UNIVERSITY OF MINNESOTA
BOARD OF REGENTS
Minutes of the Board of Regents Meetings
and Committee Meetings
March 8-9, 2007
April 10, 2007

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IV. Board of Regents Meeting – April 10, 2007
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D. Approval of the Report of the All-University Honors Committee
A meeting of the Audit Committee of the Board of Regents was held on Thursday, March 8, 2007 at 8:30 a.m. in the East Committee Room, 600 McNamara Alumni Center.

Regents present: John Frobenius, presiding; Dallas Bohnsack, Clyde Allen, David Larson, Cynthia Lesher, and Patricia Simmons.

Staff present: Senior Vice President and Provost Thomas Sullivan; Vice Presidents Kathryn Brown, Timothy Mulcahy, Kathleen O’Brien, and Richard Pfutzenreuter; General Counsel Mark Rotenberg; Executive Director Ann Cieslak; and Associate Vice Presidents Gail Klatt and Michael Volna.

Student Representatives present: Joshua Colburn and Will Kellogg.

**COMPLIANCE OFFICER REPORT**

Regent Frobenius introduced Thomas Schumacher, Director of Institutional Compliance, to discuss the semi-annual report on compliance related activities, as detailed in the docket materials. Schumacher highlighted three items:

- Results and analysis of the University’s compliance and ethics culture assessment;
- Update on the communication efforts regarding the newly revised Board of Regents Policy: *Code of Conduct*; and
- Semi-annual report on UReport, the University’s confidential reporting service.

Schumacher summarized efforts to assess the compliance culture at the University, noting that the most important factor to improve ethical actions and reduce compliance violations is organizational culture. He stressed the need for frequent, ongoing communication and reinforcement of the institutional core values to promote ethical behavior. Schumacher indicated that work is being done to develop institutional compliance metrics to better measure the University’s progress over time both internally and externally against peer institutions.

Schumacher briefly discussed UReport, the reporting system which allows individuals concerned about legal or policy violations to report them confidentially or anonymously to a third party vendor retained by the University. Schumacher reported that the Office of Institutional Compliance has partnered with other University offices to begin a broad-based awareness initiative, including targeted mailings to all faculty and staff, electronic communications, and informational videos presented during new employee orientation sessions.

In response to questions, Schumacher stated that that the institution has a very robust system of monitoring compliance in research, in particular, grants management, where more efficient methods through electronic management identify areas of risk areas for additional monitoring.
EXTERNAL AUDITOR REVIEW

Regent Frobenius invited Acting Controller Denise Seck and Don Loberg, Principal, LarsonAllen, to present the annual review of external auditor relationships, services provided, and fees paid for FY2006 and FY2007, as described in the docket materials.

Larson discussed the firm’s assessment of their independence relative to the University, as included in materials distributed at the meeting and on file in the Board office. Loberg described examples of activities under continuous review for independence, and the process and policies in place to ensure independence. Loberg confirmed that after an in-depth review the firm is confident of its independence with respect to the University as defined by public accounting standards.

Seck reported on management’s assessment of LarsonAllen’s performance, highlighting strengths and identifying areas for improvement. She noted that the engagement work was under budget and completed earlier than in previous years.

CONSENT REPORT

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

• Engagement of Larson Allen Weishair & Co. LLP to perform the University’s FY2007 annual audits and required agreed-upon procedures.

INFORMATION ITEMS

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

• Report on audit and non-audit services and fees.

The meeting adjourned at 9:27 a.m.

[Signature]

ANN D. CIESLAK
Executive Director and
Corporate Secretary

203 Audit Committee
March 8, 2007
A meeting of the Educational Planning and Policy Committee of the Board of Regents was held on Thursday, March 8, 2007 at 9:45 a.m. in the West Committee Room, 600 McNamara Alumni Center.

Regents present: Peter Bell, presiding; Dallas Bohnsack, David Larson, David Metzen, and Patricia Simmons.

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

Student Representatives present: Katie Jeremiason and Will Kellogg.

TRANSFORMING THE UNDERGRADUATE EXPERIENCE: STRATEGIC POSITIONING INITIATIVES

Craig Swan, Vice Provost and Dean of Undergraduate Education, led the discussion of the role of Strategic Positioning initiatives in transforming the undergraduate experience. He attributed to Strategic Positioning the development of a broader vision for undergraduate education and a new era of attention to improved academic quality, rigor, and student support services, with a focus on excellence and improved graduation rates.

The following principles have been used to guide this transformation:

1) A focus on students and their success.
2) An array of resources and learning opportunities that enable students to exercise responsibility for their learning and success.
3) The critical value and importance of diversity in the development of policies and strategies that promote student success at the University.
4) An undergraduate experience that is second to none and based on research and scholarship.

Swan indicated that a number of programmatic changes are being phased in over the next three years, including a new University Honors Program; an intensified freshman orientation; programs to help selected at-risk students; a free tuition program for low-income students; a commitment to increase diversity; new writing initiatives; a new partnership between academic units and University Libraries; enhanced advising and career services; and increased opportunities for participation in
freshman seminars, undergraduate research, and study abroad (materials in the docket and on file in the Board Office).

Because of Strategic Positioning, the University also has established a variety of programs that will be critical to meeting the 4-, 5-, and 6-year graduation and retention rate goals already established. Improved programming and advising, targeted assistance for students in transition, and better coordinated career services will help students meet their educational goals and make timely progress toward graduation, but students also will be expected to take responsibility for their own learning and development within that supportive environment.

Swan introduced Arlene Carney, Vice Provost for Faculty and Academic Affairs, and Gerald Rinehart, Vice Provost for Student Affairs, who led the discussion of student learning and student developmental outcomes. Carney stated that after extensive consultation, the Provost’s Council on Enhancing Student Learning (CESL), a representative body that seeks to enhance educational effectiveness on the Twin Cities campus, has adopted seven undergraduate learning outcomes. Rinehart reported that faculty and staff, in consultation with CESL, also have identified student developmental outcomes that reflect a wide range of undergraduate experiences both inside and outside the classroom (materials in the docket). Swan noted that all the outcomes provide comprehensive goals to ensure that the University’s graduates are responsible, engaged citizens prepared to participate in and meet the challenges of a complex, diverse, and global society.

Simmons endorsed the guiding principles, noting that the first principle, which focuses on students and their success, is critical since all the others principles flow from it.

In response to a number of questions from the committee, Swan acknowledged that it will be a challenge to maintain the sense of urgency that will be required for continued excellence, but that the Strategic Positioning process has focused attention and energy on the need to hold the institution to even higher standards. Carney agreed that the flow chart depicting learning outcomes could be applied to other Minnesota institutions of higher education, but that the University's unique role as a research institution can enrich the student experience by providing opportunities to identify, define, and solve problems.

In response to a question from Regent Larson, Carney remarked that progress in student learning outcomes will be measured in consultation with individual departments next year. In subsequent years, every major on the Twin Cities campus will have a set of outcomes directly tied to the seven learning outcomes. Rinehart explained that the process for developmental outcomes is limited to a pilot project involving self-assessment by student employees, which may become a model for assessments in other areas.

In response to a question from Student Representative Kellogg, Swan advised that the coordinate campuses are informed of initiatives on the Twin Cities campus, but some autonomy is necessary because on individual campuses a different approach might be more appropriate.

Sullivan commented that success often is described in terms of workforce issues and contributions to Minnesota's economy. Equally important and a distinguishing characteristic of the University is its responsibility to educate, train, and mentor students so that the University is known and recognized for the development of citizen leaders who will make this a better society.
CONSENT REPORT

Regent Simmons recused herself during discussion of the Consent Report due to a possible conflict of interest. She left the meeting.

A motion was made and seconded, and the committee unanimously recommended approval of the following academic program changes, as described in the docket materials:

New Academic Program:

- College of Science and Engineering (Duluth Campus) – Create a Minor in Astronomy

Existing Academic Programs:

- Medical School – Approval of Graduate Medical Education Programs:
  1. Cytopathology Fellowship Program
  2. Family Medicine – St. Cloud Residency Program
  3. Hepatology Transplant Medicine Fellowship Program
  4. Internal Medicine and Dermatology Combined Residency Program
  5. Internal Medicine/Pediatrics Residency Program
  6. Maternal Fetal Medicine Fellowship Program
  7. Molecular Genetics Pathology Fellowship Program
  8. Pediatric Orthopaedic Surgery Fellowship Program
  9. Pediatric Physical Medicine and Rehabilitation Fellowship Program
  10. Psychosomatic Medicine Fellowship Program
  11. Renal Transplant Fellowship Program
  12. Urologic Oncology Fellowship Program
  13. Vascular Neurology Fellowship Program

Changed Academic Programs:

- Center for Allied Health Programs – Move the academic home of the B.S., Medical Technology degree; change the Medical Technology degree name to B.S., Clinical Laboratory Sciences; offer the Clinical Laboratory Sciences program on the Rochester campus (in addition to the Twin Cities campus); and discontinue the B.A.Sc., Clinical Laboratory Science degree.
- College of Liberal Arts (Twin Cities Campus) – Discontinue the B.A. and B.S. degrees and Minor in Sociology of Law, Criminology, and Deviance.
- College of Liberal Arts (Twin Cities Campus) – Add a concentration in the Sociology of Law, Criminology, and Deviance in the B.A., Sociology degree.
- College of Liberal Arts (Twin Cities Campus) – Add a concentration in the Sociology of Law, Criminology, and Deviance in the B.S., Sociology degree.
- College of Food, Agricultural, and Natural Resource Sciences (Twin Cities Campus) – Discontinue the B.S., Urban and Community Forestry degree and re-create it as a track within the B.S., Forest Resources degree.
- College of Science and Engineering (Duluth Campus) – Discontinue five areas of emphasis in the B.S., Mathematics degree.
- College of Science and Engineering (Duluth Campus) – Change name of B.S., Cell Biology degree to B.S., Cell and Molecular Biology.
INFORMATION ITEMS

Senior Vice President & Provost Sullivan directed the committee's attention to the Information Items.

The meeting adjourned at 11:10 a.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, March 8, 2007 at 9:45 a.m. in the East Committee Room, 600 McNamara Alumni Center.

Regents present: Clyde Allen, presiding; Anthony Baraga, John Frobenius, Steven Hunter, and Cynthia Lesher.

Staff present: Vice Presidents Steve Cawley and Richard Pfutzenreuter; Executive Director Ann Cieslak; and Associate Vice Presidents Stuart Mason and Michael Volna.

Student Representatives present: Cassie McMahon and Nathan Wanderman.

ISSUES RELATED TO: STATE OF MINNESOTA ECONOMIC UPDATE

Vice President Pfutzenreuter invited State Economist Tom Stinson to discuss the economic forecast for the State of Minnesota. Stinson noted that the February 2007 forecast differs only slightly from the November 2006 forecast. The only significant change is lower revenue projected for FY 2010-11. He explained that the economic outlook will primarily be affected by: 1) the inflation impact expected in the Consumer Price Index through 2011; 2) the slow down in U.S. single family housing starts; and 3) federal tax changes.

In response to a question from Regent Allen, Stinson reported that typical housing downturns are attributed to interest rate changes, but that the current slow down is the result of an overbuilt market. He concluded by noting that the changes to the FY2010-11 outlook will bring additional challenges to the State.

ISSUES RELATED TO: SIX-YEAR CAPITAL IMPROVEMENT PLAN

Vice President Pfutzenreuter discussed debt related to the Six-Year Capital Improvement Plan, noting that the University will issue $576.7 million in additional debt through FY 2013, if all projects are realized and all funding requested from the State is received. The total debt load could be lower if private funds become available for some projects.

Pfutzenreuter explained how the University's total debt capacity is determined and how leverage ratios are used to measure the University's ability to retire debt with assets. He summarized projected trends in the leverage ratios emphasized that the institution's upward trends will be favorable to maintain an Aa2 credit rating. A lengthy discussion ensued, and committee members expressed strong support for maintaining a debt capacity reserve equal to approximately 30 percent of the University's total debt capacity.

In response to a question from Regent Hunter, Pfutzenreuter explained that the State rarely provides funds for debt service. He noted that in the past the University
has increased tuition, identified funds through internal reallocation, or raised private funds to cover the University’s one-third share of State projects.

**ANNUAL INVESTMENT CONSULTANTS REPORT: CAMBRIDGE ASSOCIATES**

Vice President Pfutzenreuter invited Associate Vice President Stuart Mason and George Pendergast and Stephen Symchych from Cambridge Associates to present the Annual Investment Consultants Report, as detailed in the docket materials. Pendergast described 2006 as a strong year in the market and in endowment returns and reported that the University is well situated to withstand any changes in the market. The University’s current asset allocation compares strongly against top institutions with assets over $1 billion. Pendergast suggested that as the University’s assets continue to grow, the University might want to further expand the array of investments.

In response to several questions from the committee, Mason reviewed the staffing in the Office of Asset Management clarifying that it is slightly smaller than other institutions with similar assets. Symchych noted there are several types of successful staffing models including exclusive use of internal or external managers. He observed that a larger staff provides opportunities for additional research into possible investments.

**CONSENT REPORT**

Vice President Pfutzenreuter presented the Consent Report, as included in the docket, including the Purchase of Goods and Services over $250,000 to:

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

- CitiMortgage, Inc. and Automotive Rentals, Inc. for $5,500,000 for the financing and leasing of vehicles as needed for the period of April 1, 2007, through March 31, 2010, for the Parking and Transportation Services Department, Fleet Services Division.

- Computer Concepts & Services, Inc. to purchase analysis and programming services not to exceed $325,000 for the period May 1, 2007, through April 30, 2008, for the University of Minnesota Veterinary Diagnostic Laboratory.

- Enventis Telecom for $1,300,000 to purchase network hardware and software and to provide annual Cisco Smartnet hardware and software support for the period of April 1, 2007, through March 31, 2008, for Networking and Telecommunications Services (NTS), a division of the Office of Information Technology (OIT).

- FishNet Security for approximately $352,400 for a Two Factor Authentication system for staff to access University Enterprise applications for the period April 2007 through March 2008.

- Office Max, a Boise Company, for an estimated $686,482 for Hewlett Packard laser toner and ink-jet printer cartridges to be stocked at the University Stores for use in University Departments. The renewal contract period is from April 1, 2007, through March 31, 2008.

- Olson Agency for $4,000,000 for a contract to provide advertising and marketing expertise, design and production of print and audio/visual advertising materials, and procurement of media placements for those advertising materials (radio, TV and/or print ads) for the period March 2007 to July 2009 for University Relations.
• NIKE USA, Inc. for the Department of Intercollegiate Athletics for the designation as the exclusive supplier of athletic footwear, apparel and accessory products for the period August 1, 2007, and ending July 31, 2014.

• James River Technical, Inc., in partnership with SGI, for $1,940,000 to purchase for fiscal year 2007-08 one SGI Altix XE 1300 Cluster computer for use by the Supercomputing Institute for Digital Simulation and Advanced Computation.

Elizabeth Eull, Senior Associate Director, Department of Intercollegiate Athletics addressed questions regarding the NIKE agreement.

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

INFORMATION ITEMS

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

• Quarterly Purchasing Report;
• Quarterly Investment Advisory Committee Update;
• Quarterly Asset Management Report;
• Semi-Annual Management Report; and
• Financial Oversight: Key Indicators.

The meeting adjourned at 11:25 a.m.

ANN D. CIESLAK
Executive Director and
Corporate Secretary

Finance and Operations Committee
March 8, 2007
A meeting of the Faculty, Staff & Student Affairs Committee of the Board of Regents was held on Thursday, March 8, 2007 at 2:45 p.m. in the East Committee Room, 600 McNamara Alumni Center.

Regents present: Dallas Bohnsack, presiding; Clyde Allen, Peter Bell, David Larson, Cynthia Lesher, and Patricia Simmons.

Staff present: Senior Vice President Robert Jones; Vice Presidents Nancy Barceló, Kathryn Brown, and Carol Carrier; Executive Director Ann Cieslak; and Provost David Carl.


BOARD OF REGENTS POLICY: EMPLOYEE PERFORMANCE EVALUATION AND DEVELOPMENT

Vice President Carrier presented for action proposed Board of Regents Policy: Employee Performance Evaluation and Development, which the committee reviewed at its February, 2007 meeting and as provided in the docket materials. The policy was developed using the Board’s Guiding Principles and in consultation with representatives from all employee groups. The policy establishes principles to guide the evaluation of employee performance; supports employee development; and expects the University and its employees to share responsibility for performance evaluation and development.

A motion was made and seconded, and the committee voted unanimously to recommend adoption of Board of Regents Policy: Employee Performance Evaluation and Development.

BOARD OF REGENTS POLICY: EMPLOYEE COMPENSATION AND RECOGNITION

Vice President Carrier presented for action proposed Board of Regents Policy: Employee Compensation and Recognition, which the committee reviewed at its February, 2007 meeting and as provided in the docket materials. The policy was developed using the Board’s Guiding Principles and in consultation with representatives from all employee groups and a subcommittee of the Faculty, Staff & Student Affairs Committee. The policy describes the University’s commitment to recognize employee performance through compensation and other means.

A motion was made and seconded, and the committee voted unanimously to recommend adoption of Board of Regents Policy: Employee Compensation and Recognition.
BOARD OF REGENTS POLICY: ADMINISTRATIVE FRINGE BENEFITS

Vice President Carrier presented Board of Regents Policy: Administrative Fringe Benefits for rescission. She explained that the language in the policy is now incorporated in Board of Regents Policy: Reservation and Delegation of Authority and Board of Regents Policy: Board Operations and Agenda Guidelines, or in administrative policy.

A motion was made and seconded, and the committee voted unanimously to recommend rescission of Board of Regents Policy: Administrative Fringe Benefits.

BOARD OF REGENTS POLICY: SALARIES FOR ADMINISTRATIVE OFFICERS

Vice President Carrier presented Board of Regents Policy: Salaries for Administrative Officers for rescission. She explained that the language in the policy is now incorporated in Board of Regents Policy: Reservation and Delegation of Authority and Board of Regents Policy: Board Operations and Agenda Guidelines, or in administrative policy.

A motion was made and seconded, and the committee voted unanimously to recommend rescission of Board of Regents Policy: Salaries for Administrative Officers.

BOARD OF REGENTS POLICY: SEVERANCE FOR ACADEMIC PROFESSIONAL AND ADMINISTRATIVE EMPLOYEES

Vice President Carrier presented Board of Regents Policy: Severance for Academic Professional and Administrative Employees for rescission. She explained that the language in the policy is now incorporated in Board of Regents Policy: Reservation and Delegation of Authority and Board of Regents Policy: Board Operations and Agenda Guidelines, or in administrative policy.

A motion was made and seconded, and the committee voted unanimously to recommend rescission of Board of Regents Policy: Severance for Academic Professional and Administrative Employees.

STRATEGIC POSITIONING: EQUITY & DIVERSITY INITIATIVES

Vice President Carrier introduced Senior Vice President Jones and Vice President Barceló to discuss the University’s equity & diversity initiatives. Jones reviewed the decision to create the position of Vice President for Access, Equity, & Multicultural Affairs and the critical value of the position in supporting the University’s strategic positioning initiatives.

Barceló reviewed eight guiding principles developed by the Office for Equity & Diversity to achieve its mission to promote equity and diversity as core values in teaching, learning, research, and service. The goals of the office are to:

• Begin institutional research on the effects of diversity training, which includes identifying accountability measures;
• Increase collaboration among faculty involved in diversity work, creating a community of scholars who will advance interdisciplinary work and support the recruitment and retention of faculty; and
• Provide outreach and determine research needs to assist in solving community diversity issues.
Barceló stated that many diversity and equity initiatives will be implemented system-wide, and that each campus will identify different needs.

A lengthy discussion ensued. A number of committee members expressed support for the goals. In response to questions about the involvement of students and support for the goals within the University’s decentralized structure, Barceló responded that there are numerous opportunities for students to participate through cultural celebrations, student groups, and multicultural centers. Deans and other academic staff have been cooperative regarding equity and diversity issues.

**STUDENT INTEREST SURVEY**

Vice President Carrier introduced Vice Provost Gerald Rinehart and Assistant Director Tony Brown from the Office of Student Affairs to present information from the Student Interest Survey. Rinehart explained that the University has surveyed students on the Twin Cities campus every five years since 1971, which provides a wealth of historical and on-going data for comparison.

Brown reported on findings from the most recent survey, which indicates overall student satisfaction has increased markedly between 1996 and 2006. Investments by the University to improve the student experience appear to be working: fewer students consider themselves commuters; there is increased student involvement at the University; and students report higher levels of satisfaction with their overall University experience. Brown reviewed areas that need improvement, such as creating an overall sense of community for students, increasing community among students of color, and developing an instrument to assess the effects of increased student involvement.

**CONSENT REPORT**

There were no Consent Report items 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 4:28 p.m.

**ANN D. CIESLAK**

Executive Director and
Corporate Secretary
A meeting of the Facilities Committee of the Board of Regents was held on Thursday, March 8, 2007 at 2:45 p.m. in the West Committee Room, 600 McNamara Alumni Center.

Regents present: David Metzen, presiding; Anthony Baraga, John Frobenius, and Steven Hunter.

Staff present: Chancellors Charles Casey and Jacqueline Johnson; Senior Vice Presidents Frank Cerra and Robert Jones; Vice Presidents Kathryn Brown, Kathleen O’Brien, and Richard Pfutzenreuter; Executive Director Ann Cieslak; Provost David Carl; and Associate Vice Presidents Michael Berthelsen, Robert Kvavik, and Michael Perkins.

Student Representatives present: Katie Jeremiason and Cassie McMahon.

SCHEMATIC PLANS

A. Medical Biosciences Building & Utility Infrastructure, Twin Cities Campus

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

The schematic plans for the Medical Biosciences Building and Utility Infrastructure, Minneapolis, 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.

In response to a question from Regent Frobenius, Vice President O’Brien explained that the building will only be five stories because the international building code discourages heavy lab space above the fourth floor.

The committee voted unanimously to recommend approval of schematic plans for the Medical Biosciences Building and Utility Infrastructure, Twin Cities campus.

B. Malosky Stadium Renovation, Duluth Campus

Vice President O’Brien announced that the review and action of schematic plans for the Malosky Stadium Renovation project on the Duluth campus was being delayed until a future committee meeting.
C. Biomass Heating Plant Addition, Morris Campus

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

The schematic plans for the Biomass Heating Plant Addition, 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.

The committee voted unanimously to recommend approval of schematic plans for the Biomass Heating Plant Addition, Morris campus.

CAPITAL BUDGET AMENDMENT

A. East Gateway District, Twin Cities Campus

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

On the recommendation of the President and the Vice President for University Services, the FY2007 Capital Budget is amended to increase the budget for the following project:

East Gateway District, Minneapolis, Twin Cities campus.
Scope of Project: Environmental remediation, road and utility infrastructure, surface parking, and landscaping for the East Gateway District.
Cost Estimate: $18,231,000.
Capital Funding: University debt - $18,231,000.
Estimated completion date: Fall/Winter 2009.

Vice President O'Brien reminded the committee that the amendment had been reviewed at the February 2007 committee meeting. She presented the basis for the request, the project scope, and the construction schedule as detailed in the docket materials.

The committee voted unanimously to recommend approval of the capital budget amendment for the East Gateway District, Minneapolis, Twin Cities campus.

REAL ESTATE TRANSACTIONS

A. Five-Year Lease for 7,200 Rentable Square Feet at University Enterprises Laboratory, 1000 Westgate Drive, St. Paul, for Academic Health Center’s Minnesota Lion’s Eye Bank

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

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

Five-year lease for 7,200 rentable square feet at University Enterprises Laboratory, 1000 Westgate Drive, St. Paul.
Details of transaction: Five-year lease from approximately July 1, 2007 through June 30, 2012, with seven successive options of three years each to continue the lease.

Lease costs: Base rent estimated at $12.00 per square foot for the first five years of the lease, plus a pro-rata share of the building operating costs, which will be limited to an increase of 3 percent per year, or a total cost for the first year of $150,624, or $20.92 per rentable square foot.

Source of funds: Academic Health Center, Medical School, and Department of Ophthalmology.

Vice President O’Brien reported that the space will be used for the Department of Ophthalmology’s Lions Eye Bank. She noted that the committee reviewed the item at its February 2007 meeting.

The committee voted unanimously to recommend approval of the five-year lease for 7,200 rentable square feet at University Enterprises Laboratory.

B. Seven-Year Lease for 14,138 Rentable Square Feet at University Park Plaza, 2829 University Avenue SE, Minneapolis, for Academic Health 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 appropriate administrative officers are authorized to execute the appropriate documents providing for the following real estate transaction:

Seven-year lease for 14,138 rentable square feet at University Park Plaza, 2829 University Avenue SE, Minneapolis.

Details of transaction: Seven-year lease from approximately July 1, 2007 through June 30, 2014, with three successive options of three years each to continue the lease.

Lease costs: Base rent estimated at $9.50 per square foot for the first year of the lease, increasing 4% per year thereafter, plus a pro-rata share of the building operating costs, which is estimated at $9.55 per rentable square foot, or a total cost for the first year of $269,329, or $19.05 per rentable square foot.

Source of funds: Academic Health Center and Medical School.

Vice President O’Brien reported that the space will be used for the Academic Health Center, the Medical School’s Clinical Neuroscience Center, and the Medicine, Emergency Medicine, Neurology, and Dermatology Center (MEND). She noted that the committee reviewed the item at its February 2007 meeting.

The committee voted unanimously to recommend approval of the seven-year lease for 14,138 rentable square feet at University Park Plaza.
REAL ESTATE TRANSACTIONS

A. Acquisition of Approximately 2 Acres of Land and Easement Interests from Union Pacific Railroad, East Gateway District, Twin Cities Campus

Vice President O'Brien announced that the real estate transaction related to the acquisition of easements from Union Pacific Railroad on the Twin Cities campus was being delayed until a future committee meeting.

B. Six-Year Lease for up to 56,837 Useable Square Feet Plus Storage, 111 South Broadway, Rochester, for University of Minnesota-Rochester, Rochester Campus

Vice President O'Brien announced that the real estate transaction related to the six-year lease for space for the Rochester campus was being delayed until a future committee meeting.

CAPITAL BUDGET AMENDMENTS

A. Leasehold Improvement Project at 111 South Broadway, Rochester, Rochester Campus

Vice President O'Brien announced that the capital budget amendment related to the Rochester campus leasehold improvement project was being delayed until a future committee meeting.

B. Malcolm Moos Health Sciences Tower 11th Floor Renovation, Twin Cities Campus

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

On the recommendation of the President and the Vice President for University Services, the FY2007 Capital Budget is amended to increase the budget for the following project:

Malcom Moos Health Sciences Tower, 11th Floor Renovation, Minneapolis, Twin Cities campus.
Scope of Project: Complete demolition and renovation of office space, laboratory, and research facilities for the Department of Surgery.
Cost Estimate: $3,750,000.
Capital Funding: University internal loan repaid by the Medical School.
Estimated completion date: Fall 2007.

O'Brien informed the committee that the item was being brought forward for review and action so that the facilities will be ready for occupancy in January 2008. Senior Vice President Cerra and Associate Vice President Perkins explained that the renovation project is needed because the facilities, which have not been updated since being constructed in 1973, do not meet current standards for surgical research. Cerra reported that the upgrades are a component of the recruitment package for Dr. Selwyn Vickers, the new Chair of the Department of Surgery. Perkins explained that the entire floor will be demolished and renovated, resulting in approximately 25 percent more research space than currently exists.
In response to a question from Regent Baraga, Cerra reported that although some floors of the building have been recently renovated, there are other areas that will require work done in the near future.

The committee voted unanimously to recommend approval of the capital budget amendment for Malcom Moos Tower, 11th Floor Renovation, Minneapolis, Twin Cities campus.

REAL ESTATE TRANSACTIONS

A. Seven-Year Lease at University Park Plaza, 6th Floor, for 14,148 Rentable, Square Feet, 2829 University Avenue SE, for Academic Health Center, Twin Cities Campus

The committee reviewed a proposal for a seven-year lease for 14,148 rentable square feet at University Park Plaza, 2829 University Avenue SE, Minneapolis, for the Academic Health Center and the Medical School. Director of Real Estate Susan Carlson Weinberg reported that the space will be used entirely for office space. She 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.

B. Ten-Year Lease at University Park Plaza, 7th Floor, for 5,833 Rentable Square Feet, 2829 University Avenue SE, for Office of Information Technology, Twin Cities Campus

The committee reviewed a proposal for a ten-year lease for 5,833 rentable square feet at University Park Plaza, 2829 University Avenue SE, Minneapolis, for the Office of Information Technology. Weinberg explained that staff in the Office of Information Technology will move to this location after occupying undesirable space in Norris Gymnasium. Weinberg 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.

CAPITAL BUDGET AMENDMENT

A. Biomass Heating Plant Addition, Morris Campus

The committee reviewed a proposal to amend the FY2007 Capital Budget by $2,956,000 to incorporate funding for the Biomass Heating Plant Addition located on the Morris campus, as detailed in the docket materials.

Vice President O'Brien explained that the project was originally included in the FY 2006 Capital Budget with a total cost of $6,000,000 and that the capital budget amendment will cover the additional costs. Associate Vice President Perkins explained that the University will construct a 7,000 square foot heating plant addition to house a biomass gasification unit, new heat recovery boiler, biomass handling equipment, and emissions control equipment. He added that the completed biomass addition could produce up to 80 percent of the campus heating needs. Vice President Pfutzenreuter explained that the funding stream labeled as institutional resources is allocated from the excess of the Central Reserves Fund.
In response to a question from Regent Frobenius, Perkins indicated that non-construction costs of nearly $2 million are standard for a project of this type.

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

SIX-YEAR CAPITAL IMPROVEMENT PLAN: PRINCIPLES, PROCESS, & PRIORITIES

Vice President O’Brien and Associate Vice President Kvavik presented information on the Six-Year Capital Improvement Plan (Plan), as detailed in the docket materials. O’Brien outlined the process and timeline for developing the Plan. She explained that the Plan calls for over $1.2 billion in construction projects and encompasses the state capital requests for 2008, 2010, and 2012, the Biomedical Sciences Research Facility Authority, other projects to be funded by non-state sources, and projects in planning and development without final costs.

Kvavik provided specific information and project examples of how the Plan aligns with the strategic positioning focus areas of exceptional students, exceptional faculty and staff, exceptional organization, and exceptional innovation. In response to a question from Regent Hunter, O’Brien stated that the University does communicate the importance of individual HEAPR projects to the legislature when lobbying for the state capital requests.

O’Brien informed the committee that the Plan would be reviewed by the full Board in May 2007 with action scheduled for June 2007.

CONSENT REPORT

A motion was made and seconded to recommend approval of the Consent Report including:

• Agreements for University facilities and services for J Robinson Wrestling Camp, June 30 - July 27, 2007;

• Agreements for University facilities and services with National Sports Center for USA Cup Soccer 2007, July 9 - 22, 2007; and

• Agreements for University facilities and services for Higher Things Lutheran Youth Conference, July 22 – 28, 2007.

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

INFORMATION ITEMS

Vice President O’Brien referred committee members to the Information Items contained in the docket materials, including:

• March 2007 Capital Improvement Plan Semi-Annual Report; and
• University activities to update the Twin Cities Campus Master Plan.

The meeting adjourned at 4:40 p.m.

ANN D. CIESLAK
Executive Director and
Corporate Secretary

Facilities Committee
March 8, 2007

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UNIVERSITY OF MINNESOTA
BOARD OF REGENTS
Work Session
March 8, 2007

A work session of the Board of Regents was held on Thursday, March 8, 2007 at 1:30 p.m. in the East Committee Room, 600 McNamara Alumni Center.

Regents present: Anthony Baraga, presiding; Clyde Allen, Peter Bell, Dallas Bohnsack, John Frobenius, Steven Hunter, David Larson, Cynthia Lesher, David Metzen, and Patricia Simmons.

Staff present: President Robert H. Bruininks; Senior Vice President Frank Cerra; and Executive Director Ann Cieslak.

Regent Baraga commented that the work session will provide an opportunity for the Board to discuss the health sciences partnership between the University and Fairview Health Services (Fairview). Senior Vice President Cerra introduced Deborah Powell, Dean of the Medical School, and David Page, President and Chief Executive Officer of Fairview, and provided background information on the origins and structure of the partnership.

Cerra opened the presentation by explaining that the University of Minnesota Hospitals and Clinics (UMHC) was sold to Fairview in 1997. He noted that the partnership between Fairview and the University is structured such that Fairview operates the hospital, University of Minnesota Physicians (UMP) provides the clinicians, and the Academic Health Center coordinates the education and research programming. Cerra added that the University of Minnesota Medical Center, operated by Fairview, is not supported by any public funding.

Cerra explained that the mission of the Academic Health Center is to provide leadership in education, research, and clinical sciences. He emphasized that facility investments are critical to the success in these three areas as the University is losing out on recruiting students and attaining grant funding. Powell stated that a great medical school requires a great teaching hospital. She observed that 11 of the top 14 hospitals in the nation are the teaching hospitals for medical schools that are in the top 14 in NIH rankings.

Page commented on the success of the partnership and explained Fairview’s goal of partnering with the University to be the best health care delivery system in America. He provided background materials on the University of Minnesota Medical Center Regeneration Project, which is centered around the following principles:

- regenerate existing facilities of the medical center;
- provide facilities requisite of a world class academic medical center for adults and children;
- consolidate childrens services and create distinction from adult services; and
- provide ambulatory care in one location.
Page reported that the Fairview Board has approved $175 million in capital construction funding for Phase I of the project, which will fund the new children's hospital addition on the Riverside campus.

Several Regents commended the partnership between the University and Fairview. In response to a question from Regent Larson, Page commented that while the initial stages of the partnership were tenuous, a trust between the two entities has developed and there is a clear plan for long-term success.

In response to a question from Regent Frobenius, Cerra explained that while there is not an overall shortage of physicians in Minnesota, there are challenges in recruiting physicians to certain areas. Powell added that Medical School enrollment is currently at capacity and that investments in clinical facilities will allow for more students to be trained.

The work session adjourned at 2:30 p.m.

ANN D. CIESLAK
Executive Director and
Corporate Secretary
A meeting of the Board of Regents of the University of Minnesota was held on Friday, March 9, 2007, at 9:00 a.m. in the Boardroom, 600 McNamara Alumni Center.

Regents present: Anthony Baraga, Presiding; Clyde Allen, Dallas Bohnsack, John Frobenius; Steven Hunter, David Larson, David Metzen, and Patricia Simmons.

Staff present: President Robert Bruininks; Chancellors Charles Casey and Jacqueline Johnson; Senior Vice President and Provost Thomas Sullivan; Senior Vice Presidents Frank Cerra and Robert Jones; Vice Presidents Kathryn Brown, Carol Carrier, Karen Himle, Kathleen O’Brien and Richard Pfutzenreuter; General Counsel Mark Rotenberg; Executive Director Ann Cieslak; Provost David Carl; and Associate Vice Presidents Gail Klatt, Robert Kvavik, and Michael Volna.

**RECOGNITION OF McKNIGHT LAND GRANT PROFESSORS**

Recognition was given to the recipients of the 2007-09 McKnight Land-Grant Professors. The goal of this program is to advance the careers of the University’s most promising junior faculty at a crucial period in their professional lives. Recipients are honored with the title McKnight Land-Grant professor and an endowed chair that they hold for two years. The recipients are:

Professor Daniel R. Bond  
Microbiology & Biotechnology Institute

Professor Kathleen A. Collins  
Department of Political Science

Professor Christy L. Haynes  
Department of Chemistry

Professor Karen Ho  
Department of Anthropology

Professor Nihar Jindal  
Department of Electrical & Computer Engineering

Professor Marta Lewicka  
Department of Mathematics

Professor Helen C. Muller-Landau  
Department of Ecology, Evolution & Behavior

Professor William Schuler  
Department of Computer Science & Engineering

Professor Kathleen D. Vohs  
Department of Marketing/Logistics Management
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 – February 8, 2007
Educational Planning & Policy Committee – February 8, 2007
Facilities Committee – February 8, 2007
Faculty, Staff & Student Affairs Committee – February 8, 2007
Finance & Operations Committee – February 8, 2007
Litigation Review Committee – February 8, 2007
Board of Regents Work Session – February 8, 2007
Board of Regents – February 9, 2007

REPORT OF THE PRESIDENT

President Bruininks addressed how the strategic positioning efforts continue to be integrated into the core processes of the University. He reported that the institution is currently moving from a focus on planning to one of implementing recommended actions, with an emphasis on creating a culture striving toward excellence and continuous improvement.

President Bruininks briefly discussed proposed changes that the University is suggesting for reciprocity with Wisconsin. He indicated that there would be no change in current reciprocity arrangements for Wisconsin undergraduates who start at the University in Fall 2007.

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

REPORT OF THE CHAIR

Chair Baraga that reported five Regents and several Board staff members attended the National Conference on Trusteeship sponsored by the Association of Governing Boards held in Phoenix, Arizona.

Baraga announced that the previous evening the state legislature elected four new members of the Board of Regents who will serve six-year terms: Maureen Cisneros, Linda Cohen, Venora Hung, and Dean Johnson. The new Board members replaced Peter Bell, Frank Berman, Cynthia Lesher, and Lakeesha Ransom.

RECEIVE AND FILE REPORTS

Regent Baraga noted the receipt and filing of the Quarterly Report of Grant and Contract Activity.
BOARD CALENDAR ANNUAL REVIEW

Chair Baraga presented the Board of Regents calendar for annual review. The calendar lists required actions, reports, and other items routinely presented for consideration by the Board and its committees. It is reviewed annually as required by Board of Regents Policy: *Board Operations and Agenda Guidelines*.

It was noted in the docket materials that the calendar had been revised since the Board last reviewed it in March 2006. The current revisions were made to bring the calendar into compliance with amended or new Board policies; reflect existing practice; and correct inaccuracies.

REPORT OF THE ALL-UNIVERSITY HONORS COMMITTEE

Chair Baraga noted that the Report of the All-University Honors Committee was forwarded to the Board from President Bruininks on February 23, 2007.

A motion was made and seconded, and the Board of Regents voted unanimously to approve the Report of the All-University Honors Committee. A copy of the report is on file in the Board Office.

GIFTS

Foundation President Gerald Fischer presented the list of gifts to the University of Minnesota, the University of Minnesota Foundation, the Arboretum Foundation, and the Minnesota Medical Foundation through January 31, 2007, as included in the docket materials.

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

QUARTERLY SUMMARY OF EXPENDITURES

Chair Baraga presented the Quarterly Summary of Expenditures for the Office of the Board of Regents, the President’s Office, and Eastcliff Operations, for six months ending December 31, 2006 as contained in the docket materials.

A motion was made and seconded and the Board of Regents voted unanimously to approve the Summary of Expenditures for the period ending December 31, 2006.

BOARD OF REGENTS POLICY: ASSOCIATED ORGANIZATIONS

Chair Baraga introduced for action Board of Regents Policy: *Associated Organizations*, as included in the docket materials. The objective of the policy is to maintain and enhance already existing relationships with associated organizations that have benefited the University of Minnesota. The policy establishes criteria for the University’s recognition of an associated organization and delegates to the President the authority to grant, suspend, or revoke recognition.

Chair Baraga noted that the policy has been modified to reflect suggestions made at the February 2007 Board of Regents meeting.
Regent Simmons commented that the policy will serve the interests of the University well, as it recognizes the importance of the relationships and the many contributions of associated organizations. The policy also ensures oversight on behalf of the people of this state to see that associations and funds are administered properly.

A motion was made and seconded, and the Board of Regents voted unanimously to adopt Board of Regents Policy: Associated Organizations, as follows:

Associated Organizations

SECTION I. SCOPE.

This policy governs legal, financial, and other relationships of the University of Minnesota (University) with Associated Organizations and sets forth the University's expectations regarding the conduct of Associated Organizations relative to the University.

SECTION II. EXCLUSIONS.

Subd. 1. Recognized Foundations. Recognized Foundations are Associated Organizations that are governed separately under other Board of Regents (Board) and University administrative policies.

Subd. 2. Registered Student Organizations. Registered student organizations are regulated separately and shall not be classified as Associated Organizations.

Subd. 3. Booster Clubs. Booster clubs are regulated separately and shall not be classified as Associated Organizations.

SECTION III. DEFINITIONS.

Subd. 1. Associated Organization. Associated Organization shall mean a non-profit corporation, foundation, partnership, or other entity exempt from federal and state income taxation:

(a) whose primary purpose is to support the University or the University's mission and that uses substantial University resources, such as financial support, employees, or facilities, to accomplish its purpose; or

(b) regarding which the University may be legally responsible for its activities and liabilities; or

(c) whose financial condition or results of operations should be included or noted in the University's financial statements.

SECTION IV. GUIDING PRINCIPLES.

The Board intends to maintain excellent relationships with Associated Organizations, which are highly valued by the University and enhance the institution's ability to accomplish its mission. To that end, the University and Associated Organizations shall work cooperatively to ensure that Associated Organizations adhere to the highest standards of ethical conduct, employ sound fiscal and business practices, and comply with all applicable laws and University policies and procedures.
SECTION V. UNIVERSITY RECOGNITION.

Subd. 1. Recognition. The University shall maintain a process for granting recognition to Associated Organizations. Criteria to be considered in deciding whether to grant recognition shall include:

(a) the Associated Organization’s commitment and capacity to undertake activities primarily to support the University or its mission and to enhance the University’s stature;

(b) the Associated Organization’s commitment and capacity to adhere to the highest standards of ethical conduct in operating and managing its affairs and to avoid activities that undermine its credibility and reputation or the credibility and reputation of the University;

(c) the Associated Organization’s ability to employ sound fiscal and business practices, including internal controls adequate to ensure its activities are duly authorized and accounted for;

(d) the Associated Organization’s compliance with all applicable laws, regulations, University contracts, and University policies and procedures;

(e) the Associated Organization’s acceptance of University representation on its governing body and/or executive committee; and

(f) the best interests of the University.

Subd. 2. Revocation of Recognition. Recognition of an Associated Organization may be suspended or revoked (a) if the Associated Organization fails to adhere to University policy; (b) if the Associated Organization fails to adhere to the criteria specified in subd. 1 of this section; or (c) if, in the judgment of the president or delegate, suspension or revocation is in the best interest of the University. The process for revoking or suspending recognition shall be that established in a written agreement between the University and the Associated Organization or, in the absence of a written agreement, the process specified in University administrative policy.

SECTION VI. DELEGATION OF AUTHORITY.

The president or delegate is authorized to:

(a) grant, suspend, or revoke recognition of an Associated Organization, provided that the president shall consult with the Board before a decision is made to suspend or revoke recognition of an Associated Organization whose activities substantially affect the University’s interests;

(b) enter into written agreements with Associated Organizations as necessary;

(c) maintain appropriate administrative policies regarding recognition of and relationships with Associated Organizations; and

(d) determine whether it is necessary to have University representation on the governing body and/or executive committee of a recognized Associated Organization.
SECTION VII. ORGANIZATIONAL REPRESENTATION.

The University shall have representation on the governing boards of recognized Associated Organizations as appropriate. Board representation shall be governed by Board of Regents Policy: Appointments to Organizations and Boards and/or University administrative policy.

SECTION VIII. PRIVILEGES OF RECOGNITION.

Subd. 1. Types of Support. The University may provide support to Associated Organizations by, among other things:

(a) leasing space, technology, or equipment;

(b) directing designated University employees to provide agreed upon services;

(c) permitting the use of selected University-owned names, logos, wordmarks, or other trademarks solely in promoting University-related activities; or

(d) making available agency accounts to hold, manage, and disburse cash assets.

Subd. 2. Restrictions in Absence of Recognition. Except as provided in policy or a written agreement with the University, a recognized Associated Organization whose recognition has been suspended or revoked may not receive the types of support specified in this section.

SECTION IX. FUNDRAISING AND DEVELOPMENT ACTIVITIES BY ASSOCIATED ORGANIZATIONS.

Funds raised by an Associated Organization on behalf of or in the name of the University, or intended by a donor to be used to support the University, shall be recorded, receipted, deposited, safeguarded, and disbursed according to a written agreement and/or administrative policy that shall require, among other things, compliance with all applicable federal or state regulations regarding gifts to tax-exempt charitable organizations.

SECTION X. WRITTEN AGREEMENTS AND ADMINISTRATIVE POLICIES.

Written agreements and/or administrative policies shall define cooperative working relationships with recognized Associated Organizations, addressing audits, financial review, program review, the provision of University support, and other relevant topics.

SECTION XI. PERIODIC REVIEWS.

Upon the University’s written request, each recognized Associated Organization shall:

(a) permit the University and its agents, including its independent auditors, to inspect its books and records; and

(b) cooperate with the University’s periodic review of its recognition as an Associated Organization and its programs and activities.
STRATEGIC POSITIONING UPDATE

President Bruininks presented progress to date on the University of Minnesota's strategic positioning in a presentation entitled “Built to Last: Embracing the Future at the University of Minnesota” (on file in the Board Office). He reviewed more than two years of planning and foundational steps taken in pursuit of the institution’s goal to be one of the top research university systems in the world.

Bruininks highlighted four objectives that exemplify the University’s commitment to the state and its citizens:

- Recruiting exceptional students;
- Hiring, retaining, and supporting the best faculty and staff;
- Building an exceptional organization; and
- Building a culture that inspires innovation and exploration of new ideas and discoveries.

He described goals and supporting initiatives in place to achieve the objectives. He stressed that the efforts focus on cultural change and a sustained commitment to strive for excellence, achievement and contribution.

Bruininks reviewed how progress is tracked and accountability demonstrated. He indicated that success requires that the institution be more adaptive, flexible, and committed to creating the University’s own future in an intentional way.

Regent Simmons expressed support for this plan as it simultaneously invests in excellence while ensuring access for students. In response to a question, Bruininks indicated that progress has been demonstrated with the alignment between biennial request and strategic plan priorities. In addition, colleges and units have been reorganized, curriculums transformed, and standards for student progress toward graduation have been reset.

Board members commended the President and the administration for building a conceptual framework for improvement, working to build a culture of change, and demonstrating that a large educational organization can implement strategic action.

SIX-YEAR CAPITAL IMPROVEMENT PLAN

Vice President O’Brien, Vice President Pfutzenreuter, and Associate Vice President Kvavik presented the Six-Year Capital Improvement Plan (Plan) for 2008-13, as detailed in the docket, and associated materials distributed at the meeting. The Plan establishes the next capital request to be presented to the State for consideration.

President Bruininks stated that the Plan is updated annually and is aligned with the strategic directions of the University. It includes projects funded with state support, as well as projects funded by the University through a combination of University debt obligations, local unit resources, fundraising, and public/private partnerships.

O’Brien summarized the Plan’s components and the process by which capital projects are proposed, reviewed, recommended, and approved. She noted the principles that guided the development of the Plan.

Kvavik described a number of representative projects that align with the University’s strategic goals. He noted there is an emphasis on creating premier teaching and learning environments.
Vice President Pfutzenreuter referred to the financial summary. He reported that the Plan totals $1.2 billion, with the State share being approximately 67 percent, or approximately $278 million in each of the following years: 2008, 2010, and 2012. The Plan also includes funding for the Minnesota Biomedical Sciences Research Facility Authority and University-funded projects. Pfutzenreuter provided an analysis of the projected debt service assumptions.

Regent Frobenius stated that a 30 percent debt reserve on total debt capacity is realistic and allows a cushion for unforeseen circumstances. Regent Allen pointed out that the State request is reasonable when considering what is required to keep facilities in working condition and how often space is updated.

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

REPORT OF THE EDUCATIONAL PLANNING & POLICY COMMITTEE

Regent Simmons recused herself during the discussion of the Consent Report due to a possible conflict of interest. She left the meeting.

Regent Larson, 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 March 8, 2007 minutes.

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

Larson reported that the committee received a report on Transforming the Undergraduate Experience: Strategic Positioning Initiatives; and also reviewed information items contained in the docket materials.

REPORT OF THE FACILITIES COMMITTEE

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

a) Approval of the Consent Report for the Facilities Committee as presented to the committee and described in the March 8, 2007 minutes;

b) Approval of schematic plans for the following projects:
   1. Medical Biosciences Building and Utility Infrastructure, Twin Cities campus;
   2. Biomass Heating Plant Addition, Morris campus

c) Approval of an amendment to the FY2007 Capital Budget by:
   1. $18,231,000 to increase funding for the East Gateway District project, Twin Cities campus;
d) Approval of the following real estate transactions:

1. Five-year lease for 7,200 rentable square feet at University Enterprises Laboratory, 1000 Westgate Drive, St. Paul for Academic Health Center’s Lion’s Eye Bank, Twin Cities campus;

2. Seven-year lease at University Park Plaza, 9th Floor, 2829 University Avenue SE, Minneapolis for Academic Health Center, Twin Cities campus;

e) Approval of an amendment to the FY2007 Capital Budget by:

1. $3,750,000 to increase funding for the Malcom Moos Health Sciences Tower 11th Floor Renovation, Twin Cities Campus;

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

Metzen reported that the committee reviewed two real estate transactions: 1) a seven-year lease at University Park Plaza, 6th floor, 2829 University Avenue SE, Minneapolis for the Academic Health Center, Twin Cities campus; 2) a ten-year lease at University Park Plaza, 7th floor, 2829 University Avenue SE, Minneapolis for the Office of Information Technology, Twin Cities campus; reviewed a capital budget amendment for the Biomass Heating Plant Addition, Morris campus; received a report on the Six-Year Capital Plan: Principles, Process and Priorities; and reviewed a number of information items as described in the docket materials.

The committee delayed discussions of the schematic plans for the Malowsky Stadium Renovation, Duluth Campus; review of the acquisition of land and easement interests from Union Pacific Railroad, East Gateway District, Twin Cities Campus; review of a six-year lease at 111 South Broadway, Rochester for Rochester Campus; and a capital budget amendment for a leasehold improvement project at 111 South Broadway, Rochester for Rochester Campus.

REPORT OF THE AUDIT COMMITTEE

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

a) Approval of the Consent Report for the Audit Committee as presented to the committee and described in the March 8, 2007 minutes.

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

Frobenius reported that the committee received a report from the compliance officer; received an external auditor review; and reviewed a number of information items as described in the docket materials.

REPORT OF THE FACULTY, STAFF, & STUDENT AFFAIRS COMMITTEE

Regent Bohnsack, Chair of the committee, reported that the committee voted unanimously to recommend:
a) Adoption of Board of Regents Policy: Employee Performance Evaluation and Development, as follows:

**Employee Performance Evaluation and Development**

**SECTION I. SCOPE.**

This policy governs performance evaluation and development of University of Minnesota (University) faculty, academic professional and administrative, civil service, and union-represented staff employees.

**SECTION II. DEFINITIONS.**

Subd. 1. Performance Evaluation and Development. Performance evaluation and development shall mean a process undertaken between responsible administrators/supervisors and the employees reporting to them. This process includes assessing, guiding, improving, and recognizing employee performance, resulting in effective achievement of organizational and individual goals.

**SECTION III. GUIDING PRINCIPLES.**

The following principles shall guide the University’s evaluation and development of employee performance:

(a) The University cultivates a high performing workforce through employee performance evaluation and development that engages the entire organization, is appropriate to the nature of the work, recognizes and rewards exemplary performance, and addresses substandard performance.

(b) The University is committed to assessing and supporting the development of the behavioral and functional competence of its employees, consistent with expressed academic and administrative needs, the role of the employee, and performance expectations.

(c) The University is committed to a performance evaluation process that incorporates regular feedback and candid discussion about performance.

(d) The University is committed to responsible investments in its employees through professional development, education, and training directed at maximizing productivity, enhancing employee personal and professional competencies, supporting employees as they seek new career opportunities within the University, and generating a succession of leaders prepared and able to lead the University into the future.

(e) The University holds its leaders, responsible administrators, and supervisors accountable for actively supporting and engaging in the performance evaluation and development process in a fair and equitable manner and for ensuring the alignment of employee and organizational goals and priorities.

**SECTION IV. PERFORMANCE REVIEWS.**

University leaders, responsible administrators, and supervisors shall conduct performance reviews for purposes of evaluation and development. The
University expects ongoing evaluation of employee performance, with regularly conducted and documented reviews of all employees administered according to applicable administrative policies, rules, and collective bargaining agreements.

SECTION V. EMPLOYER RESPONSIBILITY.

Subd. 1. Leadership Accountability. University leaders, responsible administrators, and supervisors shall be held accountable for implementing a performance evaluation and development process that is consistent in the treatment of employees, provides for accurate performance reviews, and encourages open communication.

Subd. 2. Implementation. The University shall provide to its leaders, responsible administrators, and supervisors the necessary resources, tools, and training to effectively manage employee performance.

SECTION VI. EMPLOYEE RESPONSIBILITY.

Employees are expected to (a) understand the importance of their contribution to the University's mission, values, and success and (b) to exercise responsibility for actively engaging in the performance evaluation process and subsequent development efforts.

b) Adoption of Board of Regents Policy: Employee Compensation and Recognition, as follows:

Employee Compensation and Recognition

SECTION I. SCOPE.

This policy governs compensation and recognition for University of Minnesota (University) employees.

SECTION II. DEFINITIONS.

Subd. 1. Compensation. Compensation shall mean base salary and additional payments to employees, such as augmentations, lump sum payments, and incentives.

Subd. 2. Recognition. Recognition shall mean formal and informal acknowledgement of work or service performed.

SECTION III. GUIDING PRINCIPLES.

The following principles shall guide the University's compensation and recognition systems:

(a) The University strives to achieve and maintain a compensation structure that, when combined with benefits and other rewards, is competitive relative to institutional peers and other appropriate labor markets and serves to attract and retain a high performance workforce.

(b) The University seeks to reward meritorious performance and employee contribution to the success of the University through compensation and other forms of recognition.
(c) In the setting of initial salaries and subsequent pay adjustments, the University considers the work responsibilities, market, internal equity, experience and expertise, performance, and other criteria as appropriate.

(d) The University adheres to compensation and recognition practices that are fair and equitable in design, application, and delivery.

SECTION IV. IMPLEMENTATION.

Subd. 1. Compensation System. The University’s compensation system shall articulate current compensation strategies, describe forms of pay, identify funding sources, and outline annual compensation plans for each employee group. Responsible administrators shall be held accountable for disseminating salary and other compensation within the defined parameters of the annual plans in a manner that supports the academic direction and investment strategies of the University. The University’s compensation system shall (a) be administered in a manner that complies with all applicable federal, state, and local regulations and laws and (b) be consistent with applicable administrative policies, rules, and collective bargaining agreements.

Subd. 2. Recognition System. The University shall have programs of awards, honors, and events that recognize excellence in performance by individuals, groups, and units.

SECTION V. MONITORING AND REPORTING.

The president or delegate shall monitor the effectiveness of compensation and recognition programs and report annually to the Board of Regents.

c) Approval to rescind Board of Regents Policy: Administrative Fringe Benefits;

d) Approval to rescind Board of Regents Policy: Salaries for Administrative Officers;

e) Approval to rescind Board of Regents Policy: Severance for Academic Professional and Administrative Employees.

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

Bohnsack reported that the committee also received a report on Strategic Positioning: Equity and Diversity Initiatives; received a report on a student interest survey; and reviewed a number of information items included in the docket materials.

REPORT OF THE FINANCE & OPERATIONS COMMITTEE

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

a) Approval of the Consent Report for the Finance & Operations Committee as presented to the committee and described in the March 8, 2007 minutes.
The Board of Regents voted unanimously to approve the recommendation of the Finance & Operations Committee.

Allen reported that the committee also discussed issues related to the State of Minnesota economic update; discussed issues related to the Six-Year Capital Improvement Plan, received the Annual Investment Consultants Report from Cambridge Associates; and reviewed a number of information items as described in the docket materials.

REPORT OF THE LITIGATION REVIEW COMMITTEE

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

The meeting adjourned at 11:16 a.m.

ANN D. CIESLAK
Executive Director and
Corporate Secretary

March 9, 2007
A special meeting of the Board of Regents was held on Tuesday, April 10, 2007 at 9:30 a.m. in the Boardroom, 600 McNamara Alumni Center.

Regents Present: Patricia Simmons, presiding; Dallas Bohnsack, Linda Cohen, Steven Hunter, Dean Johnson, and David Metzen. Regents Allen and Larson participated via telephone.

Staff present: President Robert Bruininks; Vice Presidents Kathleen O’Brien and Richard Pfutzenreuter; and Executive Director Ann Cieslak.

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

WHEREAS, the Board of Regents wishes to develop or consider offers or counteroffers for the purchase of real property, including easements, in the East Gateway District. This real property is as follows:

- Property at approximately 7th Street SE and Oak Street SE
- Property at 520-25th Avenue SE
- Spur track easement north of the Intercampus Transitway between 23rd Avenue SE and point 20 feet east of 25th Avenues SE
- Spur track easements at 800 - 23rd Avenue SE
- Driveway easements at 800 - 23rd Avenue SE
- Spur track easements at 601 - 25th Avenue SE
- Driveway easements at 601 - 25th Avenue SE

NOW, THEREFORE, BE IT RESOLVED, that in accordance with Minnesota Statutes Sections 13D.01, subdivision 3, and 13D.05, subdivision 3(c)(3), a non-public meeting of the Board of Regents be held on Tuesday, April 10, 2007, at approximately 9:30 a.m. in the Boardroom, 600 McNamara Alumni Center, for the purpose of developing or considering offers or counteroffers for the purchase of the real property described above.

Vice Chair Simmons called for a roll call vote. The votes were cast as follows:

- Regent Allen  Yes
- Regent Bohnsack  Yes
- Regent Cohen  Yes
- Regent Hunter  Yes
- Regent Johnson  Yes
- Regent Larson  Yes
- Regent Metzen  Yes
- Regent Simmons  Yes

The Board of Regents voted unanimously to approve the resolution.

The public portion of the meeting adjourned at 9:33 a.m. and the Board convened a non-public session.

The non-public session portion adjourned at 10:04 a.m. and the Board reconvened in public session.

**REAL ESTATE TRANSACTIONS**

Regent Simmons introduced Vice President O’Brien and Associate General Counsel Donohue to present the item.

A. Acquisition by Eminent Domain of Easement Interests in Approximately 11 Acres Generally Located North of University Avenue S.E. Between 23rd Avenue S.E. as Extended and 25th Avenue S.E. as Extended, East Gateway District, Twin Cities Campus.

Donohue reported that there is a public purpose and need for the University to construct, as soon as possible, surface parking facilities in the East Gateway District for the use of students, staff, visitors, and other members of the University community, to replace the surface parking facilities lost due to the construction of TCF Bank Stadium and to serve the long term parking and academic needs of the University.

Donohue noted that the proposed action initiates condemnation of 11 different easements in the East Gateway District (District), Twin Cities campus for the purpose of surface parking facilities and rights of way to access the parking. The District is a 75-acre parcel of land north and east of the Minneapolis portion of the Twin Cities campus. He indicated that two resolutions (Action I and Action II) would be presented for action.

Donohue described the involved land parcels as detailed in the docket materials and in revised materials on file in the Board Office. Through Action I the administration is proposing to extinguish easements on a number of parcels (A, B, C, D, and E) for which the University owns fee title and to acquire easements for ingress and egress to parcels (F, G, and H) owned by others.

Through Action II the administration is proposing the use of eminent domain to extinguish easements on a number of parcels (I, J, and K) for which the University owns fee title. (These properties currently have rail lines on them.)

O’Brien reported that the requested actions are necessary for the continued operation of the Twin Cities campus and the development of the District. O’Brien stated that the District will house the TCF Bank Stadium, bioscience research facilities, and other campus buildings.

O’Brien indicated that surface parking provides affordable parking to students, staff, faculty, and visitors to the campus. She noted that while it is necessary for the University to replace parking lost by construction in the District, the University also continues to pursue the use of alternative transit means.

A motion was made and seconded to approve the following resolution:

**RESOLUTION RELATED TO ACQUISITION OF PROPERTY IN THE EAST GATEWAY DISTRICT BY EMINENT DOMAIN (ACTION I)**

WHEREAS, the Board of Regents is empowered to acquire property using eminent domain pursuant to Minn. Stat. § 137.02, subd. 3;
WHEREAS, construction of TCF Football Stadium is displacing surface parking facilities used on a daily basis by students, staff, visitors, and other members of the University community in the East Gateway District;

WHEREAS, there is an immediate need to begin construction to replace the displaced parking facilities because the parking facilities will be lost on or about July 1, 2007;

WHEREAS, the University has developed a plan to replace the displaced parking facilities; and

WHEREAS, the use of eminent domain is necessary because the University has been unable to acquire by voluntary transactions all of the easement interests needed to implement the plan to provide replacement parking and access to the replacement parking.

NOW, THEREFORE, BE IT RESOLVED AND DETERMINED:

1. There is a public purpose and need for the University to construct as soon as possible surface parking facilities in the East Gateway District for the use of students, staff, visitors, and other members of the University community, to replace the surface parking facilities lost due to the construction of TCF Football Stadium.

2. The acquisition of easements burdening the University property that is the site of the replacement parking facilities and access routes and the acquisition of ingress and egress easements are necessary for the University to construct the needed surface parking facilities and to provide the necessary access to the parking.

3. It is necessary to use the “quick take” procedures of Minnesota Statutes Section 117.042 because there is an immediate need to begin construction to replace the parking that has been already lost and that will be lost on or about July 1, 2007.

4. The appropriate administrative officers are authorized to commence eminent domain proceedings pursuant to Minnesota law, for the purpose of acquiring (and thereby extinguishing) all easements owned by other entities in the areas described in Exhibits A (Parcel A), B (Parcel B), C (Parcel C), D (Parcel D), and E (Parcel E) and for the purpose of acquiring easements for ingress and egress in the areas described in Exhibits F (Parcel F), G (Parcel G), and H (Parcel H). All exhibits are on file in the Board Office.

5. The appropriate administrative officers are also authorized to use the “quick take” procedure of Minnesota Statutes Section 117.042 to take immediate title and possession of the above-described easements.

Vice Chair Simmons called for a roll call vote. The votes were cast as follows:

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<th>Regent</th>
<th>Vote</th>
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<tr>
<td>Regent Allen</td>
<td>Yes</td>
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<td>Regent Larson</td>
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<td>Regent Metzen</td>
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<td>Regent Simmons</td>
<td>Yes</td>
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The Board of Regents voted unanimously to approve the resolution.

A motion was made and seconded to approve the following resolution:

RESOLUTION RELATED TO ACQUISITION
OF PROPERTY IN THE EAST GATEWAY DISTRICT
BY EMINENT DOMAIN (ACTION II)

WHEREAS, the Board of Regents is empowered to acquire property using eminent domain pursuant to Minn. Stat. § 137.02, subd. 3;

WHEREAS, construction of TCF Football Stadium is displacing surface parking facilities used on a daily basis by students, staff, visitors, and other members of the University community in the East Gateway District;

WHEREAS, there is an immediate need to begin construction to replace the displaced parking facilities because the parking facilities will be lost on or about July 1, 2007;

WHEREAS, the University has developed a plan to replace the displaced parking facilities; and

WHEREAS, the use of eminent domain is necessary because the University has been unable to acquire by voluntary transactions all of the easement interests needed to implement the plan to provide replacement parking and access to the replacement parking.

NOW, THEREFORE, BE IT RESOLVED AND DETERMINED:

1. There is a public purpose and need for the University to construct as soon as possible surface parking facilities in the East Gateway District for the use of students, staff, visitors, and other members of the University community, to replace the surface parking facilities lost due to the construction of TCF Football Stadium.

2. The acquisition of easements burdening the University property that is the site of the replacement parking facilities and access routes is necessary for the University to construct the needed surface parking facilities and to provide the necessary access to the parking.

3. It is necessary to use the “quick take” procedures of Minnesota Statutes Section 117.042 because there is an immediate need to begin construction to replace the parking that has been already lost and that will be lost on or about July 1, 2007.

4. The appropriate administrative officers are authorized to commence eminent domain proceedings pursuant to Minnesota law, for the purpose of acquiring (and thereby extinguishing) all easements owned by other entities in the areas described in Exhibit A (Parcel I), Exhibit B (Parcel J), and Exhibit C (Parcel K). All exhibits are on file in the Board Office.

5. The appropriate administrative officers are also authorized to use the “quick take” procedure of Minnesota Statutes Section 117.042 to take immediate title and possession of the above-described easements.
Vice Chair Simmons called for a roll call vote. The votes were cast as follows:

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<td>Simmons</td>
<td>Yes</td>
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The Board of Regents voted unanimously to approve the resolution.

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

Chair Simmons noted that the Report of the All-University Honors Committee was forwarded to the Board from President Bruininks on April 4, 2007.

A motion was made and seconded, and the Board of Regents voted unanimously to approve the Report of the All-University Honors Committee. A copy of the report is on file in the Board Office.

The meeting adjourned at 10:25 a.m.

[Signature]

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

Board of Regents  
April 10, 2007