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O. Report of the Litigation Review Committee
   1. Resolution to Conduct Non-Public Meeting of the Litigation Review Committee to
       Discuss Attorney-Client Privileged Matters.......................................................... 174
A meeting of the Litigation Review Committee of the Board of Regents was held on Thursday, February 12, 2009 at 8:32 a.m. in the William R. Peterson Conference Room, 600 McNamara Alumni Center.

Regents present: Anthony Baraga, presiding; Steven Hunter and Patricia Simmons.

Staff present: Vice President Kathryn Brown, General Counsel Mark Rotenberg, and Executive Director Ann Cieslak.

Others present: William Donohue, Jennifer Frisch, Tracy Smith, and Shelley Carthen Watson.

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

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

WHEREAS, based on advice of the General Counsel, the Board of Regents Litigation Review Committee has balanced the purposes served by the Open Meeting Law and by the attorney-client privilege, and determined that there is a need for absolute confidentiality to discuss litigation strategy in particular matters involving the University of Minnesota;

NOW, THEREFORE, BE IT RESOLVED, that in accordance with Minn. Stat. § 13D.01, Subd. 3 and 13D.05 Subd. 3(b), a non-public meeting of the Board of Regents Litigation Review Committee be held on Thursday, February 12, 2009 at approximately 8:30 a.m. in the William R. Peterson Conference Room, 600 McNamara Alumni Center, for the purpose of discussing attorney-client privileged matters including the following:

I. Charles F. Gill v. Geoff Maciejewski, acting in his individual capacity as an officer of the University of Minnesota Police Department

II. Regents of the University of Minnesota v. United States of America (IRS Regulations Regarding FICA)

III. Regents of the University of Minnesota v. AGA Medical Corporation
IV. Arbitration between the University of Minnesota and Tschimperle Trust

V. Crookston UEA Labor Arbitrations

The committee voted unanimously to approve the resolution. The public portion of the meeting adjourned at 8:35 a.m.

The non-public portion of the meeting adjourned at 9:33 a.m. The discussion relating to Item V on the agenda, Crookston UEA Labor Arbitrations, was postponed to a future meeting.

ANN D. CIESLAK
Executive Director and
Corporate Secretary
A meeting of the Educational Planning and Policy Committee of the Board of Regents was held on Thursday, February 12, 2009 at 9:45 a.m. in the West Committee Room, 600 McNamara Alumni Center.

Regents present: David Larson, presiding; Anthony Baraga, Linda Cohen, Steven Hunter, Maureen Ramirez, and Patricia Simmons.

Staff present: Chancellor Jacqueline Johnson; Senior Vice President & Provost Thomas Sullivan; and Executive Director Ann Cieslak.

Student Representatives present: Jennifer McCabe and Dustin Norman.

UPDATE: STUDENT SUPPORT INITIATIVES

Senior Vice President & Provost Sullivan noted that current student support initiatives are an outcome of the strategic planning process through which the University has been committed to recruiting, educating, and supporting undergraduates and preparing them for timely graduation. He introduced Robert McMaster, Vice Provost & Dean of Undergraduate Education, who led the discussion of student support initiatives, as included in the docket and associated materials distributed at the meeting.

McMaster explained that strategic planning has revitalized student support initiatives by taking a holistic approach to student services. By creating a common experience for students, developing more cohesive academic advising and career counseling, and building new infrastructure in support of existing tools and technologies, student services are student-centered.

McMaster described (1) a number of campus-wide and collegiate initiatives serving students before matriculation (e.g., Orientation, Welcome Week, and first-year initiatives developed by selected colleges); (2) a number of programs for selected cohorts of students (e.g., the University Honors Program for highly motivated students and Access to Success (ATS) for traditionally underrepresented students); and (3) campus-wide programs available to all students (e.g., the Learning Abroad Center and Career Services). Next steps in supporting students include improvements to high-quality/high-touch student services, the development of additional and creative technological tools to assist students, and strategies for improving student supports within budgetary constraints.
In response to questions from Regents Simmons and Larson, McMaster reported that the percentage of University undergraduates studying abroad is 28%, which approximately equals the average for members of the Committee on Institutional Cooperation, a consortium of Big 10 institutions and the University of Chicago. For students unable to study abroad, it is possible to gain international exposure through connections to diverse communities in the Twin Cities, through interactions with campus group, and from curriculum integration projects that support the integration of an international perspective in undergraduate courses. Simmons expressed her concerns regarding the established 50% study abroad goal, asking whether it should be revisited to determine (1) whether or not it remains a defensible goal and (2) its importance relative to other goals in which decisions have been made to invest.

In response to a number of questions from the committee, McMaster stated that students enrolled through ATS realize its benefits for their circumstances. However, some students feel that participation in ATS makes them different, while others realize it is appropriate for them. McMaster acknowledged that there are approximately 50-60 athletes enrolled in ATS, but the University’s holistic admissions review process ensures that ATS admissions will be fairly broad-based.

With respect to retention rates, it will be possible by 2010-11 to compare ATS to the former General College, but a more reliable assessment of trends cannot be made until 2014 when several years of data will be available. Simmons commented that future assessments will be very important for the Board because the decision to support ATS was based on certain assumptions and expectations against which the Board will be very interested in measuring performance.

McMaster stated that in the next few years it would be appropriate to move beyond 60%, but it also would be appropriate to set a new goal that is consistent with the University’s environment and its complexity. Sullivan stressed that graduation rates are measured constantly and the 60% goal is a clear expectation that will be met.

In response to a question from Regent Hunter, McMaster noted that current economic conditions are increasing financial stress for students, but many find the assistance they need through the University’s One Stop Financial Aid Office. Sullivan added that students are being encouraged to seek help through the One Stop office because the University must be sure students know that financial aid can be individualized, depending on the student’s particular academic and financial situation.

In response to a question from Regent Cohen, Associate Vice Provost Laura Coffin Koch indicated that academic advisers, career counselors, and professional advisers receive training to be sure they are well informed regarding the support services available to students. A communications plan also is being developed to determine what students need to hear so that advisers deliver a consistent message. There also is a process in place to standardize best practices across colleges.

**CONSENT REPORT**

Senior Vice President & Provost Tom Sullivan presented the revised Consent Report as detailed in the docket and associated materials distributed at the meeting. In response to questions from the committee, Patrick Lloyd, Dean, School of Dentistry,
explained that the new B.S. degree in Dental Therapy will train mid-level dental providers, under the supervision of a dentist, to carry out roles usually performed by a dentist. Proposed legislation would license these new practitioners. The new master's level dental therapy program is designed to provide four-year college graduates with clinical and community educator skills. Both degree programs are components of a strategy to expand the availability of dental care throughout Minnesota, but at less cost than that required to train more dentists.

A motion was made and seconded, and the committee unanimously recommended approval of the following academic program changes:

**New Academic Programs**

- Graduate School—Create new M.S. degree and minor in Stem Cell Biology
- Graduate School—Create new M.A. degree and minor in Sport Management
- Graduate School—Create new Master of Science in Security Technologies (M.S.S.T.) degree and minor in Security Technologies
- School of Dentistry—Create new B.S. degree in Dental Therapy
- School of Dentistry—Create new Master of Dental Therapy degree
- Graduate School—Create new joint degree from the existing Master of Science in Industrial and Systems Engineering (M.S.I.Sy.E.) degree and M.S. in Civil Engineering degree
- Graduate School—Offer co-directed Ph.D. degree programs between the University of Minnesota and Macquarie University (Australia)
- Graduate School—Create new, free-standing interdisciplinary minor in Prevention Science
- Institute of Technology (Twin Cities Campus)—Create new minor in Ecological Engineering
- Swenson College of Science and Engineering (Duluth Campus)—Create new minor in Natural History
- College of Continuing Education (Twin Cities Campus)—Create new certificate in Dakota Language Teaching
- College of Continuing Education (Twin Cities Campus)—Create new certificate in Ojibwe Language Teaching

**Discontinuation of Academic Programs**

- Graduate School—Discontinue M.S. degree in Biology offered on Duluth Campus
- Graduate School—Discontinue Ph.D. degree in Education/Recreation, Park and Leisure Studies
• Graduate School—Discontinue M.A. degree in Recreation, Park and Leisure Studies

• Graduate School—Discontinue M.A. degree in Arabic

• **Changed Academic Programs**

  • College of Design (Twin Cities Campus)—Change the B.S. degree in Graphic Design to a B.F.A. degree in Graphic Design

  • College of Education and Human Development (Twin Cities Campus)—Create and change names of tracks in B.S. degree in Kinesiology to include Clinical Movement Science, Exercise and Health Sciences, Pre-Physical Education Teaching Licensure, and Sport Science

  • Morris Campus—Change name of track within B.A. degree in Social Science

  • College of Liberal Arts (Twin Cities Campus)—Change name of Free-Standing Minor in Second Language Studies to Free-Standing Minor in English as a Second Language

  • Graduate School—Create a Limnology and Oceanography track within M.S. degree in Water Resources Science

  • Graduate School—Create a Limnology and Oceanography track within Ph.D. degree in Water Resources Science

  • Graduate School—Change name to M.A. degree in Design and create tracks in Apparel Studies, Graphic Design, Housing Studies, and Interior Design

  • Graduate School—Change name to M.S. degree in Design and create tracks in Apparel Studies, Graphic Design, Housing Studies, and Interior Design

  • Graduate School—Change name to M.F.A. degree in Design and create a track in Graphic Design

  • Graduate School—Change name to Ph.D. degree in Design and create tracks in Apparel Studies, Graphic Design, Housing Studies, and Interior Design

  • Graduate School—Create plan C option for the Master of Architecture (M.Arch) degree

Hunter commented on the creation of 12 new programs and the discontinuation of only four programs, suggesting that in an era of very limited funding, it might be appropriate and necessary to identify additional programs for termination.
INFORMATION ITEMS

Senior Vice President & Provost Sullivan directed the committee's attention to the revised Information Items, which included a letter from President Bruininks and a plan for restructuring the oversight and support of graduate education.

The meeting adjourned at 11:25 a.m.

[Signature]

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, February 12, 2009 at 9:45 a.m. in the East Committee Room, 600 McNamara Alumni Center.

Regents present: John Frobenius, presiding; Clyde Allen, Dallas Bohnsack, Dean Johnson, and David Metzen.

Staff present: Chancellors Charles Casey and Stephen Lehmkuhle; Senior Vice President Robert Jones; Vice Presidents Nancy Barceló, Carol Carrier, and Timothy Mulcahy; General Counsel Mark Rotenberg; and Executive Director Ann Cieslak.

Student Representatives present: Imee Cambronero and Adam Yust.

BOARD OF REGENTS POLICY: PROTECTION OF INDIVIDUAL HEALTH INFORMATION

Vice President Carrier introduced General Counsel Rotenberg to discuss Board of Regents Policy: Protection of Individual Health Information as part of the ongoing policy review process. Rotenberg reviewed the proposed technical amendment removing Subdivision 4, which calls for review of the policy every five years. Due to periodic developments in federal law, the policy is continually reviewed, making the subdivision unnecessary.

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

REIMAGINING EQUITY & DIVERSITY: A FRAMEWORK FOR TRANSFORMING THE UNIVERSITY OF MINNESOTA

Vice President Carrier introduced Vice President and Vice Provost Barceló, Associate Vice President Kristin Lockhart, Office of Equity and Diversity (OED), and Associate Provost Louis Mendoza, to present an update on the framework for the University of Minnesota’s Equity and Diversity Vision, as detailed in the docket and associated materials distributed at the meeting and on file in the Board Office.

Barceló observed that by 2020, more than 33 percent of Minnesota youth will be racial and ethnic minorities, making diversity an important sustainability issue for the University and for the state. She highlighted the following OED initiatives to support the integration of diversity at the University:

- Partner with other University offices to sustain and grow enrollment of students of color and other underrepresented groups;
- Meet the needs of changing student populations with new models of teaching, learning, and support systems;
• Use new models for recruiting and retaining a diverse faculty and staff; and
• Support research that enhances the understanding of diversity in new ways.

Barceló presented OED’s goal: to institutionalize diversity with a model of shared leadership, shared responsibility and accountability, shared best practices, and shared benefits, practiced by everyone. She also noted the success of the OED Innovation, Diversity, Equity, and Achievement Grants Program, and the President’s Faculty Multicultural Research Awards program by highlighting the increase in system-wide faculty applying for and receiving grants and awards.

Lockhart discussed departmental support provided by OED, including: designing individual implementation plans for University departments; providing unit specific strategic support and metrics development; and assisting with enhanced education and skill building. She noted that an instructional designer has been hired to carry out a system-wide diversity assessment to determine the highest priority educational needs.

Mendoza described the newly created interdisciplinary Equity and Diversity Research Institute (EDRI) that will support academic and scholarly leadership by bringing together a diverse community of scholars. The EDRI will serve as a signature program in the strategic positioning process and is the first of its kind in the nation to provide intellectual space for equity and diversity scholars and faculty from all disciplines to collaborate. Mendoza observed that the work of the EDRI aligns with six of the University’s equity and diversity priorities and will help to institutionalize and provide sustainability and permanence to the University’s infrastructure and serve as a sign of the University’s commitment to be a leader in this area.

In response to a question from Regent Metzen, Barceló stated that the focus on diversity is a top priority across the state, and that the University is collaborating with Minnesota State Colleges and Universities to ensure that students are prepared for our global society.

In response to a question from Regent Johnson regarding attitudes towards diversity in the broader society, Barceló suggested that the issues must be addressed through education in K-12 and at institutions of higher learning. Lockhart added that creating a safe environment for conversation is integral to advancing the discussion of diversity.

PROFESSIONAL STUDENTS: DEVELOPMENT & SUPPORT

Vice President Carrier introduced John Finnegan, Jr., Dean of the School of Public Health, and David Wippman, Dean of the Law School, to present current trends in professional education and to discuss issues facing professional students, as included in the docket and associated materials distributed at the meeting and on file in the Board Office.

Wippman described recent trends in legal education, noting that the Law School curriculum has been revised to bridge the gap between analytical and practical knowledge. The Law School has the lowest non-resident tuition, and second lowest resident tuition among the top 25 law schools in the United States. He stated that more than 50 percent of law students receive full or partial scholarship support, and that the average student leaves school with a debt that exceeds $80,000. Wippman observed that due to the economic downturn and the challenging employment outlook for students, the school provides expanded employer outreach and individualized student counseling.
Finnegan noted that each semester approximately 40 percent of Public Health students are taking on-line courses. He highlighted the enhanced on-line programs and outreach that help to meet the needs of both residential and e-learning students. Finnegan stated that 52 percent of their students graduate with no debt, and the remaining students graduate with an average debt of $15,000. The employment outlook in public health indicates that 23 percent of U.S. health professionals will be eligible for retirement by 2012, providing tremendous opportunities for students and public health workers.

In response to questions from the committee, Wippman noted that decisions in the Law School are oriented towards keeping the school within the top 25 in the nation, which helps to attract the best students and faculty. Finnegan pointed out that the School of Public Health ranks 3rd of 40 schools of Public Health across the country in research funding. He indicated the shortage of public health professionals in rural and underserved areas in Minnesota is an ongoing concern and expressed optimism that workforce development legislation will be developed to provide financial support and incentives for public health students to work in rural communities.

CONSENT REPORT

There was no Consent Report this month.

INFORMATION ITEMS

Vice President Carrier referred the committee to the Information Items contained in the docket materials, including:

- Personnel highlights;
- University highlights;
- Faculty and staff activities and awards; and
- Student activities and awards.

The meeting adjourned at 11:28 a.m.

ANN D. CIESLAK
Executive Director and
Corporate Secretary
A meeting of the Facilities Committee of the Board of Regents was held on Thursday, February 12, 2009 at 1:15 p.m. in the West Committee Room, 600 McNamara Alumni Center.

Regents present:  David Metzen, presiding; Anthony Baraga, Dallas Bohnsack, David Larson, Maureen Ramirez, and Patricia Simmons.

Staff present: Chancellors Charles Casey, Jacqueline Johnson, and Stephen Lehmkuhle; Senior Vice Presidents Frank Cerra and Robert Jones; Vice Presidents Steven Cawley, Timothy Mulcahy, and Kathleen O’Brien; Executive Director Ann Cieslak; and Associate Vice President Michael Berthelsen.

Student Representatives present: Erick Elgin and Emma Olson.

RESOLUTION RELATED TO THE CAMPUS MASTER PLAN FOR THE UNIVERSITY OF MINNESOTA ROCHESTER

Vice President O’Brien welcomed Chancellor Lehmkuhle to present for action the Campus Master Plan for the University of Minnesota Rochester (UMR), as detailed in the docket materials and handouts distributed at the meeting. O’Brien reminded the committee that the master plan had been reviewed at a previous meeting.

Lehmkuhle emphasized that the plan is unique because it focuses not solely on the physical needs of the developing campus, but also on the manner in which UMR will grow programmatically. He emphasized that the foundation of the plan is the partnership developed between UMR and other private and public entities in Rochester.

In response to a question from Regent Bohnsack, Lehmkuhle explained that although the short- and long-term visions of the campus are lacking site specificity, UMR will continue to have on-going discussions with the Mayo Clinic and the City of Rochester regarding the development of the campus in downtown Rochester. In response to a question from Regent Larson, Lehmkuhle stated that while distance learning via the internet will be offered through UMR, a physical presence will be needed because of the importance of faculty and student interaction.

The committee voted unanimously to recommend approval of the resolution related to the Campus Master Plan for the University of Minnesota Rochester.
TWIN CITIES CAMPUS MASTER PLAN

Vice President O’Brien introduced Judith Martin, Professor of Geography and Co-Chair of the Master Planning Steering Committee; Orlyn Miller, Director of Capital Projects; Leslie Krueger, Associate to the Vice President for University Services; and Monique MacKenzie, Capital Planning and Project Management Coordinator, to present the Campus Master Plan for the University of Minnesota Twin Cities, as detailed in the docket materials and information distributed at the meeting.

Martin informed the committee that the plan is presented as an update to the 1996 Twin Cities campus master plan. She explained that the plan is centered around guiding principles in the following areas:

- Building community;
- Creating a model campus;
- Integrating local and regional systems; and
- Using resources wisely.

Miller guided the committee through an examination of maps for the Minneapolis and St. Paul campuses that identify areas for near- and long-term development, adaptive reuse, or potential demolition. He also provided information on a variety of transportation plans, including pedestrian, bicycle, transit, and automotive.

Krueger reviewed details of campus open spaces, particularly noting the development of new public spaces such as Scholars Walk and the plaza on the west end of TCF Bank Stadium. MacKenzie discussed the potential growth of the campus in future years and the challenges and opportunities of working with community partners.

In response to a question from Regent Bohnsack, O’Brien reported that several precinct plans from recent years, including those from the academic health center and recreational sports, were considered in the development of the master plan. Regent Metzen commended O’Brien and her staff on the plan and emphasized the importance of the document in guiding the future physical development of the Twin Cities campus.

O’Brien reported that the plan will return to the committee for action at a future meeting.

CAPITAL BUDGET AMENDMENT

A. West Bank Office Building Data Center

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 FY2009 Capital Budget is amended to increase the budget for the following project:

West Bank Office Building Data Center, Twin Cities campus.
Scope of Project: Installation of new electrical and cooling infrastructure for the data center.
Cost Estimate: $1,500,000.
Capital Funding: Office of Information Technology - $220,000; Internal Loan Pool - $1,280,000. Estimated completion date: August 2009.

Vice President Cawley explained that although this project was in the FY2009 Capital Budget, it was determined that the original project scope lacked heating and cooling systems sufficient to meet operational demands. Vice President O'Brien noted that the amendment was being brought for review and action in one month in order to finish the project by the original completion date.

The committee voted unanimously to recommend approval of the capital budget amendment for the West Bank Office Building Data Center, Twin Cities campus.

**CAPITAL BUDGET AMENDMENT**

A. Walter Library Supercomputer Cooling & Power Increase Project

The committee reviewed a proposal to amend the FY2009 Capital Budget by $600,000 to incorporate funding for the Walter Library Supercomputer Cooling & Power Increase project on the Twin Cities campus.

Vice President O'Brien introduced Vice President Mulcahy and Project Manager Justin Grussing to provide information on the amendment, as detailed in the docket materials and handouts distributed at the meeting. Mulcahy explained that the Minnesota Supercomputing Institute is installing a new supercomputer that will significantly enhance research capabilities on the Twin Cities campus. Grussing reported that because of the infrastructure demands of the new supercomputer, enhancement of electrical power and chilled water supply is necessary.

In response to a question from Regent Larson, Mulcahy reported that although the University is part of large supercomputing consortiums that share data and computing space, there remains the need for local supercomputing capabilities for basic research.

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

**ENERGY AND UTILITIES: PRINCIPLES AND PROGRESS UPDATE**

Vice President O'Brien introduced Associate Vice President Berthelsen to present information on energy management issues at the University, as detailed in the docket materials and information distributed at the meeting. He reviewed opportunities for sustainability improvements, the development of a utility master plan, and the University’s short- and long-term utility infrastructure needs.

Berthelsen reported that the Minneapolis campus will require projected load increases of 40 percent for steam, 90 percent for chilled water, and 60 percent for electricity over the next 20 years, much of it driven by the expansion of campus buildings in the East Gateway District. Some of the projects identified in the six-year utilities infrastructure upgrade plan include:
• New peaking boiler for the Minneapolis campus;
• Steam distribution piping improvements on the east bank;
• East Gateway District chiller plant and electrical duct bank; and
• St. Paul Phase 2 chilled water plant.

Berthelsen reported that the estimated cost to complete all of the six-year infrastructure improvements on the Twin Cities campus is over $100 million. He added that several other infrastructure projects are in progress, including the St. Paul switching station replacement and the Northrop chilled water expansion.

In response to a question from Regent Simmons, Berthelsen explained that the schedule for completing the needed infrastructure improvements will be dependent on the pace of other University construction. He noted that some improvements will be stand-alone projects, while others will be funded through building financing or Higher Education Asset and Preservation funds.

CONSENT REPORT

There were no Consent Report items for this meeting.

INFORMATION ITEMS

Vice President O’Brien referred committee members to the revised Information Items, which were distributed at the committee meeting, including:

• Final review of the Science Teaching and Student Services Building, Twin Cities campus, and the Community Services Building Renovation, Morris campus;
• Update on the final purchase price for the Tschimperle Property, 90.07 acres at 8128 Bavaria Road, Victoria, MN; and
• Information on renovations to research facilities for the Schulze Diabetes Institute.

The meeting adjourned at 3:15 p.m.

ANN D. CIESLAK
Executive Director and
Corporate Secretary
A meeting of the Finance and Operations Committee of the Board of Regents was held on Thursday, February 12, 2009 at 1:15 p.m. in the East Committee Room, 600 McNamara Alumni Center.

Regents present: Steven Hunter, presiding; Clyde Allen, Linda Cohen, John Frobenius, and Dean Johnson. Regent Venora Hung participated by telephone.

Staff present: Senior Vice President and Provost Thomas Sullivan; Vice President Richard Pfutzenreuter; Executive Director Ann Cieslak; and Associate Vice Presidents Gail Klatt, Stuart Mason, and Michael Volna.

Student Representatives present: Jordan Bronston and Jennifer McCabe.

**ISSUES RELATED TO: ANNUAL CAPITAL FINANCING & DEBT MANAGEMENT REPORT**

Vice President Pfutzenreuter invited Carole Fleck, Director of Debt Management, to present an update on the University’s debt profile, as detailed in the docket materials.

Fleck reviewed significant FY2008 transactions and detailed the following items:

- The University’s capital structure, including long-term debt, issuance of general obligation bonds, and the current amortization structure;
- a market update, highlighting taxable and tax-exempt interest rates;
- the University’s credit rating and debt capacity determinants that positively influenced Moody’s Aa2 and Standard and Poor’s AA ratings for the University;
- key financial indicators of credit ratios over the past five years with comparable peer institutions; and
- Moody’s peer group analysis of public institutions with ratings of Aa2 or better.

Regent Allen observed that the state’s ratings have a direct impact on the University’s ratings. He stated that recently the Debt Management Analysis Committee comprehensively reviewed and discussed the reports that were presented.

**ISSUES RELATED TO: RUMINCO**

Vice President Pfutzenreuter invited Associate Vice President Volna to present information on the Regents of the University of Minnesota Insurance Company (RUMINCO), as detailed in the docket and associated materials distributed at the meeting and on file in the Board Office. Volna invited Steve Pardo, Director of Risk Management and Insurance, to join him for the presentation.
Volna explained how RUMINCO is an efficient mechanism used to transfer monetary liabilities away from the University to a third party insurer. He described how the following insurance risks at the University are managed: property and miscellaneous insurance are most commonly transferred to commercial insurers; workers compensation is retained within the University; and liability is primarily transferred to RUMINCO.

RUMINCO provides an avenue for the University to avoid insurance price fluctuations and availability disruptions, enjoy a lower operating cost, coverage and deductible flexibility, and present evidence of insurance to outside parties. Volna described the current liability insurance types offered by RUMINCO: 1) non-profit organization; professional; general; and auto. He indicated that the cost of insurance the University through RUMINCO averages 30 percent below market cost, and noted an estimated savings of $2.5 million since 2002.

In response to questions from the committee, Pardo explained that the maximum risk for an individual payout by RUMINCO is limited to $3 million and that to date, there have not be any payouts that have approached the limit. He added that the Risk Management Office and RUMINCO are preparing for any necessary changes due to the University's expansion of activities outside of Minnesota.

ISSUES RELATED TO:
BOARD OF REGENTS POLICY: CENTRAL RESERVES FUND

Vice President Pfutzenreuter reviewed Board of Regents Policy: Central Reserves Fund, as detailed in the docket. Pfutzenreuter stated the fund is not allocated to any specific unit of the University, and he highlighted revenue sources for the fund that include: 1) investment earnings and realized and unrealized gains or losses from the Temporary Investment Pool (TIP); 2) funds invested in the Consolidated Endowment Fund from TIP; and 3) other miscellaneous revenues and legal settlements. He noted the fund serves to insulate the University from major financial risks and, under normal circumstances, should not fall below 4 percent of state appropriations or $25 million, whichever is greater.

Pfutzenreuter discussed the FY2009 revenue estimates, which have been revised to reflect a decrease of approximately $11.2 million for the Central Reserves Fund, and the FY2009 estimated ending balance of $26 million was updated to reflect a reserve anticipated at $13.8 million, or 1.9 percent. He acknowledged that this balance falls short of the 4 percent reserve recommended in the policy.

UPDATE: ENTERPRISE FINANCIAL SYSTEM
IMPLEMENTATION STATUS/NEW OPPORTUNITIES

Regent Hunter invited Associate Vice President Volna to present an update on the Enterprise Financial System (EFS), as detailed in the docket and associated materials distributed at the meeting and on file in the Board Office.

Volna described stabilization priorities that were identified during the six months following implementation of the program that include: delivering financial reports; fixing system defects; and providing problem solving support, assistance, and enhanced training for users. He highlighted specific responses that were developed to rectify the issues and noted that stabilization will continue during the next 12 months with a focus on new budgeting and fiscal year end processes.
Volna emphasized that grants management will be an area of expanded enhancements in the near future. He reviewed a strategic sourcing model for improving and re-evaluating purchasing through continuous assessment and analysis of vendor purchases.

In response to a question from Regent Hunter, Volna stressed that the EFS program was selected because of an on-going relationship with, and stability of, the company that supports the program. Volna described several mechanisms that currently provide user feedback, and he discussed future plans to develop an enhanced survey for internal users of the system.

**CONSENT REPORT**

Vice President Pfutzenreuter presented the revised Consent Report, as detailed in the docket materials, including the following:

**Approval of Underwriters for Debt Approved in November 2008**

1. To approve the appointment of Piper Jaffray & Co. as underwriter for $41,000,000 in tax-exempt bonds related to Stadium financing.

2. To approve the Barclays Capital as manager/underwriter and Dougherty and Company LLC as co-manager for $1,460,000 for the issuance of debt for the Biomedical Sciences Research Facilities, and Wells Fargo Brokerage Services, LLC for the issuance of debt of approximately $320,000 for various capital projects.

**Approval of Debt Advisor**

To approve the engagement of Bond Logistix LLC as an advisor in connection with the replacement of the interest rate swaps to which Lehman Brothers Commercial Bank was the counterparty.

**Purchase of Goods and Services Over $250,000 to:**

- Amendola Builders and Donald Holm Construction Company for an estimated $500,000 of contract skilled labor services as needed for the period of April 1, 2009 through March 31, 2010 for the Department of Facilities Management on the Duluth Campus.

- Barclays Capital as lead manager/underwriter (80%) and Dougherty and Company LLC as co-manager (20%) for a total of approximately $1,460,000 for the issuance of debt in the amount of $292,000,000 for the Biomedical Sciences Research Facilities to be issued in multiple tranches over a period of a minimum of six years.

- Fleet Sources-Walser Automotive Group for an estimated $800,000 for vehicles as needed for the period of March 1, 2009 to June 30, 2010 for the Fleet Services, Parking and Transportation Department, a division of University Services.
• Lakehead Painting Company and Swanson and Youngdale, Inc. for an estimated $500,000 of contract painting labor services as needed for the period of March 1, 2009 through February 28, 2010 for the Department of Facilities Management on the Duluth Campus.

• The Institute for Continuing Health Care Education for $560,693 for services associated with a jointly sponsored educational project entitled Certified Education Multidisciplinary Activities Highlighting Recognition and Treatment of Fibromyalgia for the Office of Continuing Medical Education.

• Wells Fargo Brokerage Services, LLC for approximately $320,000 to act as lead manager/underwriter for the issuance of debt in the approximate amount of $85,000,000 for various capital projects.

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

INFORMATION ITEMS

Vice President Pfutzenreuter referred committee members to the Information Items contained in the docket materials:

• Quarterly Debt Management Advisory Committee Update:
• University Bond Ratings.

The meeting adjourned at 3:02 p.m.

ANN D. CIESLAK
Executive Director and
Corporate Secretary

Finance and Operations Committee
February 12, 2009
A meeting of the Audit Committee of the Board of Regents was held on Thursday, February 12, 2009 at 3:30 p.m. in the East Committee Room, 600 McNamara Alumni Center.

Regents present: Linda Cohen, presiding; Clyde Allen, Dallas Bohnsack, John Frobenius, and Dean Johnson. Chair Patricia Simmons also participated in the meeting.

Staff present: Chancellor Jacqueline Johnson; Senior Vice President and Provost Thomas Sullivan; Vice Presidents Kathryn Brown, Steve Cawley, Timothy Mulcahy, and Charles Muscoplat; General Counsel Mark Rotenberg; Executive Director Ann Cieslak; and Associate Vice Presidents Gail Klatt and Michael Volna.

Student Representatives present: Jennifer McCabe and Dustin Norman.

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

Associate Vice President Klatt presented proposed amendments to Board of Regents Policy: *Audit Committee Charter*, as outlined in the docket materials. She noted that the only change recommended is to eliminate reference to a specifically named administrative policy.

A motion was made and seconded, and the committee voted unanimously to recommend adoption of proposed amendments to Board of Regents Policy: *Audit Committee Charter*.

**BOARD OF REGENTS POLICY: INTERNAL CONTROLS**

Associate Vice President Klatt presented proposed amendments to Board of Regents Policy: *Internal Controls*, as detailed in the docket materials. The amendments involve reformatting the policy to conform to new Board policy standards, including the incorporation of guiding principles, and a proposed name change to Board of Regents Policy: *Internal Control*. The substantive content of the policy remains unchanged.

A motion was made and seconded, and the committee voted unanimously to recommend adoption of proposed amendments to Board of Regents Policy: *Internal Controls*. 
EXTERNAL AUDITOR’S MANAGEMENT LETTER
AND RELATED AUDIT WORK

Regent Cohen introduced Don Loberg and Craig Popenhagen, Principals, LarsonAllen, to present the external auditor’s management letter for the year ending June 30, 2008, as included in the docket and associated materials distributed at the meeting. The management letter presents LarsonAllen’s observations and recommendations regarding the University’s internal controls and other matters resulting from the FY2008 annual audit.

Popenhagen discussed LarsonAllen’s statement on Auditing Standards 112 (SAS 112), which communicates LarsonAllen’s observations and recommendations regarding the University’s internal controls and other matters resulting from the FY2008 annual audit. He stated that there is one significant deficiency in internal controls found due to the combined financial effect of understatement of asset values on donated land and alternative investments. Popenhagen described management’s response to the item and stressed that this significant deficiency does not result in a finding of material weakness.

Popenhagen described FY2008 recommendations on new findings on the institution’s revenue recognition policy, federal grant programs, and draws of federal funds related to the audit of federal award programs. He also reported that management letter comments for FY2007 have been resolved. Popenhagen reported on compliance with the Minnesota Office of Higher Education program requirements and on the NCAA Agreed-Upon Procedures reports.

Loberg stated that the Federal Awards Compliance Audit, which measures the University’s compliance with federal laws and regulations applicable to federal financial assistance received, is required to include any significant deficiencies or material weaknesses noted in the SAS 112 report. He reported the audit resulted in one significant deficiency: reporting of land values and understatement of investments. Loberg noted the issue does not impact federal awards or the federal audit. He stated that the report on internal control relating to compliance with major federal requirements indicated no findings.

Loberg reported that LarsonAllen has completed all eleven audit engagements included in their contract and commended members of the management team who assisted the audits while working on the conversion to the Enterprise Financial System.

CONFLICT OF INTEREST PROGRAMS

Vice President Brown introduced Lynn Zentner, Director of the Office of Institutional Compliance, to present a status report on the evaluation the University continues to conduct on the Conflict of Interest (COI) Review and Management Program, as described in the docket materials on file in the Board Office.

Zentner provided background on the COI program at the University, noting its uniqueness due to policies and procedures at the administrative and Board levels. She reported that the University has engaged in an assessment of the COI program to:

• Determine the most effective infrastructure and approaches to identify and manage conflict of interest issues;
• Identify approaches that would create greater consistency in the identification and management of these issues;
• Address conflict of interest issues that have received nation-wide attention recently; and
• Benchmark the University’s practices against practices of other institutions of higher education.

She described the current infrastructure of the COI and how actual or potential conflicts of interest are disclosed and ways in which they are managed by committee review and management plans.

Zentner reported that a program evaluation included both an internal self-assessment as well as a review by external consultants. She discussed issues identified and recommendations made by the external reviewers and those resulting from the University’s self-evaluation, including items related to the overall infrastructure, reporting process, policy and procedure development, and training.

Zentner described next steps: the core COI team will continue to look at issues and make recommendations on changes and enhancements. A conflict of interest senior leadership advisory committee will be formed to look at issues identified and set the direction.

In a response to a question from Regent Simmons, Zentner described the reporting processes and mechanisms in place within the University and the Academic Health Center through which potential conflicts of interest are identified. She added that there is an ongoing need to consider where in the institution conflicts exist and determine how to be proactive in identifying and managing them.

**SARBANES-OXLEY UPDATE**

Controller Volna and Associate Controller Denise Seck presented an update on implementation activities related to Sarbanes-Oxley best practices, which the Board of Regents adopted by resolution in May 2003. The update compares the University’s activities to the requirements set forth in Sarbanes-Oxley and to best practices issued by the National Association of College and University Business Officers (NACUBO).

Seck noted the presentation would cover summary results from a survey conducted by NACUBO on the Sarbanes-Oxley Act and recommendations for higher education released the end of 2008 (detailed in the docket and materials distributed at the meeting and on file in the Board Office), and discuss management’s proposal related to financial sub-certifications, a best practice for Sarbanes-Oxley.

Seck discussed highlights of the survey, focusing on responses given by other public four-year institutions. She covered the areas of audit committees, external audit areas, ethics and conflict of interest, internal audit functions, and certifications. Seck pointed out a number of areas in which the University has or has not adopted current NACUBO best practices or recommendations.

Seck described the proposed implementation of financial sub-certification at the University as recommended by the NACUBO best practices. She reported sub-certification would require efforts of central financial administration and other financial
managers across the University, including those most directly impacted by the implementation of the Enterprise Financial System (EFS). Seck indicated that management recommends deferral of financial sub-certification for the upcoming biennium given the current economic environment and challenges related to implementation of the EFS.

In response to questions from the committee, Seck noted that deferring implementation of sub-certification would allow identified financial managers time to prepare for the necessary requirements. She stated that management continues to work with departments to develop efficient reconciliation procedures and reporting tools that will better support sub-certification and other processes. Volna added that certain aspects of the EFS have not yet been implemented and will in time provide the foundation for systems that support sub-certification.

**REVISIT OF INSTITUTIONAL RISK PROFILE**

Associate Vice President Klatt presented the Institutional Risk Profile, (heat map), as contained in the docket materials. The heat map provides an illustration of the University’s enterprise level risk from the governance perspective. She reported that the committee discussed the heat map at its November 2008 meeting, during which the administration offered suggestions for modifications. She noted that four areas: the Academic Health Center, financing, technology transfer, and investments were identified as being higher risk and impact and have moved accordingly.

In response to questions from the committee, Senior Vice President and Provost Sullivan indicated that a recent University of Minnesota Police Department report indicates substantial decreases in major crime activity on campus. Klatt noted that the placement of campus safety in the moderate risk zone occurred following discussions with the Vice President for University Services and was based on available data on crime statistics. Klatt agreed to review the placement of the item on the heat map based on more recent data and will report back to the committee whether campus safety should be in a higher risk or impact area.

**INTERNAL AUDIT UPDATE**

Associate Vice President Klatt presented the Internal Audit Update, as included in the docket materials. Since the last update to the Audit Committee in November 2008, 30 percent of outstanding recommendations rated as “essential” were implemented by University departments, a percentage slightly less than the expected implementation rate of 40 percent. In addition, five units fully implemented all their remaining “essential” recommendations. She indicated that progress toward the FY2009 audit plan is slightly below the previous update due to the retirement of two senior auditors, and the planned replacement of only one of those positions.
INFORMATION ITEMS

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

- A-133 Audit;
- NCAA Agreed-Upon Procedures.

The meeting adjourned at 4:47 p.m.

ANN D. CIESLAK
Executive Director and
Corporate Secretary

Audit Committee
February 12, 2008
A work session of the Board of Regents was held on Friday, February 13, 2009 at 9:00 a.m. in the Boardroom, 600 McNamara Alumni Center.

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

Staff present: President Robert Bruininks; Senior Vice President and Provost Thomas Sullivan; and Executive Director Ann Cieslak.

Regent Simmons stated that the work session would focus on the manner in which University undergraduate students pay for their education, which she cited as of great importance to the Board of Regents, University administrators, students and their families, and Minnesota citizens. Senior Vice President and Provost Sullivan emphasized the importance of understanding this issue because student finances touch the following four aspects of the academic continuum: recruitment; admission; education; and timely graduation.

Robert McMaster, Vice Provost and Dean of Undergraduate Education, explained that the foundation of student financing is the student financial need number, which is the difference between the cost of attendance and the expected family contribution. He reported that financial need is determined by the federal Free Application for Federal Student Aid (FAFSA). McMaster noted that due to the complexity of the FAFSA application, the Office for Financial Aid has an outreach program to assist students and their families.

McMaster made the following observations regarding University financial aid packages:

- Cost of attendance is determined on an annual basis using federal guidelines for such categories as level of study, living on campus or commuting, or resident or non-resident.
- Most University financial aid packages involve student and parent loans, grants, scholarships, and work study.
- Undergraduates have traditionally relied primarily on work income and parental support, though many are increasingly relying on loans.
- In 1968-69, a student would need to work 6.2 hours per week at minimum wage to cover tuition costs. The number of hours has increased to 33.9 for 2008-09.
- The percentage of cost of attendance covered by the family and/or student has decreased from 66 percent in 2001 to 54 percent in 2008.
McMaster observed that the University is second in the Big Ten in providing assistance to middle income students and third in assistance to low income students. He added that the University is in the middle of the Big Ten regarding the average amount of debt for students completing a baccalaureate degree.

McMaster concluded the presentation by explaining that the economic impact of a student graduating in more than four years may exceed $250,000 over a lifetime when accounting for the added cost of attendance, loss of earnings for one or more years, and the loss of investment income.

In response to a question from Regent Allen, McMaster observed that students at the Twin Cities and Duluth campuses on average come from higher income families, yet those students also take out more loans. Regent Hunter noted the importance of remembering that the family contribution often includes loans.

In response to a question from Regent Metzen, McMaster emphasized the importance of outreach to school districts, especially in low income areas, regarding the availability of financial aid. In response to a question from President Bruininks, Kris Wright, Director of Financial Aid, explained that the advantages of the University being a direct aid institution are that funds are secure in challenging economic times because they are government-funded and because students are allowed more flexibility in repayment options.

Bruininks emphasized the importance of student financial aid to the well-being of the University and noted the significance of improved academic programming and timely graduation to assisting students and their families. Simmons expressed appreciation for the presentation and encouraged the administration to present the information on a regular basis.

The work session adjourned at 10:15 a.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, February 13, 2009, at 10:30 a.m. in the Boardroom, 600 McNamara Alumni Center.

Regents present: Patricia Simmons, presiding; Clyde Allen, Anthony Baraga, Dallas Bohnsack, Linda Cohen, John Frobenius, Dean Johnson, David Larson, David Metzen, and Maureen Ramirez. Regent Venora Hung participated by phone.

Staff Present: President Robert Bruininks; Chancellors Charles Casey, Jacqueline Johnson, Stephen Lehmkuhle, and Kathryn Martin; Senior Vice President and Provost Thomas Sullivan; Senior Vice Presidents Frank Cerra and Robert Jones; Vice Presidents Kathryn Brown, Karen Himle, Timothy Mulcahy, and Richard Pfutzenreuter; Executive Director Ann Cieslak; and Associate Vice Presidents Terry Bock, Gail Klatt, Stuart Mason, and Michael Volna.

RECOGNITIONS

Recognition was given to Ashley Lynne Nord, recipient of the 2008 Rhodes Scholarship.

Recognition was given to Coach Bob Nielson and the University of Minnesota Duluth Men’s Football team for winning the NCAA Division II championship in 2008.

APPROVAL OF MINUTES

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

- Finance & Operations Committee – December 11, 2008
- Facilities Committee – December 11, 2008
- Educational Planning & Policy Committee – December 11, 2008
- Faculty, Staff & Student Affairs Committee – December 11, 2008
- Board of Regents Work Session – December 11, 2008
- Board of Regents Meeting – December 12, 2008

REPORT OF THE PRESIDENT

President Bruininks discussed the budget challenges facing the University, totaling $133 million for FY2009. The President outlined a number of budget principles to ensure quality and competitiveness, improving access and affordability, especially for middle-income students, use of available tools to address long-and short-term budget
and investment challenges, and increase productivity by reducing costs and increasing revenues. The President also outlined a number of strategies and actions implemented system-wide to address the budget concerns and streamline processes. He stressed the need for a balanced approach to address the financial challenges facing the institution, indicating that changes will be implemented carefully and thoughtfully in order to deliver a higher quality of service to faculty, staff, and students.

The President reported that the plan for addressing the $20 million rescission will be on the agenda at the March 2009 Board of Regents meeting.

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

**REPORT OF THE CHAIR**

Chair Simmons reported that the Board will not be presented with a Memorandum of Understanding (MOU) on the Central Corridor Light Rail Transit project that was to be reviewed and acted upon in February 2009. The project has been delayed due to an extension of the timeline by the Federal Transit Administration (materials distributed at the meeting and on file in the Board Office). University staff continues to be highly engaged working with the Metropolitan Council and other constituents and will return with a proposed MOU at a future meeting of the Board of Regents.

Chair Simmons noted that Regent selection is currently underway, with anticipated elections in early March 2009. She reported that she and Regents Allen and Frobenius are seeking reelection.

Regent Simmons indicated Regent Metzen is not seeking reelection to the Board after completing two six-year terms. She recognized Regent Metzen for twelve years of outstanding service to the Board and the University of Minnesota and invited him to offer comments. Regent Metzen expressed his gratitude to many members of the University community and the state for supporting the institution during his tenure. He stated that it has been an honor to serve on the Board of Regents and a privilege to “leave the camp site better than I found it.” A copy of Regent Metzen’s remarks is on file in the Board Office.

Chair Simmons reported that a number of Regents attended the recognition luncheon honoring President Bruininks as Executive of the Year, so named by the *Minneapolis/St. Paul Business Journal*. She also noted that the next meetings of the Board of Regents are March 12-13, 2009 on the Twin Cities campus.

**RECEIVE AND FILE REPORTS**

Chair Simmons noted the receipt and filing of the Annual Capital Financing and Debt Management Report.

**CONSENT REPORT**

Chair Simmons presented the Consent Report as described in the docket materials, including:
Report of the All-University Honors Committee, from a recommendation forwarded in a letter from President Bruininks dated January 30, 2009 to the Board of Regents.

Summary of gifts through December 31, 2008.

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

**BOARD OF REGENTS POLICY: BOARD AUTHORITY**

Chair Simmons reviewed proposed amendments to Board of Regents Policy: *Board Authority*, as outlined in the docket materials. The proposed amendments are not substantive and are intended to provide language and formatting consistent with other Board policies.

The proposed amendments will return for action at a future meeting of the Board of Regents.

**BOARD OF REGENTS POLICY: BOARD POLICY DEVELOPMENT**

Chair Simmons reviewed proposed amendments to Board of Regents Policy: *Board Policy Development*, as outlined in the docket materials. The proposed amendments are not substantive and are intended to provide language and formatting consistent with other Board policies.

The proposed amendments will return for action at a future meeting of the Board of Regents.

**BOARD OF REGENTS POLICY: STUDENT REPRESENTATIVES TO THE BOARD OF REGENTS**

Chair Simmons reviewed proposed amendments to Board of Regents Policy: *Student Representatives to the Board of Regents*, as described in the docket materials. The proposed amendments provide greater flexibility to the Minnesota Student Association and Graduate and Professional Student Assembly in electing the four Twin Cities student representatives.

The proposed amendments will return for action at a future meeting of the Board of Regents.

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

Regent Frobenius, Chair of the committee, reported that the committee reviewed proposed amendments to Board of Regents Policy: *Protection of Individual health Information*; received a report on Reimagining Equity and Diversity: A Framework for Transforming the University of Minnesota; reviewed a presentation on professional students: development and support; and reviewed a number of information items described in the docket materials.
REPORT OF THE EDUCATIONAL PLANNING & POLICY COMMITTEE

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

a) Recommend approval of the revised Consent Report for the Educational Planning & Policy Committee as presented to the committee and described in the February 12, 2009 committee minutes.

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

Larson reported that the committee also received an update on student support initiatives and reviewed an information item distributed at the meeting and on file in the Board Office.

REPORT OF THE FACILITIES COMMITTEE

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

a) Recommend approval of a Resolution Related to the Campus Master Plan for the University of Minnesota Rochester, as follows.

WHEREAS, in 1993, the Board of Regents adopted the following four campus master planning principles to direct the development of campus master plans on each of the University of Minnesota campuses:

The principle of creating and maintaining a distinctive and aspiring vision for the physical development of each campus;

The principle of enriching the experience of all who come to the campus;

The principle of maximizing the value of existing physical assets while responding to emerging/changing physical needs;

The principle of an inclusive, accountable, and timely process for creating and implementing the master plan vision; and

WHEREAS, in spring 2007, the University convened a steering committee composed of University faculty and staff, the City of Rochester, Mayo Clinic Rochester, and other civic stakeholders to develop a master plan for UMR; and

WHEREAS, since UMR is a new campus, this campus master plan departs from the typical physically-oriented plan, focusing instead on integrating an innovative academic program structure into a new model for future campus development that is dependent upon public-private partnerships; and
WHEREAS, the vision of UMR recognizes that higher education and research will be central to Minnesota's future, and that medicine, biology, and technology will dominate the country's research agenda for the foreseeable future; and

WHEREAS, there is agreement among leadership at U of M, Mayo Clinic Rochester, and the City of Rochester as to the mission, vision, size, and general location; and

WHEREAS, the administration from the University of Minnesota Rochester campus has recommended the adoption of this Master Plan;

NOW, THEREFORE, BE IT RESOLVED, that the Board of Regents directs that the University of Minnesota Rochester Campus Master Plan be used to support the University's academic mission and guide future land use and capital project decisions in accordance with the four planning principles.

b) Recommend approval of an amendment to the FY2009 Capital Budget by $1,500,000 to increase funding for the design and construction of the West Bank Office Building Data Center heating Ventilation and Air Conditioning Phase II Project, Twin Cities campus.

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

Metzen reported that the committee also reviewed the Twin Cities Campus Master plan; reviewed a proposed capital budget amendment for the Walter Library Supercomputer Cooling & Power Increase Project; received a report on Energy and Utilities: Principles and Progress Update; and reviewed a number of information items described in the docket materials.

REPORT OF THE AUDIT COMMITTEE

Regent Cohen, Chair of the Committee, reported that the committee voted unanimously to:

a) Recommend adoption of amendments to Board of Regents Policy: Audit Committee Charter, as follows:

Audit Committee Charter

Subd. 1. Organization. The Audit Committee of the Board of Regents (Board) shall be a permanent committee consisting of at least four members of the Board. Audit Committee members shall be appointed by the Board chair, recognizing the need for financial expertise and continuity of membership from year to year.

Subd. 2. Reservation of Authority. Consistent with Board of Regents Policy: Reservation and Delegation of Authority, the Board reserves to itself authority to adopt policies regulating the audit function; approve selection of external public accountants and the Director of Internal Audit; review audit plans; and evaluate the performance of the
independent auditor and, jointly with the president, the performance of
the internal audit function.

Subd. 3.  Purpose.  The Audit Committee is to assist the Board in
discharging its oversight responsibilities related to the audit function by:

(a) promoting the development of an effective, efficient, and
continuously improving control environment, in concert
with the administration, to achieve the institution's
objectives through an appropriate system of risk
assessment and internal control;
(b) overseeing the University's integrated framework of
internal control and risk assessment practices to
ensure that the administration executes the provisions
of Board of Regents Policy: Internal Control;
(c) serving as an informed voice on the Board by relaying
the audit perspective when related issues are brought
before the Board and its standing committees; and
(d) providing a direct channel of communication to the
Board for the internal auditor and the independent
public auditor.

Subd. 4.  Duties.  Specific duties of the Audit Committee include
the following:

(a) Oversight of the Independent Auditor.  The independent auditor
reports directly to the Board through the Audit Committee.  The Audit
Committee shall recommend for Board approval the engagement and
related fees of the independent auditor to perform the annual financial
statement and federal compliance audits.  The Audit Committee shall
approve in advance all audit and non-audit services provided by the
independent auditor with a value greater than $25,000 or that may
impair the audit firm's independence regarding the University.  Such
impairment of independence is currently limited to prohibited non-audit
services as defined in the United States General Accounting Office
Government Auditing Standards.  Engagements not requiring approval by
the Board shall be reported to the Audit Committee at the next scheduled
meeting of the committee.  The Audit Committee shall annually review
and evaluate the independent auditor's performance, independence, and
effectiveness of coordination with other assessment activities, including
internal audit.

(b) Oversight of the Internal Audit Function.  The Audit Committee
shall recommend for Board approval (1) the appointment or removal of
the director of audits, (2) changes to the Audit Department charter, and
(3) any material revisions to internal audit plans or budgets.  In
consultation with management and the internal auditor, the Audit
Committee shall review the annual internal audit plan and the extent to
which it addresses high risk areas.

(c) Review of Financial Statements.  The Audit Committee shall
review, in advance of final issuance, the proposed formats and wordings
of the annual financial report, including the management's discussion
and analysis, financial statements, footnotes, statistics, and disclosures.
(d) Review of Audit Results. The Audit Committee shall review the internal and external audit results and discuss significant issues of internal control and compliance with the independent auditor, internal auditor, and management. The Audit Committee shall monitor management’s progress in addressing audit recommendations.

(e) Investigation of Reported Concerns Regarding Accounting or Auditing Matters. The Audit Committee shall be apprised of investigations conducted under administrative policy.

(f) Requests for Audits. The Audit Committee is authorized to request supplemental reviews or other audit procedures by the internal auditor, the independent auditor, or other advisors.

(g) Approval of Engagements of Audit Firms Other Than the University's Principal External Auditors. The Audit Committee shall approve all engagements of external audit firms to perform work or provide services with a value greater than $25,000 or that may impair the audit firm’s independence regarding the University. Such impairment of independence is currently limited to prohibited non-audit services as defined in subd. 4 (a) of this policy. Engagements not requiring approval by the Board shall be reported to the Audit Committee at the next scheduled meeting of the committee.

b) Recommend adoption of amendments to Board of Regents Policy: Internal Controls, as follows:

**Internal Control**

The control model for the University of Minnesota (University) is the Integrated Framework of Internal Control as promulgated by the congressionally established Committee of Sponsoring Organizations (COSO).

Subd. 1. Guiding Principles. The University’s integrated framework of internal control and risk assessment practices shall ensure that:

(a) University activities and operations function effectively and efficiently;
(b) University activities and operations comply with laws, regulations, and University policies and standards;
(c) University processes result in accurate and reliable financial information and reports;
(d) University resources are adequately protected;
(e) traditional and emerging strategic, operational, financial, compliance, and reputational risks are properly identified and appropriately managed;
(f) all material risks facing the University are identified and assessed routinely at all levels and within all University functions;
(g) control activities and other mechanisms are proactively designed to address and manage significant risks;
(h) information critical to identifying risks and meeting the University's mission and strategic objectives is communicated through established channels throughout the University; and

(i) controls are monitored and identified problems are addressed in a timely manner.

Subd. 2. Delegation of Authority. The president or delegate shall establish the foundation for sound internal control within the University through directed leadership, shared values, and a culture that emphasizes accountability.

Subd. 3. Accountability. Notwithstanding any delegation made by the president to administer this policy, the president shall be responsible to the Board of Regents (Board) for the faithful execution of the integrated framework of internal control consistent with the policies of the Board and applicable law.

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

Cohen reported that the committee also discussed the external auditor's management letter and related audit work; received a report on conflict of interest programs; an update on Sarbanes-Oxley; an internal audit update; revisited the institutional risk profile; and discussed a number of information items included in the docket materials.

REPORT OF THE FINANCE & OPERATIONS COMMITTEE

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

a) Recommend approval of the revised Consent Report for the Finance & Operations Committee as presented to the committee and described in the February 12, 2009 committee minutes.

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

Hunter reported that the committee also discussed the Annual Capital Finance and Debt Management Report; issues related to RUMINCO, and to Board of Regents Policy: Central Reserves Fund; received an update on the Enterprise Financing System implementation status/new opportunities; and reviewed a number of information items included in the docket materials.
REPORT OF THE LITIGATION REVIEW COMMITTEE

Regent Baraga, Chair of the committee, reported that the committee met in closed session on February 12, 2009 to discuss attorney-client privileged matters and no actions were taken.

The meeting adjourned at 11:37 a.m.

ANN D. CIESLAK
Executive Director and
Corporate Secretary