

UNIVERSITY OF MINNESOTA

BOARD OF REGENTS

MINUTES

BOARD OF REGENTS MEETINGS

AND

COMMITTEE MEETINGS

October 8-9, 2009

Office of the Board of Regents

600 McNamara Alumni Center

UNIVERSITY OF MINNESOTA
BOARD OF REGENTS

Minutes of the Board of Regents Meetings
and Committee Meetings

October 8 & 9, 2009

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UNIVERSITY OF MINNESOTA

BOARD OF REGENTS

Educational Planning & Policy Committee

October 8, 2009

A meeting of the Educational Planning and Policy Committee of the Board of Regents was held on Thursday, October 8, 2009 at 10:00 a.m. in the East Committee Room, 600 McNamara Alumni Center.

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

Staff present: Chancellors Charles Casey, Jacqueline Johnson, and Stephen Lehmkuhle; Senior Vice President & Provost Thomas Sullivan; Senior Vice President Robert Jones; Vice President Stephen Cawley; Executive Director Ann Cieslak; and Associate Vice President Kristin Lockhart.

Student Representatives present: Christina Brakken-Thal and Lauren Snively.

**COORDINATE CAMPUS REPORTS &
STRATEGIC POSITIONING UPDATE**

Senior Vice President Jones; Chancellors Casey, Johnson, and Lehmkuhle; and Vince Magnuson, Associate Vice Chancellor, Academic Administration, University of Minnesota Duluth (UMD), led the discussion of coordinate campuses, focusing on graduation and retention rates (materials in the docket and associated materials on file in the Board Office). Jones commented that the coordinate campuses are vital components of the University of Minnesota System because their strategic plans and strategies make unique contributions to the University's overall goals in ways that best serve students, the region, and the state of Minnesota.

Casey listed the ways in which the University of Minnesota Crookston (UMC) is unique within the University system and highlighted UMC's contributions to the region, its online presence, and the quality of its programs, faculty, and graduates. For Fall 2009, UMC's preliminary enrollment reached a record-high 1,381 students.

With respect to retention, Casey acknowledged that UMC must dramatically improve in order to achieve the goal of an 85% first-to-second year retention rate. A committee and four working groups have been charged to improve retention, and he is confident that UMC is on a good path to reach established graduation rate goals of 40% in four years, 50% in five years, and 55% in six years.

In response to a question from Regent Beeson, Casey cited the natural tension between broad-based and degree-focused programming. Sullivan advised that all of the coordinate campuses are working to develop liberal education requirements, but that it is a balancing act between a liberal education and knowledge of a particular discipline. The goal is to establish a proportion that prepares students for life as well as for the job market.

Johnson stated that the University of Minnesota Morris (UMM) occupies a unique position in the University's system as a public liberal arts college. She attributed a six percent increase in enrollment for Fall 2009 over Fall 2008 to UMM's niche, its growing national reputation, new academic programs, new partnerships, and enhanced recruitment of transfer and international students. Retention rates also have increased. UMM has identified a number of strategies for meeting established graduation rate goals and for leveraging its resources to enhance educational options and create new partnerships.

In response to a number of questions from Regent Larson, Johnson proposed that the socioeconomic profile of UMM students differs from that of private institutions. She suggested that the opportunity for students to study year round and to participate in such programs as study abroad and the Undergraduate Research Opportunity Program might improve graduation rates at UMM. Sullivan commented that recent research indicates that the two most important determinants of graduation rates at public universities are the academic profile of the entering student and clear expectations by faculty, staff, and parents regarding graduation in four years.

Lehmkuhle provided an overview of the programmatic structure at the University of Minnesota Rochester (UMR), which includes 30 undergraduate and graduate partnership programs, Biomedical Informatics & Computational Biology, and the B.S. in Health Sciences program launched in September 2009. Fall enrollment totals 431, about half of whom are graduate students.

With nearly 2,000 inquiries for Fall 2010 programming, Lehmkuhle expressed optimism regarding UMR's future. Retention strategies include student engagement through service learning, relevant and rigorous curricula, and supportive relationships with faculty and fellow students.

In response to a number of questions from the committee, Lehmkuhle indicated that UMR's master plan calls for an enrollment of 1,500 students over the next decade. Two-thirds of these students would be enrolled in the B. S. in Health Sciences, about 50 in Biomedical Informatics and Computational Biology, and the balance in partnership programs. Partnerships will be critical to UMR's success, but they pose a challenge because they require more ambiguity, less control for each party, and the identification of a long-range strategy in which key partners plan joint futures within an overall context. Another challenge for UMR will be infrastructure to support an increase in enrollment.

Magnuson reported that Fall 2009's undergraduate enrollment at UMD is up slightly over last year as is graduate student enrollment. UMD's current focus is a liberal education, its value, and how it is delivered to students. Based on the recommendations of the Liberal Education Task Force, UMD hopes to improve its liberal education program and to develop academic and student development outcomes to ensure that students are achieving a desired set of goals. Current strategies for achieving graduation rate goals include establishing among students, faculty, and staff

the importance of timely graduation; providing resources to support students; and implementing best practices to identify and remove roadblocks to timely graduation.

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:

- **Revised Mission Statement**
 - Morris Campus – Revise Campus Mission Statement

- **New Academic Programs**
 - Medical School – Create fellowship in Forensic Psychiatry
 - Medical School – Create fellowship in Vascular Surgery
 - College of Continuing Education (Twin Cities Campus) – Create certificate in Manufacturing Technology
 - College of Continuing Education (Twin Cities Campus) – Create certificate in Nanotechnology Practice

- **Changed Academic Programs**
 - College of Continuing Education (CCE) and Graduate School (Twin Cities Campus) – Move degree-granting status for Master of Biological Sciences degree from Graduate School to CCE
 - College of Food, Agricultural, and Natural Resource Sciences (CFANS) and College of Continuing Education (Twin Cities Campus) – Change name of Master of Agriculture - Horticulture degree to Master of Professional Studies degree in Horticulture and move degree-granting status from CFANS to CCE
 - College of Design (Twin Cities Campus) – Change name of B.S. degree in Clothing Design to Apparel Design
 - Crookston Campus – Offer existing Bachelor of Manufacturing Management (B.M.M.) degree in Quality Management through distance education
 - Crookston Campus – Offer existing B.S. degree and minor in Marketing through distance education

INFORMATION ITEMS

Senior Vice President & Provost Sullivan directed the committee's attention to the Information Items, which included a profile of the class of 2013 and enrollment figures

for Fall 2009, as detailed in materials distributed at the meeting and on file in the Board Office.

Sullivan reported a total University of Minnesota System enrollment of 67,364. For the Twin Cities campus, freshman retention from Fall 2008 to Fall 2009 reached an all-time high of 90.6%. This represents a two percent increase over retention rates for the previous year and is an important indicator of progress toward degree completion.

The meeting adjourned at 11:47 a.m.



ANN D. CIESLAK
Executive Director and
Corporate Secretary

UNIVERSITY OF MINNESOTA

BOARD OF REGENTS

Facilities Committee

October 8, 2009

A meeting of the Facilities Committee of the Board of Regents was held on Thursday, October 8, 2009 at 10:00 a.m. in the West Committee Room, 600 McNamara Alumni Center.

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

Staff present: Senior Vice President Frank Cerra; Vice Presidents Kathleen O'Brien and Richard Pfitzenreuter; Executive Director Ann Cieslak; and Associate Vice Presidents Michael Berthelsen and Michael Perkins.

Student Representatives present: Matt Privratsky and Aditya Srinath.

SCHEMATIC PLANS

A. St. Paul Chilled Water Facility, Phase 4, Twin Cities Campus

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

The schematic plans for the St. Paul Chilled Water Facility, Phase 4, 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 invited Associate Vice President Perkins to describe Phase 4 of the St. Paul Chilled Water Facility project, as detailed in the docket and additional materials distributed at the meeting and on file in the Board Office. He noted that the installation of water chillers and cooling towers in the utility building will provide a second chilled water production plant on the St. Paul campus.

The committee voted unanimously to recommend approval of schematic plans for the St. Paul Chilled Water Facility, Phase 4, Twin Cities campus.

B. Wind Energy Conservation System Turbine Installation, West Central Research & Outreach Center, Morris and Morris Campus

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

The schematic plans for the Wind Energy Conservation System Turbine Installation, West Central Research & Outreach Center, Morris and 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 invited Vice President Pfutzenreuter, Associate Vice President Perkins, and Vice Chancellor Lowell Rasmussen to provide details on the proposed installation of Wind Energy Conservation System Turbine Installation, West Central Research & Outreach Center (WCROC), Morris campus, as detailed in the docket and associated materials distributed at the meeting and on file in the Board Office. The plans include installation of one new turbine at the WCROC in Morris and one turbine on the Morris campus, with funding for the projects as follows:

- WCROC turbine - \$1.8 million in University bonds, \$1.8 in University issued Clean Renewable Energy Bonds (CREB), and \$100,000 from the Morris campus administration.
- Morris Campus turbine - \$1.8 million in University issued CREB funds, \$1.8 million from the Mille Lacs Band of Ojibwe CREB funding, and \$100,000 from the Morris campus administration.

Rasmussen commented that since the power company did not accept the power-purchase agreement the University had been pursuing, staff is seeking an agreement with an alternate power company. Pfutzenreuter indicated that a financing plan for the University bonds would not be confirmed until a power-purchase agreement is completed and approved by the state's Public Utilities Commission. He stressed the value of securing CREB funding, which requires payment only on the principal, and he assured the committee that once the funding plan is identified it will be reviewed by the Board's Finance and Operations Committee.

Regent Hung proposed an amendment to the motion to make the committee's approval of the schematic plans for Wind Turbines on the Morris campus contingent on the approval of the issuance of debt related to the CREB funds at a future Board meeting. The amendment was seconded and the Chair accepted it to the original motion.

The committee voted unanimously to recommend approval of the amended motion for the Wind Energy Conservation System Turbine Installation, West Central Research & Outreach Center, Morris and Morris campus.

CAPITAL BUDGET AMENDMENT

A. Center for Magnetic Resonance Research

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 FY2010 Capital Budget is amended to increase the budget for the following project:

Center for Magnetic Resonance Research Renovation and Expansion, Twin Cities campus.

Scope of Project: Purchase of a 7.0 tesla magnet component to ensure discount, and update building heating and cooling control and security systems.

Cost Estimate: \$646,500.

Capital Funding: National Institutes of Health grant - \$500,000;

University of Minnesota Funds - \$146,500.

Estimated Completion Date: Fall 2010.

Vice President O'Brien observed that the amendment was being brought for review and action in one month to allow for the timely purchase of the magnet component that will result in a \$500,000 discount for the University. She invited Senior Vice President Cerra to provide background information on the project, as detailed in the docket and associated materials distributed at the meeting and on file in the Board Office.

Senior Vice President Cerra clarified that funding for the component was not included in the original capital request since it was anticipated that the University would apply for and receive a grant from the National Institutes of Health to purchase the equipment. The University received the grant and contingency funds will cover the remaining balance of the purchase.

The committee voted unanimously to recommend approval of the capital budget amendment for the Center for Magnetic Resonance Research Renovation and Expansion, Twin Cities campus.

REAL ESTATE TRANSACTION

A. Purchase of 22,000 Square Feet at 2201 7th Street SE, Minneapolis

The committee reviewed a proposal for the purchase of 22,000 square feet of land at 2201 7th Street SE, Minneapolis, Twin Cities campus. Vice President O'Brien explained that the property will be used for a planned service drive on the north and east sides of the Center for Magnetic Resonance Research Expansion and Renovation Project, as well as for utility infrastructure. Susan Carlson Weinberg, Director of Real Estate, summarized the location and description of the property and the source of funds, as detailed in the docket materials.

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

UNIVERSITY SUSTAINABILITY GOALS

Vice President O'Brien reviewed the University's sustainability goals and the work of the University's Sustainability Goals and Outcomes Committee (USGOC), as detailed in the docket materials. O'Brien highlighted the following items from the report:

- A call for enhanced communication and marketing/promotion efforts concerning global and local sustainability challenges;
- Identifying opportunities to engage those not aware of sustainability-focused education, outreach, and research opportunities;

- Development of sustainability committees at each campus and cross-campus work groups to address topics impacting all campuses, share best practices, and leverage resources efficiently; and
- Agreement that institution-wide goals will naturally vary by campus and empowering each campus to achieve their institutional goals.

O'Brien invited representatives from the coordinate campuses to expound on their sustainability initiatives. Senior Vice Chancellor Tom Baldwin, Crookston campus; John King, Director of Facilities Management and Anne Rittgers, Student Assistant, Office of Sustainability, Duluth campus; Troy Goodnough, Sustainability Coordinator, Morris campus; and Gail Sauter, Assistant Vice Chancellor, Rochester campus reported on sustainability efforts on their respective campuses. O'Brien emphasized that the University is heeding the guiding principles of the Board of Regents *Policy on Sustainability and Energy Efficiency*, and added that updates on programs will be presented annually.

CONSENT REPORT

There were no consent items this month.

INFORMATION ITEMS

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

- Update: Amendments to Leases with University Gateway Corporation; and
- Potential Capital Budget Amendment for Review/Action: Lions Research Laboratory Remodeling.

O'Brien commented that site preparation has begun for the Weisman Art Museum addition. She stated that the notice to proceed with building construction will come to the committee in Spring 2010.

The meeting adjourned at 11:37 a.m.



ANN D. CIESLAK
Executive Director and
Corporate Secretary

UNIVERSITY OF MINNESOTA

BOARD OF REGENTS

Work Session

October 8, 2009

A work session of the Board of Regents was held on Thursday, October 8, 2009 at 1:45 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, and Maureen Ramirez.

Staff present: President Robert Bruininks; Senior Vice President Frank Cerra; Vice Presidents Richard Pfutzenreuter and Steven Rosenstone; and Executive Director Ann Cieslak.

Chair Allen called the meeting to order, noting that this session will be allocated to two topics: (1) the report of the *Financing the Future Task Force* and (2) the impact of clinical integration on the health sciences.

1. Report of the Financing the Future Task Force

Regent Allen stated that the work session would examine issues related to the long-term financial health of the University. President Bruininks reminded the Board of Regents that recent budget challenges and the decline in state funding have led to a greater sense of urgency in looking at the financial future of the University. He explained that the presentation will focus on a report developed by a task force charged to address the following question: *What will it take to finance the future of the University, and how can we achieve it?* Bruininks observed that a commitment to excellence is pervasive throughout the report, and commended the leadership of the task force co-chairs, Vice Presidents Pfutzenreuter and Rosenstone.

Rosenstone commented that the University's current financial challenges are explained by the following conditions:

- The share of the University's budget provided by the state has significantly decreased;
- Tuition has exceeded state support as the University's largest revenue stream for the first time in history;
- Operating costs and the investments needed to achieve academic excellence are now rising faster than revenue; and
- The near future will bring steeper competition for students, faculty, and research grants.

Vice President Pfutzenreuter reported that State support as part of the University's budget has decreased from 43 percent in 1978 to 21 percent in 2010. He explained that the percentage of the State budget allocated to the University has

decreased from 8.3 percent in 1971 to 3.9 percent in 2009. Pfutzenreuter observed that these trends are likely not to change, especially in the short term as the State is potentially looking at a shortfall of over \$7 billion in the next biennium.

Rosenstone summarized several strategies for addressing the University's financial challenges. He stressed the importance of growing and diversifying the University's revenue portfolio in such areas as state support, private giving, intellectual property commercialization, and real estate development. Rosenstone also discussed other issues such as growing tuition revenue, improving administrative and academic efficiency, narrowing the scope of the University's mission, and developing and executing long-term financial plans.

Bruininks concluded the presentation by emphasizing the importance of maintaining academic excellence and the need for all areas of the University to participate in the response to the financial challenges. He reported that updates on this issue will return to the Board at future meetings.

Several Regents commended the administration for bringing this issue to the Board. Regent Frobenius emphasized the importance of closing the gap between actual revenues and the cost of achieving the University's strategic objectives.

In response to a question from Regent Baraga, Bruininks reported that the development of specific plans will be an on-going process and that the focus must remain on developing long-term strategies. In response to a question from Regent Larson, Bruininks cautioned against an undergraduate tuition structure based on discipline because in the past students manipulated the system to get the lowest cost and because it would contribute to a collegiate structure in which access is based on financial means rather than academic performance.

Allen expressed appreciation for the presentation and observed that the discussion provided clear indicators of current and long-term financial challenges and potential areas for strategic improvement.

2. Impact of Clinical Integration on the Health Sciences

Chair Allen introduced Senior Vice President Cerra and Bobbi Daniels, M.D., CEO, University of Minnesota Physicians (UMP), to lead the discussion. Cerra presented a framework for organizing and connecting presentations to the Board over the last several years on the Academic Health Center (AHC), the Medical School, UMP, and Fairview Health System (FHS). He asserted that the Medical School and the University's health professional schools must be repositioned in the health marketplace, and that a critical element of that repositioning will be a new approach to care delivery to be achieved through convergence among the AHC, UMP, and FHS.

Cerra stated that to reposition the enterprise, the Medical School and the health professional schools must be successful in a number of areas, including patient care, cost reduction, and care model innovation. He proposed that the most effective model for success will be a transformative integration of the clinical practice of the Medical School, UMP, and FHS into a single, integrated multi-specialty provider group that would include UMP physicians, physicians employed by FHS, and independent community practitioners.

A single, integrated, multi-specialty group practice would standardize care across the system; create an expanded network of academic capabilities; establish a business system in support of clinical education, clinical work, teaching, and research; provide a large, stable base for clinical research/trials and an environment conducive to training the next generation of health professionals; and accomplish a system brand change from FHS to the University of Minnesota.

Cerra stated that the vision is to create an integrated academic health system whose mission would be to advance excellence and innovation through integrated patient care and research. Design criteria were developed, alternative models were considered, and a refined model was identified: a single fiduciary entity tied to the University through a major affiliation agreement.

The recommended entity would be similar to existing arrangements among the University, UMP, and FHS, but the new entity would be a single, multi-specialty group practice with a CEO, a physician executive, a chief medical officer, a chief operating officer, and other system-wide officers, with oversight provided by a board with sufficient authority to govern the new enterprise.

Daniels described the inadequacies that characterize the current system, the efforts of UMP to improve care delivery, elements critical to the development of a new patient care model, and the potential value to be realized from a more integrated enterprise.

A lengthy discussion ensued in which the following issues and questions were addressed:

- the importance of establishing the University's priorities in any affiliation agreement;
- the need to protect the University's brand and mission by carefully identifying the Board's reserved powers;
- the value of creating community goodwill for the University as a care provider in any new enterprise;
- the need to secure the University's future as a resource for referrals statewide;
- the critical role of employees in achieving the mission of any new enterprise;
- the potential role of other Fairview hospitals in any new enterprise; and
- the delicate balance between cooperation and competition in any new enterprise.

Allen commented on the importance of future decisions in this area and urged members of the Board to submit comments or questions so that all concerns can be addressed during future work sessions.

The work session adjourned at 4:30 p.m.



ANN D. CIESLAK
Executive Director and
Corporate Secretary

UNIVERSITY OF MINNESOTA

BOARD OF REGENTS

October 9, 2009

A meeting of the Board of Regents of the University of Minnesota was held on Friday, October 9, 2009 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, and Maureen Ramirez.

Staff present: President Robert Bruininks; Chancellors Jacqueline Johnson and Stephen Lehmkuhle; Senior Vice President and Provost Thomas Sullivan; Senior Vice Presidents Frank Cerra and Robert Jones; Vice Presidents Kathryn Brown, Karen Himle, Timothy Mulcahy, Charles Muscoplat, Kathleen O'Brien, Richard Pfutzenreuter, and Steven Rosenstone; General Counsel Mark Rotenberg; Executive Director Ann Cieslak; and Associate Vice Presidents Gail Klatt, 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 – July 8, 2009
Faculty, Staff & Student Affairs Committee – July 8, 2009
Finance & Operations Committee – July 8, 2009
Educational Planning & Policy Committee – July 8, 2009
Facilities Committee – July 8, 2009
Board of Regents Work Session – July 8, 2009
Board of Regents Meeting – July 8, 2009

REPORT OF THE PRESIDENT

President Bruininks reported that a Board of Regents Work Session the prior day focused on financing the future of the University and presented the report of the Future Financial Resources Task Force. The report emphasized the importance of examining the University's mission and academic priorities and continuing to develop a long-term financial strategy for the University. He indicated the University would pursue aggressively long-term financial strategies in several essential areas. He outlined a number of initiatives underway to address the financial issues.

President Bruininks reported that aid to undergraduate students on all campuses has increased from \$31 million to \$109 million per year during a seven-year period, due in large part by raising more than \$260 million in endowment to support scholarship aid through the Promise of Tomorrow scholarship drive. Need-based

scholarship programs have been expanded to include guaranteed aid for more students and have been renamed the University of Minnesota Promise Scholarship.

President Bruininks also reported on recent visits he made to the Rochester, Duluth, and Crookston campuses. He noted the dedication of Evergreen Hall on the Crookston campus, the first Leadership in Energy and Environmental Design certified residence hall at the University of Minnesota, which he attended with Regents Allen and Hung.

REPORT OF THE CHAIR

Chair Allen commented on the opening of Evergreen Hall on the Crookston (UMC) campus, noting that Regent Bohnsack had visited UMC the previous week and stayed in a guest room of the new dormitory. He also reported that he and Bohnsack attended the 100th anniversary of the Itasca Biological Station and Laboratories in late September, and while there presented an honorary degree to a University alumnus. Chair Allen noted that Regents would visit coordinate campuses for various events in the coming months and that a number of Regents would travel to Ohio State Gopher Football game in late October.

RECEIVE AND FILE REPORTS

Chair Allen noted there were no reports for receipt and filing this month.

CONSENT REPORT

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

- Summary of Gifts through July 31, 2009;
- Quarterly Summary of Expenditures; and
- Appointments: University Foundation Trustees, as follows:

To reappoint the following individuals to serve for 3-year terms on the University of Minnesota Foundation (UMF) Board of Trustees:

1. James Swenson (term expires 2012)
2. Kathryn Tunheim (term expires 2012)
3. George Winn (term expires 2012)

Appointment of the following individual to serve a 3-year term:

1. Honorable Linda A. Cohen (replacing David Metzen) (term expires 2012)

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

2010 STATE CAPITAL REQUEST

President Bruininks introduced the 2010 State Capital Request (Request), as detailed in the docket and associated materials distributed at the meeting and on file in the Board Office. The state of Minnesota requires all state agencies, local governments, and the University of Minnesota to submit a Request by mid-October for consideration by the governor and legislature in preparation for the 2010 legislative session. The Request is built around the priorities outlined in the current Six-Year Capital Improvements Plan with some modifications resulting from the recent strategic positioning discussions. The \$240 million Request is built upon a combination of funds appropriated by the state of Minnesota (\$193.3 million) and resources committed by the University (\$46.7 million).

Bruininks reported that the largest item on the proposed Request is the Higher Education Asset Preservation and Replacement (HEAPR) request of \$100 million, which will be used system-wide to maximize and extend the life of the University's existing physical plant. Bruininks highlighted several projects in the Request, which includes renovation, improvements, and new construction. Bruininks noted the Request was discussed at the September 2009 Board of Regents meeting, and the cost estimate for the Folwell Hall project has since decreased by \$2 million.

In response to a question from Regent Frobenius regarding the physics and nanotechnology project, Bruininks indicated there is increased emphasis by biomedical and medical alliances in the state and a desire to ensure that core infrastructure is in place to keep the state competitive in this area.

In response to a comment by Regent Johnson, O'Brien indicated that the administration demonstrates to state leadership the importance of the projects included in the HEAPR request. She added that the project priorities within HEAPR continually change reflecting University needs or unexpected events.

In response to a comment by Regent Beeson, Bruininks indicated the administration is reconsidering the Bell Museum project, including the nature of the building, its location in relation to other science buildings, and whether other projects should be more closely aligned with the Bell Museum. It is not part of the 2010 Request.

A motion was made and seconded, and the Board of Regents voted unanimously to approve the Resolution Related to the 2010 State Capital Budget Request, as follows:

WHEREAS, the Board of Regents has directed the administration to annually submit a capital improvement budget and a six-year capital improvement plan in support of the University's strategic priorities; and

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

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

NOW, THEREFORE, BE IT RESOLVED, that the Board of Regents approves the University's 2010 State Capital Request to the Minnesota Legislature in the amount of \$242,000,000 consisting of \$194,700,000 from the State of Minnesota and \$47,300,000 from the University of Minnesota.

RESOLUTION RELATED TO: CREATION & ORGANIZATION OF UMORE DEVELOPMENT LLC
RESOLUTION RELATED TO: CREATION, CAPITALIZATION & USE OF THE UMORE PARK LEGACY FUND

Chair Allen noted that the Board of Regents discussed two resolutions related to UMore Park at its September 2009 meeting. He stated that if approved, the resolutions create the limited liability corporation (LLC) and the legacy fund. He invited Vice President Brown and General Counsel Rotenberg to present the resolutions, as detailed in the docket materials.

Brown noted that the proposed resolutions are responsive to the Board's December 2008 request that the administration develop appropriate corporate structure to oversee UMore Park development. She reported that in the next few months the administration will propose a Board of Directors for the LLC, and update the Board on a number of the project's issues, including the possible consideration of a gravel contract.

In response to a question from Regent Hunter, Rotenberg indicated that the intention of a quasi-endowment was to balance two interests or goals: 1) to segregate out funds that may be generated in the future from UMore Park and limit their purpose to support special academic research, education, and public engagement opportunities; and, 2) to avoid creating a new foundation or autonomous endowment that would need to be run outside the University's control.

Regent Beeson indicated that he supports the structure as defined and will vote for the resolutions. He expressed a concern that the institution is mindful of the amount of time this project could take of senior staff. Brown indicated this is one reason for the creation of the LLC, with four seats on the board of directors for University staff. Beeson also recommended the administration develop a two- to three-year financial plan for the project, and Regent Baraga urged the development of both short- and long-term financial projections.

President Bruininks reported that the University loaned the project some initial funding for work that would have been necessary regardless of whether or not a decision is made to develop the asset. Bruininks indicated there is a plan in place to repay the funds with interest.

A motion was made and seconded, and the Board of Regents voted unanimously to approve the Resolution Related to Creation and Organization of UMore Development LLC, as follows:

WHEREAS, in February 2006 the Board of Regents established the goal of developing property at UMore Park, consisting of approximately 5,000 acres of land in Dakota County, Minnesota, in a manner that furthers the University's mission, and agreed to a Goal Statement and Guiding Principles for the project;

WHEREAS, the Board of Regents Goal Statement declared: “The goal is to develop UMore Park in a manner that furthers the University’s mission. A strategic long-range master plan for UMore Park will be developed that prioritizes University needs and considers current regional planning and development activities. This master plan will be developed in a timely manner, but the execution of the plan and the development of the UMore Park property are likely to require as much as 25 years.”; and

WHEREAS, the Board of Regents Guiding Principles stated that the development of UMore Park shall:

“Protect and enhance the value of UMore Park through timely planning and action.

“Advance the University’s research, education, and engagement mission through the physical and financial resources that UMore Park will provide over the long term.

“Improve the long-term financial health of the University through application of sound fiscal principles and stewardship, including investing the income generated through UMore Park in ways that support academic priorities to complement, supplement, and leverage state and private support.

“Retain oversight of UMore Park’s planning and development and remain accountable for the master plan.

“Plan in such a way so as to optimize the value of UMore Park utilizing short-term strategies without restricting options for long-term strategies.

“Utilize market value as a benchmark in assessing alternative development strategies.

“Ensure that all planning and development activities are conducted with the highest standards fairness, integrity, and solid business practice.

“Respect the needs of neighboring communities and local, regional, and state governments”; and

WHEREAS, by resolution dated December 12, 2008 the Board of Regents found that “the creation of a single owner LLC to exercise day-to-day direction, management and supervision of the UMore Park project is consistent with the principles the Board has established, and directed the administration and the General Counsel to “bring to the Board for its further consideration the necessary legal documentation for this recommended structure”; and

WHEREAS, the administration and the General Counsel have prepared Articles of Organization of UMore Development LLC (“Articles”) to create UMore Development LLC as a single-member, Minnesota limited

liability company, and an Oversight and Management Agreement for UMore Development LLC (“Oversight and Management Agreement”) to organize the company;

NOW, THEREFORE, BE IT RESOLVED that the Board of Regents approves the Articles and authorizes the General Counsel to file the Articles with the Minnesota Secretary of State, and authorizes the President to sign, deliver and carry out the Oversight and Management Agreement.

BE IT FURTHER RESOLVED, that the Board of Regents authorizes, empowers and directs the President and the General Counsel to undertake on behalf of the University all acts necessary and desirable to effectuate this resolution.

A motion was made and seconded, and the Board of Regents voted unanimously to approve the Resolution Related to Creation, Capitalization and Use of the UMore Park Legacy Fund, as follows:

WHEREAS, in February 2006 the Board of Regents established the goal of developing property at UMore Park, consisting of approximately 5,000 acres of land in Dakota County, Minnesota, in a manner that furthers the University’s mission, and agreed to a Goal Statement and Guiding Principles for the project; and

WHEREAS, by resolution dated December 8, 2008 the Board of Regents directed “the administration and the General Counsel to bring to the Board a legal framework to create a legacy fund from the proceeds, revenues and income derived from UMore Park assets, and that such fund shall be designated for long-term support of special academic research, education and public engagement opportunities not otherwise adequately funded by state federal or tuition resources, and that in no event shall such legacy fund supplant otherwise available government or private funds received by the University.”; and

WHEREAS, the administration and the General Counsel have prepared instruments to create a legacy fund as directed by the Board of Regents;

NOW, THEREFORE, BE IT RESOLVED that the Board of Regents authorizes the creation of a quasi-endowment within the consolidated endowment fund of the University of Minnesota named the UMore Park Legacy Fund (“Fund”); directs that all net proceeds, revenues and income earned from the management and development of UMore Park or otherwise derived from UMore Park assets be deposited into the Fund; directs that all assets in the Fund shall be managed and invested in compliance with University policy; and directs that all assets in the Fund shall be designated and used for long-term support of special University academic research, education and public engagement opportunities not otherwise adequately funded by tuition or state, federal or other resources as determined by the president of the University.

BE IT FURTHER RESOLVED that the Board of Regents directs that no assets in the Fund shall be designated or used to reduce or supplant government or private support of the University.

BE IT FURTHER RESOLVED that the Board of Regents authorizes, empowers and directs the President, the Treasurer, and the General Counsel of the University to undertake on behalf of the University all acts necessary and desirable to effectuate this resolution.

UNIVERSITY PLAN, PERFORMANCE & ACCOUNTABILITY REPORT

President Bruininks reported that the 2009 *University Plan, Performance & Accountability Report* (Report) tracks numerous indicators, judges the University's progress and quality to established benchmarks, and monitors productivity and use of resources. The Report summarizes the major strategic initiatives underway at the University, the measure of progress within each of the University's four strategic "pillars," and the institution's rank relative to its peers. The Report also illustrates input and output measures and identifies gaps in progress and strategies to both close the gaps and align priorities and resources. A copy of the Report is included in the docket materials on file in the Board Office.

Senior Vice President and Provost Sullivan indicated that the Board of Regents received a presentation on the Report at its September 2009 meeting. He highlighted entering class data and retention and enrollment data for fall 2009 for the Twin Cities and coordinate campuses (on file in the Board Office).

In response to a comment from Regent Frobenius, Sullivan indicated that the Board would receive an annual report on the status of University research at its December meeting, which should include comparable peer institution data in the area of technology commercialization and intellectual property. President Bruininks added that progress has been made in this area, with relatively robust revenues from products. He cautioned that it is important to look not just at revenues generated but how the University contributes to the state's economic development.

In response to a comment from Regent Bohnsack, Sullivan indicated that access and affordability remain high priorities and the administration continually works to improve financial aid packages for all students. He noted that students matriculating at the University are also better prepared academically than previously, as admission to the institution becomes more competitive. Regent Ramirez commented that the administration should strive to keep tuition increases modest so students would not need as much financial aid to achieve access and affordability.

Board members commented on the breadth of the report and commended the administration for the improvements made in a number of areas.

A motion was made and seconded, and the Board of Regents voted unanimously to approve the Resolution Related to the University Plan, Performance, and Accountability Report, as follows:

WHEREAS, the president of the University and the Board of Regents (Board) are entrusted with the responsibility in their oversight of

the University to be good stewards of the public interest, resources, and facilities; and

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

WHEREAS, it was resolved that the *University Plan, Performance, and Accountability Report* (Report) shall include the priorities of the institution; statistical profiles of the University at the campus level; selected statistics related to system trends; University-wide strategies to achieve goals; summaries of accomplishments and investments; progress in institutional performance measures; and summaries of special institutional studies and reports; and

WHEREAS, on the recommendation of the senior vice president for academic affairs and provost, the president of the University requests the Board accept the 2009 Report; and

NOW, THEREFORE, BE IT RESOLVED that the Board accepts the 2009 Report as submitted by the administration.

REPORT OF THE FACULTY, STAFF & STUDENT AFFAIRS COMMITTEE

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

REPORT OF THE FINANCE & OPERATIONS COMMITTEE

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

REPORT OF THE AUDIT COMMITTEE

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

REPORT OF THE EDUCATIONAL PLANNING & POLICY COMMITTEE

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

- a) Approval of the Consent Report for the Educational Planning & Policy Committee as presented to the committee and described in the October 8, 2009 committee minutes.

Ramirez reported that the committee also received a coordinate campus report and strategic positioning update, and reviewed a number of information items detailed 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 schematic plans for the following projects:
 - 1. St. Paul Chilled Water Facility, Phase 4.
 - 2. Wind Turbines, Morris campus, contingent on future Board of Regents approval of the issuance of debt related to the Clean Renewable Energy Bonds.
- b) Approval of an amendment to the 2010 Capital Budget by:
 - 1) \$646,500 to increase funding for the Center for Magnetic Resonance Research Renovation and Expansion.

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

Hunter reported that the committee also reviewed the following real estate transaction: purchase of 22,000 square feet of land at 2201 - 7th Street SE, Minneapolis, Twin Cities campus; received a report on University sustainability goals, and reviewed a number of information items detailed in the docket materials.

REPORT OF THE LITIGATION REVIEW COMMITTEE

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

The meeting adjourned at 10:55 a.m.



ANN D. CIESLAK
Executive Director and
Corporate Secretary