and Lauren Snively.

REAL ESTATE TRANSACTIONS

A. Purchase of 617 South Broadway, Rochester, Rochester Campus

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

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

Purchase of 617 South Broadway Avenue, Rochester, Rochester campus
Basis for request: Property would be purchased for future development of the Rochester campus
Details of transaction: The owner of the property is Z’s American Properties, a Limited Liability Partnership in Texas
Purchase price: $1,190,000, with closing to occur on or before December 20, 2010
Source of funds: University Debt

O’Brien noted that the purchase of 617 Broadway Avenue South, Rochester, Rochester campus had been reviewed at a previous committee meeting.
The committee voted unanimously to recommend approval of the purchase of 617 Broadway Avenue South, Rochester, Rochester campus.

B. Purchase of 527 Oak Street SE, Minneapolis, Twin Cities campus

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

Purchase of 527 Oak Street SE, Minneapolis, Twin Cities campus
Basis for request: Acquisition of the property provides an opportunity for future expansion of the Twin Cities campus
Details of transaction: The seller of the property is Joanne Finstad-Good
Purchase price: $525,000
Source of funds: University Debt

Vice President O’Brien noted that the real estate transaction was being submitted for both review and action, as detailed in the docket and associated materials distributed at the meeting and on file in the Board Office. Susan Carlson Weinberg, Director of Real Estate, described the location and the indicated the purchase was consistent with land acquisition of the area adjacent to the existing campus.

The committee voted unanimously to recommend approval of the purchase of 527 Oak Street SE, Minneapolis, Twin Cities campus.

C. 40-Year Lease to Dakota Aggregates, LLC Covering 1,722 Acres in Dakota County for Aggregate Mining (UMore Park)

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

Forty-year lease for phased aggregate mining of 1,722 acres at UMore Park to Dakota Aggregates, LLC
Basis for request: The University will lease the 1,722 acres to Dakota Aggregates, LLC, which is owned by Cemstone Products Company & Ames Construction, Minnesota, for mining, processing, and stockpiling aggregate, sand, gravel, and other materials in phases over a period of approximately 40 years
Details of transaction: The lease specifies the responsible party for obtaining and complying will all local permits, and will permit the lessee to sublet portions of the area.
Lease payments to the University: An initial advanced minimum royalty of $5 million, a second year minimum royalty of $425,000, $600,000 in the third year, $700,000 in the fourth year, $800,000 in the fifth year, and thereafter the greater of $632,000 or 55 percent of the average annual Production Royalty paid the immediately preceding five lease years. In addition, an
unrestricted scholarship fund contribution of $.02 for each ton of material lessee transports off the leased premises or uses on the premises to produce concrete, asphalt and similar products to be used for students studying or researching geology, civil engineering, land use planning and similar and related disciplines.

Use of funds received by the University: All proceeds, after cost deductions, will be deposited into the Legacy Fund previously established by the Board of Regents.

Vice President O’Brien noted that the lease was being submitted for both review and action, as detailed in the docket and associated materials distributed at the meeting and on file in the Board Office.

Charles Muscoplat, President, UMore Development LLC, outlined the 40-year phasing of the mining activity. He reported that Senior Vice President Jones has been meeting with faculty who currently conduct research on the site and that transition plans are being developed for the research anticipated to be displaced by the mining. Muscoplat identified the significant financial resources the University has to gain through the mining.

In response to questions from the committee, Muscoplat clarified that following the excavation the mining will allow for interesting and desirable topography, including the creation of a lake that will greatly enhance the value of the land for future development. The 40-year lease reaches far beyond the immediate future, but Muscoplat added that the lease would also benefit the region’s economy for decades.

The Board of Regents voted unanimously to recommend approval of the 40-year lease to Dakota Aggregates, LLC covering 1,722 acres in Dakota County for aggregate mining (UMore Park).

**SCHEMATIC PLANS**

**A. Mayo Garage Renovation – Magnetic Resonance Facility Relocation Project, Twin Cities Campus**

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

The schematic plans for the Mayo Garage Renovation-Nuclear Magnetic Resonance Facility Relocation Project, Twin Cities campus, are approved and the appropriate administrative officers are authorized to proceed with the award of contracts, the development of construction documents, and construction.

Vice President O’Brien noted that the Mayo Garage renovation was being submitted for both review and action, as detailed in the revised docket and associated materials distributed at the meeting and on file in the Board Office.

Senior Vice President Cerra reviewed the project and explained that the vibration from the construction and operation of the Central Corridor Light Rail Transit (CCLRT) necessitates the relocation of the Nuclear Magnetic Resonance (NMR) facility from the current location, adjacent to Washington Avenue, to a location further from the CCLRT.
The NMR currently supports $110 million in grant funding from 160 researchers across 22 University departments, as well as undergraduate and graduate teaching and workshops. The repurposing of the Mayo Garage provides a cost effective, sustainable reuse of an existing University asset.

Regent Allen noted that the Metropolitan Council agreed in the Memorandum of Understanding to work with the University at the state legislature to help secure funding for this the relocation of the NMR facility.

The committee voted unanimously to recommend approval of schematic plans for the Mayo Garage Renovation-Nuclear Magnetic Resonance Facility Relocation Project, Twin Cities campus.

B. Eastcliff Renovations, Twin Cities Campus

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

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

Vice President O’Brien noted that the Eastcliff renovations were being submitted for both review and action, as detailed in the revised docket and associated materials distributed at the meeting and on file in the Board Office.

Lyndel King, Chair of the Eastcliff Technical Advisory Committee who attended the meeting by phone, described the scope of the proposed renovations to Eastcliff. She noted the rehabilitation of the historic summer house includes addressing deficiencies with fire and life safety, replacement of the deteriorated pool deck, incorporating accessible surfaces, and replacement of the pool infrastructure and equipment. Renovation for a kitchen in the private residence converts an existing underutilized space on the second floor to provide a kitchen integrated into the private residence. King stressed the importance of completing the work during the presidential transition to minimize the impact of the public event schedule throughout the year and prior to the new President occupying the home.

Regent Allen noted that Eastcliff is unique in that it is an historic landmark that is still needed for family functionality. The University has an obligation to meet American with Disabilities Act requirements and to maintain the home and the grounds for the President’s family and the University community. He added that eight other Big Ten institutions have University-owned homes and require their President to reside in the home. Allen read a statement from the University of Minnesota Foundation and the Minnesota Medical Foundation leadership regarding the importance of Eastcliff for raising private funds to support the mission of the University.

The committee voted unanimously to recommend approval of schematic plans for the Eastcliff Renovations, Twin Cities campus.
C. Wind Energy Conservation System Turbine Installation, Morris Campus

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

The schematic plans for the Wind Energy Conservation System Turbine Installation, Morris campus, are approved and the appropriate administrative officers are authorized to proceed with the award of contracts, the development of construction documents, and construction.

Vice President O’Brien noted that the Wind Energy Conservation System Turbine Installation, Morris campus, was being submitted for both review and action, as detailed in the revised docket and associated materials distributed at the meeting and on file in the Board Office.

Lowell Rasmussen, Director of Physical Plant, Morris campus, clarified that the schematic plans that had been previously brought to the committee anticipated funding for two turbines through Clean Renewable Energy Bonds. That funding did not materialize and the project under review today is for one turbine to be purchased with capital funding that includes $420,000 from Morris campus 2009 Higher Education Asset Preservation and Replacement (HEAPR) funds. Construction is subject to approval of the financing plan and debt issuance, presented to the Finance Committee in November 2010.

In response to a question from Regent Hunter, Rasmussen indicated HEAPR funds could be used for the project as electrical infrastructure.

The committee voted unanimously to recommend approval of schematic plans for the Wind Energy Conservation System Turbine Installation, Morris campus.

CAPITAL BUDGET AMENDMENTS

A. Mayo Garage Renovation – Nuclear Magnetic Resonance Facilities Relocation Project, Twin Cities Campus

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

On the recommendation of the President and the Vice President for University Services, the FY2011 Capital Budget is amended to increase the budget for the following project:

Mayo Garage Renovation, Twin Cities campus.
Scope of Project: Renovate and relocate the Department of Biochemistry, Molecular Biology, and Biophysics Nuclear Magnetic Resonance Facility from Hasselmo Hall to a remodeled Mayo Parking Garage.
Scope of project: Complete interior renovation of current Mayo Garage
Master Plan: Project is in compliance with Twin Cities Master Plan: 2009
Cost estimate: $21,446,000
Capital funding: 2010 Laboratory Improvement Program; University Funds; 2011 State Capital Appropriation

Committee members engaged in an extensive discussion regarding the Mayo garage renovation earlier in the meeting during consideration of the project’s schematic plans.

The committee voted unanimously to recommend approval of the Mayo Garage Renovation – Nuclear Magnetic Resonance Facilities Relocation Project, Twin Cities campus.

B. Eastcliff Renovations, Twin Cities Campus

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

On the recommendation of the President and the Vice President for University Services, the FY2011 Capital Budget is amended to increase the budget for the following project:

Eastcliff Renovations, Twin Cities campus
Scope of Project: Rehabilitation of the Historic Summer House; Renovation for a kitchen in the private residence
Master Plan: The projects are in compliance with the October 1997 Eastcliff Master Plan
Cost estimate: $530,000
Capital funding: University of Minnesota funds and private donations

Committee members engaged in an extensive discussion regarding the Eastcliff renovations earlier in the meeting during consideration of the project’s schematic plans.

The committee voted unanimously to recommend approval of the Capital Budget Amendment for Eastcliff renovations, Twin Cities campus.

CAPITAL BUDGET AMENDMENT

A. Learning and Technical Media Laboratory, Twin Cities Campus

Due to time constraints, this item was tabled and will return for review and action at a future meeting.

ANNUAL REPORT ON SUSTAINABILITY AND ENERGY EFFICIENCY POLICY: GOALS AND METRICS

Chancellor Johnson and Vice President O’Brien presented the annual report on sustainability and energy efficiency, as detailed in the docket and additional materials distributed at the meeting and on file in the Board Office.
O’Brien described the work of the Strategic Sustainability Committee, comprised of faculty, staff, and students across the University system. The committee’s charge includes:

- Set the direction and provide input to each campus regarding sustainability priorities;
- Support enterprise solutions to advance sustainability, and recognize individual campus contributions and solutions, and unique regional approaches;
- Identify existing campus programs and commitments that align with system-wide measures;
- Assess overall impact of sustainability efforts on the University and the wider community; and
- Ensure communications that improve transparency, awareness, and strengthen University-wide engagement.

Johnson summarized key areas of progress, including: student engagement; leadership and modeling; operational improvements; energy efficiency; education and outreach; research; and communication.

O’Brien outlined the committee’s next steps, including: creating sub-teams to work on academic mission, student engagement, renewable energy, purchasing, and communications; developing an understanding of sustainability research and educational work; and enhance communication tools.

CONSENT REPORT

There are no Consent Report items this month.

INFORMATION ITEMS

Vice President O’Brien referred committee members to the Information Items, including:

- Revised final project review – Mayo Garage Renovation, Nuclear Magnetic Resonance (NMR) Facility Relocation.

The meeting adjourned at 5:15 p.m.

ANN D. CIESLAK  
Executive Director and  
Corporate Secretary
A work session of the Board of Regents was held on Thursday, November 11, 2010 at 1:30 p.m. in the Boardroom, 600 McNamara Alumni Center.

Regents present: Clyde Allen, presiding; Anthony Baraga, Richard Beeson, Dallas Bohnsack, Linda Cohen, John Frobenius, Venora Hung, Steven Hunter, Dean Johnson, David Larson, Maureen Ramirez, and Patricia Simmons.

Staff present: President Robert Bruininks and Executive Director Ann Cieslak.

Regent Allen introduced President Bruininks to present information on the metrics and measures employed to evaluate the University’s performance, as detailed in the docket and associated materials distributed at the meeting. Bruininks explained that although the University collects information in a variety of areas, the institution has undertaken efforts to refine measurements in key areas related to quality and productivity. He stressed that decisions about the future of the University must be knowledge-driven.

Bruininks observed that Board of Regents committees were scheduled this month to deal with several issues related to metrics, including the External Audit Report in the Audit Committee and the 2010 PULSE Survey in the Faculty, Staff, and Student Affairs Committee. He provided information on areas related to strategic positioning measured by the University, including extraordinary education, breakthrough research, dynamic outreach and service, world-class faculty and staff, and outstanding organization. Within each category, Bruininks reported on the University’s primary strategies, the key metrics for measuring performance, and the status of the evaluation.

Bruininks highlighted specific areas of University operations in which measures are critical to evaluating performance, including graduation rates, research funding, and institutional carbon footprint. He discussed the rationale for measurements in each area and observed the following:

- Graduation rates are an important measure because they provide a general indication of student success and productivity.
- The University’s four-year graduation rate is up 17.5 percent since the start of strategic positioning.
- The University’s research portfolio has grown 41 percent since 2005.
- Metrics related to research funding are utilized because they demonstrate year-to-year changes, trends over time, and growth rates in comparison to peers.
- The carbon footprint measure combines several related metrics, including space and energy use and total emissions.
Bruininks concluded the presentation by observing that metrics and measures inform both governance and administrative responsibilities, assist in planning and resource allocation processes, and influence institutional values and goals.

In response to a question from Regent Beeson, Bruininks supported the idea that the inputs for each metric are equally as important as the outcomes. In response to a question from Regent Larson, Bruininks explained that succession planning at all levels of the University is of strategic importance and that the institution must do a better job applying metrics to this area.

Regent Simmons commented that while graduation rates are a valuable measure, placement rates also provide an important metric for college and program effectiveness. Regent Ramirez expressed appreciation for the metrics employed by the University and encouraged the administration to expand on how to communicate this information.

The work session adjourned at 2:33 p.m.

ANN D. CIESLAK
Executive Director and
Corporate Secretary
A meeting of the Board of Regents of the University of Minnesota was held on Friday, November 12, 2010 at 9:00 a.m. in the Boardroom, 600 McNamara Alumni Center.

Regents present: Clyde Allen, presiding; Anthony Baraga, Richard Beeson, Dallas Bohnsack, Linda Cohen, John Frobenius, Venora Hung, Steven Hunter, Dean Johnson, David Larson, Maureen Ramirez, and Patricia Simmons.

Staff present: President Robert Bruininks; Chancellors Charles Casey, Jacqueline Johnson, and Stephen Lehmkuhle; Senior Vice President and Provost Thomas Sullivan; Senior Vice Presidents Frank Cerra and Robert Jones; Vice Presidents Kathryn Brown, Carol Carrier, Steve Cawley, Karen Himle, Kathleen O'Brien, and Richard Pfutzenreuter; General Counsel Mark Rotenberg; Executive Director Ann Cieslak; and Associate Vice Presidents Phil Esten, Gail Klatt, Stuart Mason, Sharon Reich Paulsen, Donna Peterson, and Michael Volna.

APPROVAL OF MINUTES

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

Audit Committee – October 7, 2010
Finance & Operations Committee – October 7, 2010
Faculty, Staff & Student Affairs Committee – October 7, 2010
Board of Regents Work Session – October 8, 2010
Board of Regents – October 8, 2010

REPORT OF THE PRESIDENT

President Bruininks discussed a variety of issues related to financing the future of the University of Minnesota. He described a number of areas that have been streamlined to increase efficiency and reduce costs currently and in the future. He indicated that the administration would at a future Board of Regents meeting present trends and a report illustrating implications of state reductions and how to reset priorities within academic and service functions of the institution.

Bruininks recalled that the recommendations of the Financial Futures Taskforce includes nine specific, broad initiatives to address the “new normal” of sustained decreased state support. Bruininks summarized the recommendations designed to sharpen the academic mission, grow revenues, increase effectiveness, and develop and execute long-term financial plans.

A copy of the Report of the President is on file in the Board Office.
REPORT OF THE CHAIR

Chair Allen reported that the Board of Regents would take action on the 2012-13 state biennial budget request. He indicated that as election results become clear and new legislative leaders assume office, the institution remains steadfast in fulfilling its mission of research, teaching, and outreach throughout the state. Continued state investment in the University is critical, and pays both short and long-term dividends to the state and its citizens.

Chair Allen reported that President Bruininks and Athletics Director Maturi are leading a team searching for a Gopher football coach. He emphasized that a good process is underway and that this president and athletics director will be the decision-makers. He recognized that there are many passionate Gopher fans and recommended that they support the process as outlined.

Chair Allen reported that several Regents recently participated in a special dedication ceremony to mark the naming of Kenneth H. Keller Hall on the Twin Cities campus. He also announced that the next regular Board of Regents meeting will be held December 9-10, 2010 on the Twin Cities campus.

RECEIVE AND FILE REPORTS

Chair Allen noted the receipt and filing of the Annual Eastcliff Report.

CONSENT REPORT

Chair Allen presented the Consent Report, as described in the docket materials, including:

- **Appointments:** University of Minnesota Foundation Board of Trustees:
  - Marilyn Carlson Nelson (three-year term expiring 2013);
  - Richard K. Davis (three-year term expiring 2013);
  - Reappointment of Patricia Simmons (three-year term expiring 2013);

- **Appointments:** Fairview Health Sciences Board of Trustees:
  - Bobbi Daniels, M.D. (three-year term expiring 2013)
  - Reappointment of Ann H. Hengel (three-year term expiring 2013); and

- **Summary of Gifts through September 30, 2010.**

A motion was made and seconded, and the Board of Regents voted unanimously to approve the Consent Report.

ANNUAL REPORT OF PRIVATE GIVING

Chair Allen introduced L. Steven Goldstein, President, University of Minnesota Foundation (UMF), and Becky Malkerson, President and CEO, Minnesota Medical
Foundation (MMF), to present an annual review of fundraising highlights as provided in the materials distributed at the meeting and on file in the Board Office.

Goldstein announced that the Annual Report of Private Giving is an opportunity to share how private giving is making a profound difference at the University in student achievement, faculty excellence, research innovations, and life-changing programs. He referred Boardmembers to the FY2010 Report on Giving, which includes the combined UMF/MMF financial results for the past year. The theme of this year's report is Because of you, which celebrates how the generosity of private donors drives discovery. Goldstein recognized the over 84,000 donors, more than half of whom are University alumni, who have pledged $186 million in current and future gifts.

Malkerson discussed how the support of several donors who have made multiple gifts across the University have contributed to a range of programs and activities, including: student access and support, athletics, medical research facilities, and faculty support.

Board members commended UMF and MMF staff for a successful year and an excellent report.

STATE BIENNIAL BUDGET REQUEST FOR FY2012-13

President Bruininks recalled the Board’s previous discussion at the October 2010 meeting of the Biennial Budget Request (Request) as detailed in the docket and associated materials distributed at the meeting and on file in the Board Office.

Bruininks described the state funding support to the institution in both FY2010 and FY2011, which has fallen from $702 million to $591 million. He indicated that this Request will be submitted to the state at a time when there is extraordinary uncertainty facing the institution, and continued pressure on the state to address long-term budget issues. He illustrated examples of how several colleges and units have restructured, consolidated, and modified activities and programs to address decreased revenues and increase efficiency.

Bruininks reported that the Request is developed and aligned with the goals and priorities of the University’s long-range strategic plan and is framed around the following set of principles:

- The University is a key component in advancing the economic viability, health and wellness of Minnesota citizens;
- The institution’s ability to recruit talented and promising students, regardless of income level, and to provide them with the highest quality educational experience must be preserved; and
- The University must have sufficient resources to address its ongoing core costs.

Bruininks summarized the two-year $1.38 billion Request, detailing investments in restoring faculty positions, student financial support, and meeting core costs of the institution. He stressed the importance of continuing to invest in programs and initiatives during times of budget reductions to sustain the high levels of excellence and productivity, and noted that balancing the institution’s budget must rely on a combination of state support, modest improvement in revenues, and prudent decisions regarding long-term program investments.
A motion was made and seconded to approve the Resolution Related to the 2012-2013 Biennial Budget Request.

In response to questions and comments from Boardmembers, Bruininks stressed that continued state investment in the University of Minnesota is critical to remain competitive within the state, nationally, and internationally. Decreased state funding puts private donations at risk, and the considerable gains made over the past years could be diminished.

In response to a question from Regent Johnson, Bruininks indicated that the administration would look to internal reductions as a way to keep tuition increases for the coming year modest. He added that raising private funds for scholarships and fellowships remains a priority.

The Board of Regents voted unanimously to approve the Resolution Related to the 2012-2013 Biennial Budget Request, as follows:

WHEREAS, the University of Minnesota as the state’s public, land grant university, is charged with the responsibility to pursue knowledge through research and discovery, and apply this knowledge through teaching and learning, and outreach and public service; and

WHEREAS, the University of Minnesota has embarked on a strategic positioning effort grounded in a vision to improve the human condition through the advancement of knowledge; and

WHEREAS, The University is a key component in advancing the economic viability, health and wellness of Minnesota’s citizens; and

WHEREAS, The University’s ability to recruit talented and promising students, regardless of income level, and to provide them with the highest quality educational experience must be preserved; and

WHEREAS, The University’s core operating costs must be met in order to ensure continued delivery of our core mission activities of education, research and outreach; and

WHEREAS, the Fiscal Years 2012-2013 biennial budget request is designed to address the most critical needs of the University, maintain the quality of its educational programs, continue the University’s progress toward its strategic positioning goals, and advance the state’s economy and quality of life while recognizing the state budget context.

NOW, THEREFORE, BE IT RESOLVED that the Biennial Budget request for the 2012-2013 biennium be adopted by the Board of Regents for presentation to the State of Minnesota. The request is for $642,151,000 in each of the next two years for a biennial total of $1,284,302,000 in the form of general operations and maintenance and state specials appropriations.
REPORT OF THE FACULTY, STAFF & STUDENT AFFAIRS COMMITTEE

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

a) Approval of the Consent Report for the Faculty, Staff & Student Affairs Committee as presented to the committee and described in the November 11, 2010 committee minutes.

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

Johnson reported that the committee received a University District Alliance update; discussed results of the 2010 Pulse Survey measuring faculty and staff satisfaction; received a report on targeting communications strategies for faculty, staff, and students; reviewed amendments to Board of Regents Policy: Conflict Resolution Process for Employees; and discussed a number of information items included in the docket materials.

REPORT OF THE FINANCE & OPERATIONS COMMITTEE

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

a) Approval of the revised Consent Report for the Finance & Operations Committee as presented to the committee and described in the November 11, 2010 committee minutes.

b) Approval of a Resolution Related to Issuance of Debt, as follows.

WHEREAS, it has been proposed that the University proceed with a plan of financing which involves, among other things, the issuance and sale of general obligation indebtedness (such general obligation indebtedness, whether issued in the form of bonds, notes or such other form of indebtedness as may be designated by the University, the “Bonds”), the proceeds of which are to be used to finance University purchases of land and buildings, construction and remodeling projects, the acquisition and installation of equipment and costs of issuance of the Bonds;

WHEREAS, the Bonds will be issued pursuant to an Indenture of Trust between the University and a bank or trust company acting as trustee or pursuant to an Order of the University;

WHEREAS, the Indenture of Trust or Order pursuant to which Bonds will be issued will contain the terms of such Bonds and agreements and covenants of the University with respect to the payment of the principal of, premium, if any, and interest on such bonds;

WHEREAS, the principal amount of the Bonds authorized will be the amount of the Bonds outstanding at any time, and not an aggregate principal amount;
NOW, THEREFORE, BE IT RESOLVED by the Board of Regents of the University of Minnesota (Board) as follows:

1. To provide funds to finance University purchases of land and buildings, construction and remodeling projects, the acquisition and installation of equipment and the costs of issuance of such financing, the Board hereby authorizes the sale and issuance of Bonds in the principal amount of up to $78,000,000. The Bonds shall be issued in one or more series and shall mature not later than the date that is 20 years after the date of issuance of each series. The Bonds shall be general obligations of the University if the Treasurer determines that the Bonds shall be issued as general obligations of the University. Interest on the Bonds may or may not be excludable from gross income under Section 103 of the Internal Revenue Code of 1986, as amended.

2. The purchases of land and buildings, construction and remodeling projects, and equipment to be financed by the proceeds of the Bonds shall be those the source of funding of which is so designated by the Board of Regents or by the Treasurer as part of the University's capital planning process.

3. The Treasurer is authorized to negotiate with one or more banks, investment banking firms or financial institutions to be engaged by the University as the underwriter for the Bonds, the terms and conditions upon which the Bonds shall be sold and issued, and to approve the terms of such sale and issuance, including whether the Bonds shall be issued as general obligations of the University. The Treasurer is further authorized to negotiate with one or more commercial banks the terms and condition of any credit support or liquidity facility for any series of Bonds and approve the terms of such credit support of liquidity facility, and to negotiate the terms and condition of any interest rate swap agreement or other similar agreements with the counterparty to such agreement as hedging techniques with respect to the interest rate on any series of Bonds. Such agreements shall be in the form and contain such rights, obligations, covenants, agreements, representations and warranties of the University as may be approved by the Treasurer and the General Counsel.

4. In connection with the issuance of any series of Bonds, the President and Treasurer are authorized to execute and deliver on behalf of the University the Indenture of Trust or Order or any supplement or amendment thereto under which the Bonds are to be issued in the form and containing such covenants, agreements, representations and warranties as may be approved by the Treasurer and the General Counsel, and the Secretary and Treasurer are authorized to execute and deliver the Bonds in accordance with such Indenture of Trust or Order or any supplement or amendment thereto. The signatures of the Secretary and/or Treasurer on the Bonds may be by facsimile.

5. The President and Treasurer are authorized to execute and deliver a purchase agreement with the initial purchaser or purchasers of any series of Bonds in the form and containing such covenants, agreements, representations and warranties of the University as may be approved by the Treasurer and General Counsel.
6. The Treasurer is authorized to approve the Preliminary Official Statement and the final Official Statement or any supplements or amendments thereto to be prepared and distributed to any purchaser or potential purchaser of a series of Bonds, and the President is authorized to execute and deliver the final Official Statement or any supplements or amendments thereto.

7. The appropriate University officers are authorized to execute and deliver all other documents, certificates and to take such action as may be necessary or appropriate in connection with the issuance and sale of the Bonds.

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

9. The execution of any document by the appropriate University officers herein authorized shall be conclusive evidence of the approval of such documents in accordance with the terms hereof. In the absence of the President or Treasurer, any Indenture of Trust, Order, final Official Statement, purchase agreement or any other document to be executed by the President or Treasurer in connection with the Bonds may be executed by the Chair or Vice Chair instead of the President and by the Secretary instead of the Treasurer.

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

Frobenius reported that the committee also discussed issues related to University risk tolerance; received a debt capacity update; and reviewed a number of information items included in the docket materials.

REPORT OF THE AUDIT COMMITTEE

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

a) Approval of the Consent Report of the Audit Committee as presented to the committee and described in the November 11, 2010 committee minutes.

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

Hunter reported that the committee also discussed issues related to University risk tolerance; received a report of the external auditor and of the compliance officer report; and discussed a number of information items contained in the docket materials.
REPORT OF THE EDUCATIONAL PLANNING & POLICY COMMITTEE

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

a) Approval of the Consent Report of the Educational Planning & Policy Committee as presented to the committee and described in the November 11, 2010 committee minutes.

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

Simmons reported that the committee also received coordinate campus reports and strategic positioning update; reviewed proposed amendments to Board of Regents Policy: Commercialization of Intellectual Property Rights; and reviewed a number of information items contained in the docket materials.

REPORT OF THE FACILITIES COMMITTEE

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

a) Approval of the following Real Estate transactions as presented to the committee and described in the November 11, 2010 committee minutes.

1. Purchase of 617 South Broadway, Rochester, Rochester campus.
2. Purchase of 527 Oak Street, Minneapolis, Twin Cities campus.
3. Forty-year lease to Dakota Aggregates, LLC Covering 1,722 Acres in Dakota County for Aggregate Mining (UMore Park).

b) Approval of Schematic Plans for the following projects as presented to the committee and described in the November 11, 2010 committee minutes.

2. Eastcliff Renovations, Twin Cities campus.

c) Approval of amendments to the FY2010 Capital Budget by:

1. $21,446,000 for the Mayo Garage Renovation – Nuclear Magnetic Resonance Facility Relocation Project, Twin Cities campus.
2. $550,000 for Eastcliff Renovations, Twin Cities campus.
d) Approval of a Resolution Related to the Adequacy of the Final Environmental Impact Statement for the Proposed UMore Park Sand and Gravel Resources Project, as follows:

WHEREAS, the Board of Regents of the University of Minnesota is the Responsible Governmental Unit for the purpose of conducting the environmental review related to the proposed mining of sand and gravel at UMore Park, located in the City of Rosemount and Empire Township, Dakota County, Minnesota; and

WHEREAS, in fulfillment of its responsibilities as the Responsible Governmental Unit, University staff, with the assistance of expert consultants, prepared and made available for public review and comment during the period between January 12, 2009 and February 16, 2009 a Draft Environmental Assessment Worksheet (EAW) and Draft Scoping Decision Document (SDD); and

WHEREAS, University staff with assistance from the expert consultants analyzed each of the public comments, prepared a written response to each, and revised the Draft SDD, where appropriate, consistent with the responses to the comments; and

WHEREAS, the Board of Regents of the University of Minnesota approved the Scoping Decision Document (“SDD”) on June 12, 2009 identifying the alternatives and subject areas to be examined in depth in the environmental impact statement; and

WHEREAS, University staff, with assistance from expert consultants, prepared a draft Environmental Impact Statement analyzing the environmental effects of the issues and alternatives identified in the SDD; and

WHEREAS, in the course of preparing the draft Environmental Impact Statement the Administration concluded that it was appropriate to modify the study area to include an additional 120 acres of land located adjacent to the eastern boundary of the original study area and immediately north of Dakota County Road 46 (160th Street) extending to Akron Avenue and the draft Environmental Impact Statement covers the additional acreage; and

WHEREAS, the Board of Regents of the University of Minnesota approved on June 10, 2010 a Resolution amending the project boundaries, and authorizing distribution of the draft Environmental Impact Statement, the holding of a public informational meeting and the acceptance of comments in accordance with applicable law; and

WHEREAS, during the thirty day comment period and at the public meeting conducted by the University on July 22, 2010 comments were received on the draft Environmental Impact Statement; and

WHEREAS, University staff and expert consultants analyzed each of the public comments on the draft Environmental Impact Statement,
prepared written responses as required by law and, where appropriate, revised the draft Environmental Impact Statement consistent with the response to the public comments; and

WHEREAS, the revised draft Environmental Impact Statement was then designated the final Environmental Impact Statement for purposes of a ten day public comment period required by law; and

WHEREAS, the final Environmental Impact Statement appropriately addresses the potentially significant issues and alternatives raised in the SDD; (ii) the final Environmental Impact Statement properly responds to the substantive public comments to the draft Environmental Impact Statement and final Environmental Impact Statement; and (iii) the University complied with all legal requirements in preparing the final Environmental Impact Statement, including those governing public participation; and

WHEREAS, the Board of Regents of the University of Minnesota has reviewed the final Environmental Impact Statement;

WHEREAS, the University has prepared a Record of Decision which documents compliance by the University with the Rules of the Minnesota Environmental Quality Board in the course of preparation of the Final Environmental Impact Statement for the Project, which Record of Decision is herein incorporated.

NOW, THEREFORE, BE IT RESOLVED, that the Board of Regents of the University of Minnesota, does hereby affirm and determine that the final Environmental Impact Statement for the proposed mining of sand and gravel at UMore Park, located in the City of Rosemount and Empire Township, Dakota County, Minnesota, is adequate in accordance with Minnesota law governing its preparation and dissemination.

Hunter reported that the committee also reviewed a real estate transaction for a twenty-year lease of 1802 – 18th Street NE, Willmar; a received the Annual Report on Sustainability and Energy Efficiency Policy: Goals and Metrics; and reviewed a number of information items contained in the docket materials. Due to time constraints, the review of a capital budget amendment for the Learning and Technical Medical Laboratory, Twin Cities campus was delayed.

REPORT OF THE LITIGATION REVIEW COMMITTEE

Regent Baraga, Chair of the committee, reported that the committee did not meet this month. Baraga reported that General Counsel Mark Rotenberg, along with counsel from the Mayo Clinic, recently presented a case to the U.S. Supreme Court regarding tax withholding and payments for medical residents.
NEW BUSINESS

DESIGNATION OF FINALIST FOR PRESIDENT

Chair Allen expressed gratitude the Presidential Search Advisory Committee for their excellent work in seeking out the best candidates. The Advisory Committee, chaired by Regent Simmons, was comprised of faculty, staff, a student, University alumni, and distinguished University supporters. He noted that the committee members gave their time and energy over many hours to meet the Board of Regents charge. He also commended Regent Simmons for her leadership of the Search Advisory Committee.

Chair Allen reported that the Search Advisory Committee forwarded four semi-finalists for Board of Regents consideration. Of the four, two candidates declined to participate in a public interview process.

Regent Simmons made the following motion:

Be it resolved that the Board of Regents invites candidate “C” to interview with the Board and the University community for the position of president and thereby makes this candidate a finalist.

The motion was seconded by Regent Frobenius. A lengthy discussion ensued.

The Board of Regents voted unanimously to approve the designation of candidate “C” as finalist for the candidacy of University of Minnesota president. Chair Allen asked for any further motions. There being none, he invited Regent Simmons to announce the name of the finalist. Simmons stated that Dr. Eric Kaler, Provost and Senior Vice President for Academic Affairs, Stony Brook University, and Vice President for Brookhaven Affairs is candidate “C.” He will be invited to the campus for interviews as a candidate for the presidency of the University of Minnesota.

The meeting adjourned at 10:55 a.m.

ANN D. CIESLAK
Executive Director and
Corporate Secretary

Board of Regents
November 12, 2010
UNIVERSITY OF MINNESOTA

BOARD OF REGENTS

November 18, 2010

A special meeting of the Board of Regents of the University of Minnesota was held on Thursday, November 18, 2010 at 11:46 a.m. in the Boardroom, 600 McNamara Alumni Center.

Regents present: Clyde Allen, presiding; Anthony Baraga, Richard Beeson, Dallas Bohnsack, Linda Cohen, John Frobenius, Venora Hung, Steven Hunter, Dean Johnson, David Larson, Maureen Ramirez, and Patricia Simmons.

Staff present: Vice Presidents Kathryn Brown, Steve Cawley and Timothy Mulcahy; General Counsel Mark Rotenberg; Executive Director Ann Cieslak; and Associate Vice President Michael Berthelsen.

INTERVIEW OF A FINALIST FOR THE PRESIDENCY OF THE UNIVERSITY OF MINNESOTA

Chair Allen introduced presidential candidate Eric Kaler, Provost and Provost and Vice-President for Brookhaven Affairs, Stony Brook University. Kaler addressed the Board, and a question and answer session followed.

DISCUSSION AND CONSIDERATION OF THE FINALIST

Regent Beeson made a motion to select Eric W. Kaler as the 16th president of the University of Minnesota effective July 1, 2011.

The motion was seconded. A discussion ensued related to the qualities of the finalist and the comments received following the candidate’s meetings on campus. (Materials distributed to the Board and on file in the Board Office.)

The Board of Regents voted unanimously to elect Dr. Eric W. Kaler as the 16th president of the University of Minnesota effective July 1, 2011.

A copy of a negotiated employment agreement with Kaler was distributed at the meeting (on file in the Board Office.) Regent Cohen moved to authorize Chair Allen to execute a contract with president-designate Kaler with the terms and conditions as presented to the Board. The motion was seconded, and the Board of Regents voted unanimously to adopt the contract with Dr. Eric Kaler.

The meeting adjourned at 1:13 p.m.

ANN D. CIESLAK
Executive Director and
Corporate Secretary

113 Board of Regents
November 18, 2010