

**UNIVERSITY OF MINNESOTA
BOARD OF REGENTS**

**Minutes of the Board of Regents Meetings
and Committee Meetings**

**March 1, 2010
March 11-12, 2010
April 9, 2010
April 16, 2010**

	PAGE
I. Board of Regents Meeting - March 1, 2010	
A. Resolution to Conduct Special Nonpublic Meeting of the Board of Regents to Discuss Attorney-Client Privileged Matters-----	191
II. Committee Meetings	
A. Audit Committee - March 11, 2010 -----	192
B. Finance & Operations Committee - March 11, 2010 -----	195
C. Faculty, Staff & Student Affairs Committee - March 11, 2010 -----	200
D. Educational Planning & Policy Committee - March 11, 2010-----	204
E. Facilities Committee - March 11, 2010 -----	208
F. Audit Committee - April 9, 2010-----	216
III. Board of Regents Meeting - March 11, 2010	
A. Strategic Plan for & Financial Implications of Biomedical Science Research Facilities ----	218
IV. Board of Regents Meeting - March 12, 2010	
A. Recognitions -----	221
1. McKnight Land-Grant Professors	
2. UMAA CEO	
B. Approval of Minutes -----	221
C. Report of the President -----	222
D. Report of the Chair-----	222
E. Receive and File Reports -----	223
1. Quarterly Report of Grant & Contract Activity	
2. Annual Capital Financing & Debt Management Report	
F. Board Calendar Annual Review -----	223
G. Approval of Consent Report -----	223
1. Gifts Report	
2. Summary of Expenditures	
H. Approval of Resolution Related to Audit Committee -----	223
I. Report of the Faculty Consultative Committee -----	224
J. Adoption of Amendments to Board of Regents Policy: <i>Individual Business or Financial Conflicts of Interest</i> -----	224
K. Financing the Future: Budget Framework/Principles-----	227
L. Report of the Educational Planning & Policy Committee	
1. Approval of Consent Report -----	229
2. Adoption of Amendments to Board of Regents Policy: <i>Student Financial Aid</i> -----	229
4. Adoption of Amendments to Board of Regents Policy: <i>Academic Misconduct</i> -----	229
5. Adoption of Amendments to Board of Regents Policy: <i>College Constitutions</i> -----	230
6. Focus on Medical Education -----	231
M. Report of the Facilities Committee	
1. Approval of Consent Report -----	231
2. Adoption of Amendments to Board of Regents Policy: <i>Monumental Works of Art</i> -----	231
3. Approval of Real Estate Transactions -----	233
A. Purchase of 701 S. Broadway, Rochester, Rochester Campus	
B. Ten-Year Lease of Office, Classroom & Student Life Space & 178 Beds of Student Housing, 320 - 1 st Ave. SW Rochester, Rochester Campus	
4. Approval of Capital Budget Amendments -----	233
A. Griggs Hall Addition, Duluth Campus	
B. Folwell Hall Interior Renovation – Design, Twin Cities Campus	
C. Recreation Sports Addition – Design, Twin Cities Campus	
D. Lions Research Laboratory 1 st & 4 th Floor Renovation, Twin Cities Campus	

E.	Biomedical Facilities program – Cancer/Cardiovascular Projects – Design Twin Cities Campus	
5.	Approval of Schematic Plans -----	233
A.	American Indian Learning Resource Center, Duluth Campus	
B.	Griggs Hall Addition	
6.	Review Amendments to Board of Regents Policy: <i>Historic Preservation</i> -----	233
7.	Information Items -----	233
N.	Report of the Faculty, Staff & Student Affairs Committee	
1.	Approval of Consent Report -----	234
2.	Responding to the Needs of Student Veterans-----	234
3.	Student Outreach, Recruitment & Success on the Coordinates Campuses -----	234
4.	Information Items -----	234
O.	Report of the Finance & Operations Committee	
1.	Approval of Consent Report -----	234
2.	Annual Investment Consultants Report: Cambridge Associates -----	234
3.	Review Amendments to Board of Regents Policy: <i>Endowment Fund</i> -----	234
4.	Review Amendments to Board of Regents Policy: <i>Investment of Reserves</i> -----	234
5.	Review Amendments to Board of Regents Policy: <i>Investment Transactions</i> -----	234
6.	Update: State of Minnesota Economy -----	234
7.	Update: Enterprise Financial Systems -----	234
8.	Information Items -----	234
P.	Report of the Audit Committee	
1.	External Auditor Review -----	234
2.	Update: Request for Proposal for External Audit Services -----	234
3.	Compliance Officer Report -----	234
4.	Information Items -----	234
Q.	Report of the Litigation Review Committee	
1.	No meeting this month -----	235
V.	Board of Regents Meeting - April 16, 2010	
A.	Resolution to Conduct Emergency Meeting of the Board of Regents-----	236
B.	Resolution to Conduct Nonpublic Meeting of the Board of Regents-----	236

UNIVERSITY OF MINNESOTA

BOARD OF REGENTS

March 1, 2010

A special meeting of the Board of Regents of the University of Minnesota was held on Monday, March 1, 2010 at 11:00 a.m. in the W.R. Peterson Conference Room, 600 McNamara Alumni Center.

Regents present: Clyde Allen, presiding; Dallas Bohnsack, John Frobenius, Steven Hunter, Maureen Ramirez, and Patricia Simmons. Linda Cohen, Venora Hung, Steven Hunter, and Dean Johnson participated via phone.

Staff present: President Robert Bruininks; Vice Presidents Kathryn Brown, Karen Himle, and Kathleen O'Brien; General Counsel Mark Rotenberg; and Executive Director Ann Cieslak.

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

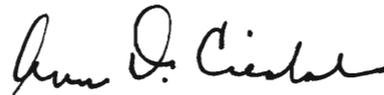
WHEREAS, based on advice of the General Counsel, the Board of Regents has balanced the purposes served by the Open Meeting Law and by the attorney-client privilege, and determined that there is a need for absolute confidentiality to discuss litigation strategy in a particular matter involving the University 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 be held on Monday, March 1, 2010, at 11:00 a.m. in the Boardroom, 600 McNamara Alumni Center, for the purpose of discussing attorney-client privileged matters, specifically,

- I. Authorizing possible commencement of litigation with respect to certain specific statutory, environmental, constitutional and other claims of the University of Minnesota.

The Board of Regents voted unanimously to approve the resolution.

The public meeting adjourned at 11:05 a.m.



ANN D. CIESLAK
Executive Director and
Corporate Secretary

UNIVERSITY OF MINNESOTA

BOARD OF REGENTS

Audit Committee

March 11, 2010

A meeting of the Audit Committee of the Board of Regents was held on Thursday, March 11, 2010 at 8:30 a.m. in the East Committee Room, 600 McNamara Alumni Center.

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

Staff present: Chancellor Charles Casey; Senior Vice President and Provost Thomas Sullivan; Vice Presidents Richard Pfutzenreuter, Timothy Mulcahy and Steve Cawley; Executive Director Ann Cieslak; and Associate Vice Presidents Gail Klatt and Michael Volna.

Student Representatives present: Jennifer McCabe and Christina Brakken-Thal.

EXTERNAL AUDITOR REVIEW

Associate Vice President Volna provided an overview of audit and non-audit services provided by Larson, Allen, Weishair, and Co., LLP (LarsonAllen) during FY2009. He reported that the firm was paid \$680,922 for various engagements during the past fiscal year.

UPDATE: REQUEST FOR PROPOSALS FOR EXTERNAL AUDIT SERVICES

Associate Vice President Volna outlined the external audit services request for proposals (RFP) process. Responses to the RFP were due March 3, 2010 and five firms submitted proposals. Following evaluation of the responses and presentations by the vendors, a finalist will be invited to interview with the University's Chief Financial Officer as well as the leadership of the Audit Committee. Pending Board approval, the Audit Committee will hold a special meeting on April 9, 2010 to appoint an external auditor.

In response to a question from Regent Simmons, Volna emphasized that audit experience with a large research institution is very important and the RFP was amended to reflect that requirement.

In response to a question from Regent Beeson, Volna acknowledged that in certain circumstances it can be beneficial to use smaller audit firms for more limited engagements that require specialized expertise.

COMPLIANCE OFFICER REPORT

Lynn Zentner, Director, Office of Compliance, presented a summary of the most significant compliance-related risks identified since the last report to the committee in November 2009. A copy of the report is included in the docket materials and on file in the Board Office.

Zentner identified the most significant current risk areas and provided a brief summary of the actions being taken in each area. The areas discussed were Tax Management, Occupational Health and Safety, International Programs, and the Conflict of Interest Program. Zentner also provided an update on UReport, which is a confidential web-based reporting system that allows individuals to report potential violations of local, state, and federal law and University policy. She presented a summary of overall allegation categories by percentage and a summary of employment report allegations. Docket materials are on file in the Board Office.

In response to a question from Regent Frobenius, Zentner explained that efforts to establish a University-wide Research Safety Program within the Office of Occupational Health and Safety (OHS) would not increase University staff. Instead, the intent is to have the new Research Safety Professional positions filled internally.

In response to questions from Regents Hunter and Beeson regarding International Programs, Zentner stated that the Office of International Programs tries to keep faculty, staff, and students apprised of cultural and political situations in other countries to the extent they know who is traveling abroad for University purposes. She reported that faculty are not currently required to notify the University when they travel abroad and that further consultation would be required before moving in that direction.

In response to several questions regarding the Conflict of Interest Program, Zentner described the individual conflict of interest process and clarified that students who participate in the design, conduct or reporting of research are also subject to the University's Report of External Professional Activities (REPA) requirements. She reported that the University is working on an education program for roll out in Fall 2010 to make it easier to navigate individual conflict of interest requirements. Zentner also explained that the individual conflict of interest process is parallel, but separate from the institutional conflict of interest process. Significant institutional conflict of interest issues come before the Board of Regents for review.

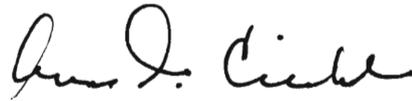
In response to a question, Zentner noted that it is difficult to quantify the total cost of compliance, suggesting that it is probably more important to think about the cost of non-compliance because it would have significant funding ramifications for the University.

INFORMATION ITEMS

Associate Vice Presidents Klatt and Volna referred the committee to the information item contained in the docket materials, which provided an overview of audit and non-audit services delivered by all public accounting firms during FY2009 and FY2010 (through February, 2010). Five different firms were paid a total of \$709,517 during this time period. This includes the amount paid to LarsonAllen.

In response to a question from Regent Frobenius, Volna stated that his office evaluates external audit firms prior to an engagement to determine whether there is an apparent conflict of interest. He reported that each firm also conducts internal self-assessments to evaluate potential conflicts of interest.

The meeting adjourned at 9:25 a.m.



ANN D. CIESLAK
Executive Director and
Corporate Secretary

UNIVERSITY OF MINNESOTA

BOARD OF REGENTS

Finance & Operations Committee

March 11, 2010

A meeting of the Finance and Operations Committee of the Board of Regents was held on Thursday, March 11, 2010 at 9:45 a.m. in the East Committee Room, 600 McNamara Alumni Center.

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

Staff present: Chancellor Stephen Lehmkuhle; Senior Vice President & Provost Thomas Sullivan; Senior Vice President Robert Jones; Vice Presidents Steven Cawley, Timothy Mulcahy, and Richard Pfutzenreuter; Executive Director Ann Ciesak; and Associate Vice Presidents Gail Klatt and Michael Volna.

Student Representatives present: Martin Chorzempa and Kathy Julik-Heine.

ANNUAL INVESTMENT CONSULTANTS REPORT: CAMBRIDGE ASSOCIATES

Vice President Pfutzenreuter invited Associate Vice President Mason, Chief Investment Officer, and George Pendergast, Cambridge Associates, to present the Annual Investment Consultants Report: Cambridge Associates, as detailed in the docket and associated materials distributed at the meeting and on file in the Board Office.

Pendergast reviewed the report and noted that the University has a higher allocation in illiquid investments than its peers, resulting in higher volatility. These investments resulted from their recommendations and subsequent decisions made by University investment staff and the Investment Advisory Committee (IAC). Mason reported that there have been some recent sales of these investments to the secondary market to help reduce the University's illiquidity. Also, the IAC will reassess liquid assets mid-year to determine if they are sufficient and recast new initiatives to continue to move towards additional liquidity, if appropriate. In response to a question from Regent Beeson, Mason clarified that the current allocation is not consistent with Board policy allocation guidelines, and that the University is moving towards increasing liquidity as the market improves.

Pendergast briefly described the current market and stated that heightened volatility and subpar returns are expected in 2010. Strategies for the upcoming year include:

- Plan carefully with respect to market liquidity conditions and inflation risks;
- Rebalance asset allocations to minimize risk;

- Maintain a bias for quality with diversified revenue streams;
- Look for opportunities to upgrade managers;
- Maintain strategic asset investments and identify emerging markets;
and
- Continue selectivity in identifying investment opportunities.

Regent Frobenius requested that a more comprehensive discussion of liquidity issues take place at a future committee meeting.

BOARD OF REGENTS POLICY: *ENDOWMENT FUND*

Vice President Pfutzenreuter invited Associate Vice President Mason, Chief Investment Officer, to present for review proposed amendments to Board of Regents Policy: *Endowment Fund*, as detailed in the docket materials.

Mason explained that the proposed amendments update the policy to 1) clarify existing practice and 2) acknowledge the ability to invest in Exchange Traded Funds. A lengthy discussion related to asset allocation ensued.

In response to questions from the committee, Mason indicated that asset rebalancing is regularly reviewed and reported to the IAC. He explained that this policy has been amended more often than other policies due to the frequent review of the University's asset allocations and payouts. Regent Frobenius added that changes in the market have prompted some of the more recent changes.

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

BOARD OF REGENTS POLICY: *INVESTMENT OF RESERVES*

Vice President Pfutzenreuter invited Associate Vice President Mason, Chief Investment Officer, to present for review revised amendments to Board of Regents Policy: *Investment of Reserves*, as detailed in the docket and associated materials distributed at the meeting and on file in the Board Office.

Mason explained that the proposed amendments update the policy and clarify existing practice, fund objectives, and the use of outside investment advisors within the Temporary Investment Pool.

In response to questions from the committee, Mason agreed that additional clarity is needed in some provisions regarding the use of outside advisors. Those sections will be revised prior to the policy returning for action at a future committee meeting.

BOARD OF REGENTS POLICY: *INVESTMENT TRANSACTIONS*

Vice President Pfutzenreuter invited Associate Vice President Mason, Chief Investment Officer, to present for review proposed amendments to Board of Regents Policy: *Investment Transactions*, as detailed in the docket materials.

Mason explained that proposed amendments update the policy and clarify the existing practice of negotiating investment transactions in the primary and secondary capital markets.

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

UPDATE: STATE OF MINNESOTA ECONOMY

Vice President Pfutzenreuter invited Tom Stinson, State Economist, to present an update on the Minnesota economy, as detailed in the docket and associated materials distributed at the meeting and on file in the Board Office.

Stinson indicated the economy has not worsened since the last report and highlighted the revised forecast deficit of \$994 million, which is down from the \$1.2 million deficit forecast in November 2009. Changes include an increase in revenue of \$25 million and a decrease in spending of \$184 million. Forecast revenues are still down \$1.1 billion from the end of the last legislative session, with the greatest decrease in wages. The Gross Domestic Product is expected to reach its previous high by summer 2010, which will add to state revenues. The unemployment rate will improve by 2012, but will remain higher than the 2008 rate. The 2012 unemployment rate will reflect the permanent loss of 160,000 jobs in the state, including 110,000 in manufacturing, retail, and construction. Stinson reviewed expenditures, noting a decrease of \$184 million from the November forecast, coming primarily from cuts in health and human services.

The 2012-13 biennium outlook for the state projects a \$5.789 billion shortfall, which includes the following assumptions: 1) complete repayment of the K-12 aid deferral; 2) no repayment of the K-12 property tax recognition shift; and 3) no continued General Assistance Medical Care spending. Significant factors affecting FY 2012-13 projected spending include the end of federal stimulus funds and shifting school aid payments, resulting in a \$1.2 billion decrease in spending.

In response to questions from the committee, Stinson stated that productivity must continue to grow. One of the best ways to increase revenue is through research and development, an area in which the University is a leader. Stinson reported that contrary to popular perceptions, venture capital funding in Minnesota is much more readily available than in neighboring states.

UPDATE: ENTERPRISE FINANCIAL SYSTEM

Vice President Pfutzenreuter 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 reviewed EFS priorities developed since the previous update, including to: 1) fix system defects; 2) improve financial reporting; 3) develop system enhancements that address inefficiencies; and 4) deliver additional end-user training and customer support. He discussed measures taken during the past year to address these issues.

Volna described FY2011 EFS priorities, including:

- Develop additional enhancements within existing staffing and budget;
- Implement a quarterly work plan for developing enhancements;
- Address deferred maintenance;
- Execute a short-term ad hoc reporting strategy;
- Plan for long-term reporting strategies; and
- Measure customer satisfaction and needs.

Regent Frobenius requested a progress report in FY2011 on the degree to which the University is taking full advantage of the system capabilities.

CONSENT REPORT

Vice President Pfutzenreuter presented the Consent Report, as detailed in the docket materials. Consent Items include the following:

General Contingency

- Expenditure of \$250,000 for presidential search and transition requires Board approval.

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

There are no purchases of goods and services over \$1,000,000 for Board approval.

Commercial Transactions or Other Matters Subject to Board Approval

- The President recommends that the appropriate administrative officers receive authorization to execute documents relating to the receipt of \$5.8 million in City of Rochester sales tax revenues dedicated to higher education purposes in Rochester. These funds will be received by the University and used to in part fund the construction and related project costs of the mixed-use project at 320 1st Avenue SW, Rochester, to be developed by GH Holdings, Inc., in which building the University will lease for 10 years 178 beds of student housing and 25,088 rentable square feet of academic and student support space for the University of Minnesota Rochester (UMR).
- The President further recommends that the appropriate administrative officers receive authorization to execute documents relating to the investment and return of the \$5.8 million to the University. The University will provide the resources from the City of Rochester as subordinated financing to the construction loan for the project. The University will receive 80% of annual net cash flow from the project as long as it is a tenant and 80% of all capital proceeds from any refinancing or sale of the project, up to the return of the full \$5.8 million. It is expected that the \$5.8 million will be fully or substantially repaid within the University's ten-year lease period. As part of its agreement with the City of Rochester, the University would agree to invest any proceeds from these transactions only for the benefit of higher education in Rochester.

Pfutzenreuter invited Associate General Counsel Ken Larson and Chancellor Lehmkuhle to present background on the proposed commercial transactions. Lehmkuhle provided details of the public/private partnership with the City of Rochester. He noted that, as part of the planning process, the City of Rochester, the Mayo Clinic, and UMR shared the cost of a downtown master plan effort that will benefit all parties. Larson provided additional details on the agreement with the City of Rochester.

Regent Hunter noted the project is an excellent example how a public/private partnership can work to benefit all parties.

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

INFORMATION ITEMS

Pfutzenreuter 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
- Debt Management Advisory Committee Update.

The meeting adjourned at 11:49 a.m.



ANN D. CIESLAK
Executive Director and
Corporate Secretary

UNIVERSITY OF MINNESOTA

BOARD OF REGENTS

Faculty, Staff & Student Affairs Committee

March 11, 2010

A meeting of the Faculty, Staff & Student Affairs Committee of the Board of Regents was held on Thursday, March 11, 2010 at 9:45 a.m. in the West Committee Room, 600 McNamara Alumni Center.

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

Staff present: Chancellors Charles Casey, Jacqueline Johnson, and Stephen Lehmkuhle; Senior Vice President Robert Jones; Vice Presidents Nancy Barceló and Carol Carrier; Executive Director Ann Cieslak; and Associate Vice President Kristin Lockhart.

Student Representatives present: Lauren Snively and Sarah Shook.

RESPONDING TO THE NEEDS OF STUDENT VETERANS

Vice President Carrier introduced Susan Van Voorhis, Director of Academic Support Resources in the Office of the Registrar, and Carin Anderson, Senior Veterans Coordinator for One Stop Student Services, to present information on the University's efforts to provide services and support to student veterans, as detailed in the docket materials and handouts distributed at the meeting. Van Voorhis explained the administrative structure of student veterans support and observed that the program is overseen by the Office of the Vice Provost for Undergraduate Education. She reported that the University has been a national leader in this area and recently received a grant from the Walmart Foundation to fund scholarships and internships for student veterans.

Anderson reported that the University currently enrolls 777 student veterans, with nearly 600 of those on the Twin Cities campus. She identified several challenges that veterans face in transitioning to civilian student life, including personal alienation, complexities of the educational process, extreme financial obligations, and mental health issues, including a high rate of post-traumatic stress disorder (PTSD). Anderson explained the federal guidelines related to the current GI Bill and observed that student veterans who have at least three years of active service have most college costs covered. She noted that changes to the federal Veterans Administration (VA) benefits process have caused significant delays in the delivery of benefits to some veterans.

Anderson discussed several University programs designed to assist student veterans, including:

- Veterans orientation program that provides introductory information to new student veterans each semester;
- Annual campus recognition event for student veterans in conjunction with Veterans Day; and
- Career counseling and resume-writing workshops tailored to the needs of student veterans.

Anderson explained that the University is collaborating with other colleges and universities, including the Minnesota State Colleges and Universities System, to provide feedback to the VA on the problems associated with the receipt of student veteran benefits.

In response to a question from Regent Baraga, Anderson explained that initial screenings for mental health issues are conducted by the Minnesota National Guard or other military units upon veterans return from active duty. She observed that the University offers numerous counseling services to student veterans related to mental health and PTSD.

In response to a question from Regent Bohnsack, Anderson cited the presence of student veterans as University staff members as a critical element to the success of the programs. In response to a question from Regent Johnson, Anderson explained that the University's military leave policy does provide guidelines for assisting students when they are deployed during an academic term.

STUDENT OUTREACH, RECRUITMENT, AND SUCCESS ON THE COORDINATE CAMPUSES

Vice President Carrier explained that the presentation would provide an opportunity to discuss issues related to student diversity on the coordinate campuses and introduced Vice President Barceló to present opening remarks. Barceló emphasized the important work of the University in the area of equity and diversity and applauded the coordinate campuses for their exceptional work. She introduced Chancellors Casey, Johnson, and Lehmkuhle, and Jackie Millslagle, Interim Vice Chancellor for Academic Support and Student Life on the Duluth campus, to discuss issues related to student diversity on their respective campuses.

Chancellor Lehmkuhle reported that the University of Minnesota Rochester (UMR) has organized a diversity committee to work on building a culture of strength in diversity on campus. He provided specific examples of how UMR is addressing student diversity in recruitment, campus environment, curriculum, and academic achievement.

Millslagle provided statistics related to students of color at the University of Minnesota Duluth (UMD) and observed that the retention rate for this group of students is slightly lower than the rest of the student body. She reported that UMD has started the Council for Underrepresented Populations, which works to expand awareness of the needs of students of color and identify where change is needed to create a more welcoming environment. Millslagle reported that a critical element of success has been the addition of space designated specifically for student organizations representing diverse populations, including the African American student programs and the Hispanic/Latino/Chicano student programs.

Chancellor Johnson paid particular attention to the presence of American Indian students on the University of Minnesota Morris (UMM) campus, noting that they comprise 12 percent of the student population. She explained that because the campus was once a school for American Indians in the late nineteenth century, federal and state law requires that American Indian students receive free tuition. Johnson observed that UMM ranks first in the proportion of students of color in the entire University system and fourth among Minnesota's 32 four-year institutions. She explained that UMM is working to improve four-year graduation rates for students of color, which lag behind the general student population.

Chancellor Casey profiled the experiences of several diverse members of the University of Minnesota Crookston (UMC) community, including faculty, staff, and students. He observed that assistance provided by the system-wide Office of Equity and Diversity has been critical in improving UMC's efforts related to the recruitment, support, and graduation of students of color. He identified several challenges in enhancing the number of students of color at UMC, including a lack of diversity in rural Northwest Minnesota, a lack of faculty of color, and no current scholarships designated specifically for students of color.

In response to a question from Regent Bohnsack, Millslagle attributed retention improvements among certain ethnic classifications to the dedication of individual coordinators who work with the specific students of color. In response to a question from Regent Larson, Johnson observed that improving retention and graduation rates for students of color will be aided by programs such as the University's TRiO Programs, which are outreach and student services programs designed to identify and provide services for individuals from disadvantaged backgrounds. She noted that the many students of color are first-generation college students, which is a student classification that historically has produced lower graduation rates.

CONSENT REPORT

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

- Conferral of tenure to a recently-hired faculty member on the Duluth campus.

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

INFORMATION ITEMS

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

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

The meeting adjourned at 11:20 a.m.



ANN D. CIESLAK
Executive Director and
Corporate Secretary

UNIVERSITY OF MINNESOTA

BOARD OF REGENTS

Educational Planning & Policy Committee

March 11, 2010

A meeting of the Educational Planning and Policy Committee of the Board of Regents was held on Thursday, March 11, 2010 at 2:45 p.m. in the East Committee Room, 600 McNamara Alumni Center.

Regents present: Patricia Simmons, presiding; Richard Beeson, John Frobenius, and David Larson. Linda Cohen participated by telephone.

Staff present: Chancellor Stephen Lehmkuhle; Senior Vice President & Provost Thomas Sullivan; Senior Vice President Frank Cerra; Vice President Timothy Mulcahy; Executive Director Ann Cieslak; and Associate Vice Presidents Beth Nunnally and Sharon Reich-Paulsen.

Student Representatives present: Martin Chorzempa and Megan Hines.

**BOARD OF REGENTS POLICY:
STUDENT FINANCIAL AID**

Senior Vice President & Provost Sullivan led the discussion of Board of Regents Policy: *Student Financial Aid*. Proposed amendments include (1) the addition of language to indicate that the University awards financial aid on the basis of merit and/or need; (2) the elimination of redundant language; and (3) a new heading to clarify that the policy applies to all aid distributed by the University, regardless of source.

A motion was made and seconded, and the committee voted unanimously to recommend adoption of proposed amendments to Board of Regents Policy: *Student Financial Aid*.

**BOARD OF REGENTS POLICY:
ACADEMIC MISCONDUCT**

Senior Vice President & Provost Sullivan led the discussion of Board of Regents Policy: *Academic Misconduct*. The proposed change is the elimination of Subd. 7, which is administrative in nature and unnecessary as a provision in Board policy.

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

**BOARD OF REGENTS POLICY:
COLLEGE CONSTITUTIONS**

Senior Vice President & Provost Sullivan led the discussion of Board of Regents Policy: *College Constitutions*. He stated that the proposed addition of language defining a *college* is intended to bring clarity to the policy.

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

FOCUS ON MEDICAL EDUCATION

Chair Simmons commented that today's discussion is a critical one because it will be important for the Board, as it makes decisions about the future of the Medical School, to have a fundamental understanding of medical education. Senior Vice President Cerra, Executive Vice Dean Mark Paller, and Lindsey Henson, vice dean for education, led the discussion.

Henson described the continuum of medical education and the curriculum typical for students at different stages of the continuum (materials in the docket and associated handouts distributed at the meeting and on file in the Board Office). Medical School applications have risen from 2,500 in 2000 to more than 4,500 in 2009. The share of applicants from Minnesota has remained about the same over the last 10 years, but there has been a dramatic increase in the number of multicultural applicants, primarily from outside the state.

There are a number of factors driving curriculum revision in the Medical School, but the goal is to graduate students that residency programs will recognize as University of Minnesota Medical School graduates because they meet the demands of the marketplace for: (1) critical thinking, teamwork, and leadership skills; (2) cultural competency; (3) the ability to apply new scientific knowledge to patient care; (4) a working knowledge of the health care system; and (5) the ability to act in the face of uncertainty.

Paller described the disparity between the costs of a medical education relative to the funding available from tuition, fees, and state support, noting that the average debt of medical students at graduation was \$168,000 in 2009. Financial aid is critical for attracting the best students and for encouraging students to enter family medical practice, but the Medical School currently has only about \$2 million in scholarships each year for more than 900 students.

Cerra identified a number of challenges facing graduate medical education, including a decline in governmental funding; the reliance of Medical School programs on teaching by research faculty and revenues generated by University of Minnesota Physicians; and the dependence of the Medical School on affiliated residency training

sites where nonpaid adjunct and affiliated faculty provide about \$63 million of pro bono instruction. The Medical School is the producer of physicians in Minnesota, but as a research-intensive institution, it will continue to require major investments of time and resources. Henson added that in return for that investment, 50% of the University's Medical School graduates accept residencies in Minnesota and 70% of those residents enter medical practice in the state. Seventy percent of medical residents who did not graduate from the University's Medical School also begin the practice of medicine in Minnesota.

In response to a number of questions from Regent Beeson, Cerra noted that the cost of resident medical education is \$1 million per student per year, the minimum level of support expected by accreditors. Discretionary support for the Medical School is limited to state funding (\$60-80 million per year) plus funding for shared resources, a total of about \$100 million and six percent of the budget. There is consensus regarding the need for additional primary care physicians, but that cannot be the Medical School's only strategy because of the high marginal cost of educating more medical students. Rather, the challenge is to appropriately employ other health professionals in teams to support the limited number of primary care physicians.

In response to a number of questions from the committee, Henson noted that the Medical School's limited scholarship funding has made it necessary to extend acceptances farther down the waiting list because many good students choose other institutions on the basis of substantial financial aid. Cerra emphasized that the University is the first choice of many of these students, but it is very hard to enroll them with limited financial aid. To address this problem, scholarship funding is now a top priority of the Minnesota Medical Foundation.

In response to questions from Regents Cohen and Simmons, Cerra stressed that the base curriculum produces the required competencies, but the challenge today is that medical school graduates also must have a new set of skills, including critical thinking, individualized patient care, and a commitment to lifelong learning. Lindsey stated that there will be significant curriculum revision in 2010, but the dramatic changes called for under *Curriculum 2010* were not feasible at this time. A more realistic approach has been adopted to capitalize on those *Curriculum 2010* ideas that can be implemented incrementally, such as increased emphasis on critical thinking and the introduction of clinical education with the basic sciences so that clinical practice can be introduced earlier in a student's career.

In response to a number of questions posed by Regent Frobenius, Simmons commented that today's discussion has provided information about the leadership the Medical School provides in educating and preparing physicians to enter the workforce; the implications of the high cost of a medical education; and the factors driving curriculum change. She noted that Board leadership and the administration will need to assess future directions for medical education and its funding in order to address the many other unanswered questions.

CONSENT REPORT

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

- **New Academic Programs**
 - College of Liberal Arts (Duluth Campus) – Create African American and African Studies Minor
- **Discontinuation of Academic Programs**
 - Crookston Campus – Discontinue the Business Management Marketing Emphasis subplan in the B.S. degree in Business Management
 - Crookston Campus – Discontinue the Quality Management Emphasis subplan in the Bachelor of Manufacturing Management degree

INFORMATION ITEMS

There were no information items this month.

The meeting adjourned at 4:30 p.m.



ANN D. CIESLAK
Executive Director and
Corporate Secretary

UNIVERSITY OF MINNESOTA

BOARD OF REGENTS

Facilities Committee

March 11, 2010

A meeting of the Facilities Committee of the Board of Regents was held on Thursday, March 11, 2010 at 2:45 p.m. in the West Committee Room, 600 McNamara Alumni Center.

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

Staff present: Chancellors Charles Casey and Stephen Lehmkuhle; Vice President Kathleen O'Brien; Executive Director Ann Cieslak; and Associate Vice Presidents Michael Berthelsen and Michael Perkins.

Student Representatives present: Jennifer McCabe and Sarah Shook.

BOARD OF REGENTS POLICY: MONUMENTAL WORKS OF ART

Vice President O'Brien introduced Monique McKenzie, Capital Planner, Capital Planning and Project Management, to present for action proposed amendments to Board of Regents Policy: *Monumental Works of Art*, as detailed in the docket materials.

McKenzie noted the amendments had been reviewed at a previous meeting. She described the proposed changes to the policy, including renaming the policy Board of Regents Policy: *Campus Public Art*, and articulated the University's commitment to public art located on University property.

A motion was made and seconded, and the committee unanimously recommended approval of proposed amendments to Board of Regents Policy: *Monumental Works of Art*.

REAL ESTATE TRANSACTIONS

A. Purchase of 701 S. Broadway, Rochester, Rochester Campus

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

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

Purchase of 701 S. Broadway, Rochester, Rochester Campus.

Details of transaction: The University will pay \$1.025 million in cash for the property with a closing date of March 31, 2010.

Source of funds: University debt.

Susan Carlson Weinberg, Director of Real Estate, summarized the location and description of the property, as detailed in the docket materials. She explained that in the short term the property could be utilized for surface parking.

The committee unanimously recommended approval of the purchase of 701 S. Broadway, Rochester, Rochester Campus.

Weinberg noted a real estate transaction presented for review at the February 2010 committee meeting for a second property downtown Rochester at 617 S. Broadway, Rochester, Rochester campus, has been delayed.

**B. Ten-Year Lease for Office, Classroom, and Student Life Space
and 178 Beds of Student Housing, 320 – 1st Avenue SW,
Rochester, Rochester Campus**

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

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

Approval of a ten-year lease for office, classroom, laboratory and student life space and 178 beds of student housing, 320 – 1st Avenue SW, Rochester, Rochester campus (UMR).

Details of transaction: Effective August 1, 2011 the annual rent for 84 apartments and the remainder of the leased space will be \$2,128,686.00 for the first year and increase annually by 3 percent commencing on August 1, 2014. The University will also pay its share of operating expenses, common area maintenance costs, utilities and property taxes for the non-residential portions of the leased premises, estimated at \$202,004.00, plus property taxes the first year.

Source of funds: Student housing fees paid by UMR students. Non-residential space will be funded with incremental new tuition revenue from UMR.

Susan Carlson Weinberg, Director of Real Estate, described the facility as mixed-use with retail on the first floor, classroom spaces on the second floor and basement levels, and housing on the remaining seven floors. She detailed the funding, which will be provided through a public-private partnership that includes the City of Rochester, a private developer, and the University of Minnesota Rochester. The original proposal was reviewed at the February 2010 committee meeting.

Regent Hunter commented that the proposal was an excellent example of a public/private partnership. Vice President O'Brien stated that Chancellor Lehmkuhle and several University staff worked diligently with the City of Rochester to bring the project to fruition.

The committee unanimously recommended approval of the Ten-Year Lease for Office, Classroom, and Student Life Space and 178 Beds of Student Housing, 320 – 1st Avenue SW, Rochester, Rochester Campus.

CAPITAL BUDGET AMENDMENTS

A. Griggs Hall Addition, Duluth 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 FY2010 Capital Budget is amended to increase the budget for the following project:

Griggs Hall Addition, Duluth Campus

Scope of Project: Room for 40 additional beds, expanded mail distribution center, laundry facilities, and study and meeting areas added to the Griggs Hall Addition project.

Cost Estimate: \$2,000,000.

Capital Funding: UMD Auxiliary Services - \$2,000,000. With this amendment the project increases to \$14,000,000, changing the initial \$12,000,000 capital funding distribution of University Debt Service.

Estimated Completion Date: July 2011.

John Rashid, Associate Director, Capital Planning and Project Management, University of Minnesota Duluth (UMD), and Joe Michela, Director, Residential Life, UMD, noted that the additional funding increases the original scope of the project by expanding the number of traditional dorm rooms, doubling the size of the existing mail distribution center, providing additional laundry facilities for the residents, and increasing the number of study and meeting areas.

The committee voted unanimously to recommend approval of the capital budget amendment for the Griggs Hall Addition, Duluth campus.

B. Folwell Hall Interior Renovation – Design, Twin Cities Campus

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

The committee reviewed for action a proposal to amend the FY2010 Capital Budget by \$2,274,715 for Folwell Hall Interior Renovation – Design, Twin Cities campus, as detailed in the docket and additional materials distributed at the meeting and on file in the Board Office.

On the recommendation of the President and the Vice President for University Services, the FY2010 Capital Budget is amended to increase the budget for the following project:

Folwell Hall Interior Renovation, Twin Cities Campus

Scope of Project: Improve classrooms; create technology rich learning environments; improve faculty offices, departmental libraries, conference and seminar rooms, and teaching assistant spaces; correct code and access deficiencies; and correct mechanical, electrical and data infrastructure system deficiencies.

Cost Estimate: \$2,274,715.

Capital Funding: CPPM Planning & Programming Funds - \$1,728,715; College of Liberal Arts - \$366,000; Relocation Funding - \$180,000.

Estimated Completion Date: August 2011.

Vice President O'Brien noted that the legislative request is currently under consideration. If state funding is not approved, final authorization by the Chief Financial Office is contingent on the resolution of University cash flow issues.

Associate Vice President Perkins reviewed the renovations and indicated that moving the project forward would impress upon the state legislature the importance of the project.

The committee voted unanimously to recommend approval of the capital budget amendment for the Folwell Hall Interior Renovation – Design, Twin Cities campus.

C. Recreation Sports Addition – Design, 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 FY2010 Capital Budget is amended to increase the budget for the following project:

Recreation Sports Addition, Twin Cities Campus

Scope of Project: Two court gymnasium, fitness and weights area, multipurpose rooms, outdoor recreation center, indoor climbing wall, locker rooms, jogging track, offices and other spaces, and a café with associated serve and prep area and social lounge.

Cost Estimate: \$1,760,000.

Capital Funding: College of Education & Human Development - \$25,000; Student Affairs Administration - \$100,000; Recreational Sports General Administration - \$1,480,000; Office of Budget & Finance General Contingency - \$155,000.

Estimated Completion Date: Spring 2013.

Associate Vice President Perkins and Vice Provost Gerald Rinehart, Student Affairs, reviewed the proposal. Rinehart stated that on-campus and near-campus student housing has increased significantly in recent years, and that 75 percent of students living within one mile of the University regularly use the recreational sports

facilities. He described research that links participation in recreational sports with greater student satisfaction and social interaction, increased retention and graduation rates, and a greater sense of affiliation with the University.

The committee voted unanimously to recommend approval of the capital budget amendment for the Recreation Sports Addition – Design, Twin Cities campus.

CAPITAL BUDGET AMENDMENTS

A. Lions Research Laboratory 1st and 4th 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 FY2010 Capital Budget is amended to increase the budget for the following project:

Lions Research Laboratory 1st and 4th Floor Renovation, Twin Cities Campus.

Scope of Project: Interior demolition and renovation, installation of state-of-the-art research laboratories and vivarium space.

Cost Estimate: \$2,462,000.

Capital Funding: Medical School - \$2,462,000.

Estimated Completion Date: Summer 2010.

Vice President O'Brien observed that the amendment was being presented for both review and action to facilitate the renovation of the laboratory for an internationally respected professor joining the University in spring 2010. The renovation is needed to relocate the professor's research to the Lions Research Building and to meet the University's commitment for the appointment. O'Brien added that the Board of Regents were advised in October 2009 of the impending hire and ensuing Capital Budget Amendment request.

The committee voted unanimously to recommend approval of the capital budget amendment for Lions Research Laboratory 1st and 4th Floor Renovation, Twin Cities Campus.

B. Biomedical Facilities Program – Cancer/Cardiovascular Projects – Design, 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 FY2010 Capital Budget is amended to increase the budget for the following project:

Biomedical Facilities Program – Cancer/Cardiovascular Projects – Design, Twin Cities Campus.

Scope of Project: Predesign, schematic design, and pre-construction services.
Cost Estimate: \$4,400,000.
Capital Funding: Biomedical Facilities Program debt - \$4,400,00.
Estimated Completion Date: May 2010.

Vice President O'Brien invited Associate Vice President Perkins to present the capital budget amendment. Perkins observed that the amendment was being presented for review and action to allow for refining the project construction costs. Funding for the Biomedical Facilities Program was approved by the state legislature in 2008. The project will support utility infrastructure, district circulation, research laboratories, offices, research support services, and common space supporting both the cancer and cardiovascular programs.

In response to a question from Regent Allen, Perkins indicated that operating costs for the facility are known, but not traditionally included in the schematic design request. The committee requested that facility costs be presented with future schematic design funding requests.

Regent Baraga raised concern about adhering to the original legislative agreement. O'Brien responded that the University understands the direction from the legislature and is ensuring that the Biomedical projects are consistent with the agreement.

The committee voted unanimously to recommend approval of the capital budget amendment for Biomedical Facilities Program – Cancer/Cardiovascular Projects – Design, Twin Cities Campus.

SCHEMATIC PLANS

A. American Indian Learning Resource Center, Duluth Campus

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

The schematic plans for the American Indian Learning Resource Center, Duluth campus, are approved and the appropriate administrative officers are authorized to proceed with the award of contracts, the development of construction documents, and construction.

Vice President O'Brien invited Rick Smith, Director, American Indian Learning Resource Center, and architect Nick Winton, Anmahian-Winton Architects, to present for review and action the schematic plans for the project.

Smith stated that the University of Minnesota Duluth (UMD) has one of the largest American Indian student populations in the nation. The American Indian Learning Resource Center will provide a dedicated space to support academic and cultural programs and create a gateway to UMD for American Indian students and the community. Smith stated that the building consolidates into one space 21 different American Indian programs and will include space for the largest American Indian culturally-specific library in the Upper Midwest. Winton described the building spaces and noted its design is culturally sensitive to American Indians and the environment.

He added that the building is expected to receive Leadership in Energy and Environmental Design gold designation.

Regent Hunter stated he has been impressed by the level of support from the state legislature for the project.

The committee voted unanimously to recommend approval of schematic plans for the American Indian Learning Resource Center, Duluth Campus.

B. Griggs Hall Addition, Duluth Campus

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

The schematic plans for the Griggs Hall Addition, Duluth campus are approved and the appropriate administrative officers are authorized to proceed with the award of contracts, the development of construction documents, and construction.

Vice Chancellor Greg Fox, Joe Michela, Director, Residential Life, University of Minnesota Duluth, and Terry Gruenhagen, Elness Swenson Graham Architects reviewed the schematic design and noted that, if the capital budget amendment presented earlier is approved, it will increase the original scope of the original Griggs Hall Addition, as reflected in the schematic plans.

In response to questions from the committee, Fox related that freshman who live on campus tend to have greater student success. Student Representative McCabe stated that the additional study rooms are crucial, and she applauded the addition of a bike storage area in the basement.

The committee voted unanimously to recommend approval of schematic plans for the Griggs Hall Addition, Duluth campus.

BOARD OF REGENTS POLICY: HISTORIC PRESERVATION

Vice President O'Brien introduced Associate General Counsel Kenneth Larson to present for review proposed amendments to Board of Regents Policy: *Historic Preservation*, as detailed in the docket materials.

Larson described the amendment that adds a specific delegation statement regarding all environmental reviews on historic resources for which the University is the responsible governmental unit. The proposed changes bring the policy into alignment with recent changes to the Board of Regents Policy: *Reservation and Delegation of Authority*.

In response to a question from the Regent Hunter, O'Brien noted that there are two areas on the Twin Cities campus and an area on the Morris Campus that are listed in the National Historic Register. A comprehensive list of University structures officially designated will be provided to the committee at a later date.

The policy amendment will return for action at a future meeting.

CONSENT REPORT

The committee unanimously recommended approval of the Consent Report, which included:

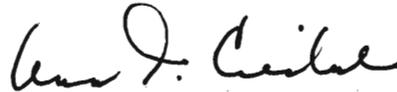
- Agreements for the Use of University Facilities and Services with National Sports Center Foundation, Inc. for USA Cup Soccer, July 9-18, 2010, Twin Cities campus.

INFORMATION ITEMS

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

- Coffman Memorial Union Exterior Renovation Project;
- Sanford Hall Tower Brick and Window Replacement project; and
- The final project review for the Weisman Art Museum Addition project.

The meeting adjourned at 4:16 p.m.



ANN D. CIESLAK
Executive Director and
Corporate Secretary

UNIVERSITY OF MINNESOTA

BOARD OF REGENTS

Audit Committee

April 9, 2010

A special meeting of the Audit Committee of the Board of Regents was held on Friday, April 9, 2010 at 10:00 a.m. in the East Committee Room, 600 McNamara Alumni Center.

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

Staff present: Vice President Richard Pfutzenreuter; and Associate Vice Presidents Gail Klatt, Michael Volna, and Stuart Mason.

Student Representatives present: Christina Brakken-Thal.

APPOINT EXTERNAL AUDITOR

Associate Vice President Michael Volna reported that five firms responded to the request for proposals (RFP) for external audit services. The selection committee interviewed two finalists and recommends Deloitte, LLP for appointment. Vice President Richard Pfutzenreuter as well as Regents Hunter and Cohen also interviewed members of the Deloitte team. Volna and Associate Vice President Klatt stated that Deloitte was being recommended because of their significant higher education audit experience as well as their philosophy and approach to audit work.

In response to a question from Regent Simmons, Volna noted that Deloitte has significant experience with large research universities, including Northwestern University, The Ohio State University, and Pennsylvania State University.

In response to questions from Regent Frobenius, Volna stated that Deloitte chose not to continue auditing the University of Minnesota in 2004 because it did not have clear industry guidance regarding the circumstances under which an auditor could rely on the opinions of other auditors. This was an issue when it came to the alternative investment holdings of University affiliated organizations. Deloitte is now comfortable with industry guidance on this matter.

Volna reported that Deloitte was not the lowest bidder, but did bid below the University's FY 2009 external audit contract. He also stated that a contract would be executed with Deloitte setting the parameters for how additional fees, if any, are incurred.

In response to a question from Regent Beeson, Cliff Hoffman and Tom Roos from Deloitte reported that the audit team would primarily be made up of staff from the

company's Minneapolis office, several of which previously worked on the University's account. Staff from the company's Chicago office will audit alternative investments.

A motion was made and seconded, and the committee voted unanimously to appoint Deloitte, LLP as the University of Minnesota's external auditor.

The meeting adjourned at 10:15 a.m.



ANN D. CIESLAK
Executive Director and
Corporate Secretary

UNIVERSITY OF MINNESOTA

BOARD OF REGENTS

March 11, 2010

A meeting of the Board of Regents of the University of Minnesota was held on Thursday, March 11, 2010 at 1:30 p.m. in the Boardroom, 600 McNamara Alumni Center.

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

Staff present: President Robert Bruininks; Chancellors Charles Casey and Stephen Lehmkuhle; Senior Vice President and Provost Thomas Sullivan; Senior Vice President Frank Cerra; Vice Presidents Richard Pfutzenreuter and Timothy Mulcahy; Executive Director Ann Cieslak; and Associate Vice President Gail Klatt.

**STRATEGIC PLAN FOR AND FINANCIAL IMPLICATION OF
BIOMEDICAL SCIENCE RESEARCH FACILITIES**

President Bruininks provided brief opening comments about the proposed biomedical science research facilities, stressing that this is one of the most important and transformative investments ever made by the State of Minnesota and the University. It is so significant that it has been branded as the Biomedical Discovery District in order to emphasize it as both an initiative and a place.

Senior Vice President Cerra explained that the proposed facilities are to be built using \$292 million in bonding authority approved by the State of Minnesota in 2008. The State will pay 75 percent of the capital costs and the University will pay the remaining 25 percent along with all operating expenses. Cerra outlined the three major goals of the initiative:

- 1) Advance Minnesota's leadership in biomedical science,
- 2) Enhance the Academic Health Center's (AHC) research capability and productivity, and
- 3) Expand competitive jobs for Minnesota's economy.

Cerra indicated that achievement of these objectives is not contingent on having more space or new space. Rather, it is contingent on having the right space.

Vice President Pfutzenreuter described the original concept and timing of the project, which had envisioned four phases creating four new research facilities. It is now planned to be a three phase project with the same overall capital investment, but lower ongoing operating costs. This can be accomplished because the cancer and cardiovascular buildings will be combined into one facility, which creates a variety of efficiencies. The revised project concept and timing is as follows:

Phase 1: Expansion of Center for Magnetic Resonance Research (CMRR), a highly advanced imaging facility that drives non-invasive treatments and research. This phase commenced in Fall 2009 with a capital budget allocation of \$53.2 million.

Phase 2: Cancer/Cardiovascular Research Commons and Infrastructure, a facility that will capitalize on synergies between these two research fields and offer an opportunity to create economies of scale. This phase is proposed to commence in Fall 2010 with a capital budget allocation of \$200.3 million.

Phase 3: Biomedical Research Facility Renovations, an effort to update research facilities and bring various disciplines together to create research synergies. It is also possible that some outdated research space will be decommissioned. This phase is proposed to commence in Fall 2013 with a capital budget allocation of \$38.5 million.

Vice President Cerra reported that the facilities would house 40 new faculty principal investigators (PIs) hired over 5 years as well as 40 current faculty members who would relocate from existing space. Vice President Pfutzenreuter detailed the one-time and ongoing operating costs associated with the facilities. Between FY2011 and FY2019, total operating costs are anticipated to be \$109 million. Of that amount, \$40 million is non-recurring and \$69 million is recurring. Assuming \$31 million of the recurring cost will be funded through grants, the remaining challenge is \$78 million (\$40 million non-recurring plus \$38 million recurring). Docket materials are on file in the Board Office.

In response to a question from Regent Frobenius, Pfutzenreuter explained that the costs outlined in the presentation included both capital and operating expenses prior to the deduction of any grants or gifts obtained by the University. Although those resources will help, the University will still need to cover approximately \$78 million from non-grant sources (\$40 million non-recurring plus \$38 million recurring).

In response to a question from Regent Cohen, Pfutzenreuter explained that the Medical Biosciences Building (MBB) that opened in December 2009 was actually the first phase of the current capital improvement effort. Now that it has been completed, the discussion has turned to the next three phases. Cerra added that MBB is currently operational and provides space for translational research to be conducted.

In response to a comment from Regent Hunter, Cerra agreed he too is concerned about finding resources to fund operating expenses. However, he also is confident that the University can make the project work, in part because it has been scaled back from 100 new faculty to 40 new faculty. The key will be to remain focused on this effort and not be distracted into other areas. Cerra recommended that the Biomedical Discovery District have close oversight by the Board of Regents over the next five years as the build-out is completed and space becomes operational.

In response to a question from Regent Beeson, Cerra stated that the University has a very good inventory of existing research facilities, which will be used when planning the renovations envisioned in Phase 3. The administration is also closely reviewing biomedical lab space that is currently being leased to determine whether it can return to campus.

In response to a question from Regent Larson, Cerra reported that a potential revenue stream from commercialization of research technology might be one way to help fund on-going operations. Since the average time between research discovery and commercial revenue is 10 to 12 years, this could be a long-term source of revenue, and not likely in the first decade.

In response to a question from Regent Simmons, Cerra explained that there is interest from the private sector in funding some of the non-recurring expenses, but those gifts are not yet ready to announce. State of Minnesota support has been invaluable in generating private sector interest in the project. Regent Baraga commented that financial returns are only part of the goal of the project. Improving the quality of life of Minnesota residents is another major driver.

President Bruininks concluded the discussion by stating that Minnesota has a legacy of biomedical innovation that will stay here only if there is continued investment. This will be challenging, but it is the kind of challenge Minnesota needs to step up to undertake.

The meeting adjourned at 2:37 p.m.



ANN D. CIESLAK
Executive Director and
Corporate Secretary

UNIVERSITY OF MINNESOTA

BOARD OF REGENTS

March 12, 2010

A meeting of the Board of Regents of the University of Minnesota was held on Friday, March 12, 2010 at 9:00 a.m. in the Boardroom, 600 McNamara Alumni Center.

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

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

RECOGNITIONS

Recognition was given to the 2010-12 McKnight Land-Grant Professors:

Vladas Griskevicius, Marketing & Logistics Management
Ibrahim Volkan Isler Computer Science & Engineering
Alex P. Jassen, Classical & Near Eastern Studies
Daniel H. Kaplan, Dermatology
Kenneth H. Kozak, Fisheries, Wildlife & Conservation Biology &
Bell Museum of Natural History
Vuk Mandic, Physics & Astronomy
Jennifer Jane Marshall, Art History
Dylan B. Millet, Soil, Water & Climate
Yoichiro Mori, Mathematics
John Ohlfest, Pediatrics

Recognition was given to Margaret Carlson, Chief Executive Officer of the University of Minnesota Alumni Association, upon her retirement and in honor of her 25 years of service.

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 11, 2010
Facilities Committee – February 11, 2010
Educational Planning & Policy Committee – February 11, 2010
Faculty, Staff & Student Affairs Committee – February 11, 2010
Finance & Operations Committee – February 11, 2010
Board of Regents Meeting – February 12, 2010

REPORT OF THE PRESIDENT

President Bruininks expressed appreciation to the University community for support provided to him during his recuperation from recent surgery.

President Bruininks reported that the University of Minnesota Crookston (UMC) was named to 2009 President's Higher Education Community Service Honor Roll by the Corporation for National and Community Service, the highest federal recognition a college or university can receive for its commitment to volunteering, service-learning, and civic engagement. The award recognizes nearly 6,000 hours community service by UMC students.

President Bruininks asked that a moment of silence be observed in honor of University alumna and supporter Darcy Pohland, a Twin Cities journalist who died unexpectedly on March 5, 2010. He acknowledged the contributions of Ms. Pohland and other alumni and friends of the University of Minnesota who have passed away during the previous year.

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

REPORT OF THE CHAIR

Chair Allen reported that no regular Board meetings would be held in April, but that the Audit Committee will meet April 9, 2010 to appoint an outside audit firm for the University.

Allen noted that the May 2010 Board of Regents agenda will include a meeting to discuss the search for a University president, during which a position description and process will be discussed. He acknowledged the critical challenges facing the University and stated the Board's expectations and appreciation of the president's hard work, including the expectation of his continuing strong leadership until a new president takes office.

Allen reported that the University continues to negotiate on the Central Corridor Light Rail project. The reason that there is no agreement in place is that there are no assurances that there will be protection for the University's laboratory facilities along Washington Avenue. That is the key issue; there is no other major issue remaining to reach settlement.

Chair Allen announced that he, Regents Beeson, Bohnsack, and Ramirez would attend the Association of Governing Boards meeting in Florida March 20-23, 2010.

RECEIVE AND FILE REPORTS

Chair Allen noted the receipt and filing of the Quarterly Report of Grant & Contract Activity and the Annual Capital Financing & Debt Management Report.

BOARD CALENDAR ANNUAL REVIEW

Chair Allen presented the Board of Regents 2010-11 calendar. 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*.

The calendar has been revised since the Board last reviewed it in March 2009. The revisions were made to bring the calendar into compliance with amended or new Board policies; reflect existing practice; and correct inaccuracies.

CONSENT REPORT

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

- Summary of Gifts through January 31, 2010; and
- Quarterly Summary of Expenditures for six months ending December 31, 2009.

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

RESOLUTION RELATED TO AUDIT COMMITTEE

The University of Minnesota has solicited proposals for independent audit services and needs to appoint a firm prior to the next Board of Regents meeting in May 2010. In order to ensure timely execution of a contract, the Audit Committee is being authorized to hold a special meeting in April 2010 and act on behalf of the Board of Regents to appoint an independent auditor.

A motion was made and seconded, and the Board of Regents voted unanimously to approve a Resolution Related to the Audit Committee, as follows:

WHEREAS, the next regular Board of Regents meeting is May 14, 2010 and the University needs to appoint an independent audit firm prior to that date,

NOW THEREFORE, BE IT RESOLVED that the Audit Committee of the Board of Regents is authorized to meet in a special meeting in April 2010 and take action to appoint an independent auditor on behalf of the Board of Regents.

REPORT OF THE FACULTY CONSULTATIVE COMMITTEE

Professor Marti Gonzales, Chair of the Faculty Consultative Committee (FCC), reported on the activities of the committee since its last report to the Board of Regents. Issues the FCC has been working on include: next steps in drafting administrative policy related to individual conflicts of interest; best practices related to internal and external communications during a time of fiscal uncertainty; impending leadership changes at the highest levels of university administration; ways to involve faculty governance in a meaningful way in the upcoming presidential search; and, the pressing need for decisions related to the financial challenges.

A copy of the Report of the Faculty Consultative Committee is on file in the Board Office.

BOARD OF REGENTS POLICY: *INDIVIDUAL BUSINESS OR FINANCIAL CONFLICTS OF INTEREST*

Chair Allen introduced Vice President Brown and General Counsel Rotenberg for the discussion of proposed Board of Regents Policy: *Individual Business or Financial Conflicts of Interest*. If adopted, the policy will be renamed Board of Regents Policy: *Individual Conflicts of Interest*. Allen noted the Board of Regents reviewed the policy at its December 2009 meeting.

A motion was made and seconded to adopt amendments to Board of Regents Policy: *Individual Business or Financial Conflicts of Interest*.

Brown reported that the substantive amendments are in the policy's scope, guiding principles, and definitions (as presented in the docket materials on file in the Board Office). She indicated that the administration is seeking board approval on an ethical standard by which all members of the University community will abide. Brown added that the administration is actively working on the administrative policy that will support the Board policy. It will be organized by risk, so that those individuals engaged in higher risk activities have more stringent reporting standards than those individuals not engaged in such activities.

Boardmembers commented that it would be useful for the Board to review the administrative policies and procedures as well as a way to monitor ongoing policy implementation. Brown commented that Lynn Zentner, Director of the Office of Internal Compliance, would provide updates in her reports to the Audit Committee.

The Board of Regents voted unanimously to adopt amendments to Board of Regents Policy: *Individual Business or Financial Conflicts of Interest*, as follows:

Individual Conflicts of Interest

SECTION I. SCOPE.

This policy governs individual conflicts of interest and applies to covered individuals whose relationships with business entities relate to their University of Minnesota (University) expertise and responsibilities.

SECTION II. GUIDING PRINCIPLES.

The following principles shall assist covered individuals and the University in addressing individual conflicts of interest:

(a) The integrity of the University's research and discovery, teaching and learning, and outreach and public service activities is paramount.

(b) The University encourages its faculty and staff to engage in relationships with business entities to further the University's mission while acknowledging that inherent in these relationships is the potential for professional judgment to be influenced by the existence of such relationships and result in personal gain.

(c) The University is committed to ensuring that relationships between its faculty and staff and business entities are transparent, grounded in objectivity, and do not improperly influence covered individuals' professional judgment, exercise of University responsibilities, or performance of University-related activities.

SECTION III. DEFINITIONS.

Subd. 1. Covered Individuals. Covered individuals shall mean: (a) faculty and staff; (b) individuals with responsibility for the design, performance, or reporting of University research; and (c) other individuals authorized to act on behalf of the University to fulfill its research and discovery, teaching and learning, and outreach and public service mission.

Subd. 2. Individual Conflict of Interest. Individual conflict of interest shall mean a relationship between a covered individual's private business or financial interests, or those of the covered individual's family members, and the covered individual's expertise and responsibilities such that an independent observer might reasonably question whether the individual's objectivity in the performance of University responsibilities could be compromised by considerations of personal gain.

Subd. 3. Business Entity. Business entity shall mean any corporation, partnership, sole proprietorship, firm, franchise, association, organization, holding company, joint stock company, receivership, business or real estate trust, or any other nongovernmental legal entity organized for profit, nonprofit, or charitable purposes.

Subd. 4. Business Interest. Business interest shall mean holding any executive position in, or membership on a board of, a business entity whether or not such activities are compensated.

Subd. 5. Financial Interest. Financial interest shall mean anything of monetary value, including, but not limited to: (a) an interest

in a business entity consisting of any stock, stock option, or similar equity interest in such business entity (excluding any interest arising solely because the investment is in a pension, mutual fund, or other institutional investment fund over which the employee does not exercise control) or (b) receipt of, or the right or expectation to receive, any income, such as a consulting fee, honoraria, salary, allowance, royalty, or any other form of compensation.

Subd. 6. Family Member. Family member shall mean the covered individual's spouse or domestic partner, dependent children, and any other family member whom the covered individual reasonably knows may benefit personally from actions taken by the covered individual on behalf of the University.

SECTION IV. OVERSIGHT.

Subd. 1. Internal Reporting. As required by administrative policy, covered individuals: (a) shall report annually to the University any business or financial interests and relationships with business entities, and the income earned from those relationships, that relate to their University expertise and responsibilities; and (b) may be required to report to the University between annual reporting periods any substantial changes to their business or financial interests and relationships with business entities, and the income earned from those relationships, that relate to their University expertise and responsibilities.

Subd. 2. Disclosure. To ensure transparency, covered individuals shall disclose conflicts of interest as directed by University conflict of interest management plans.

Subd. 3. Compliance. Covered individuals may not engage in University-related activities in which there is a conflict of interest except in accordance with the terms of a University conflict of interest management plan. Covered individuals who do not comply with internal reporting requirements or conflict of interest management plans may be subject to disciplinary action, consistent with applicable University policies and procedures.

SECTION V. DELEGATION OF AUTHORITY.

The president or delegate shall maintain:

- (a) a process to identify and manage individual conflicts of interest of covered individuals; and
- (b) administrative policies and procedures to implement this policy, including provisions to:
 - (1) maintain a University review body or bodies to determine whether individual conflicts of interest exist;

- (2) establish and monitor conflict of interest management plans to manage, reduce, or eliminate conflicts;
- (3) ensure that the policies and procedures established for identifying and addressing individual conflicts of interest conform to federal regulations and state law related to conflict of interest;
- (4) define and differentiate responsibilities for covered individuals to fulfill the principles set forth in this policy;
- (5) identify and prohibit activities that cause or may cause reasonable doubt concerning the integrity of the University's relationships with business entities;
- (6) promote the integrity of covered individuals' consulting relationships with business entities;
- (7) govern the active involvement of covered individuals in business entity sponsored events and activities; and
- (8) establish limits on the acceptance of services, products, benefits, and gifts provided by business entities to covered individuals and University units.

SUPERSEDES: DISCLOSURE OF CONFLICT OF INTEREST DATED MAY 13, 1988
AND PRESENTING TESTIMONY - IDENTIFICATION OF AFFILIATIONS DATED MARCH 9,
1973.

FINANCING THE FUTURE: BUDGET FRAMEWORK/PRINCIPLES

President Bruininks and Vice President Pfutzenreuter led the discussion regarding the University's current budget framework and principles.

Bruininks outlined the unique mission of a land-grant institution, the importance of higher education in the state, and the critical role the University plays in economic growth and the quality of life in Minnesota. He stressed that while state support for higher education has been flat for over 30 years and has been sharply declining in recent years, other University revenues have increased. He pointed out that the University leverages state support with other forms of revenue, which provides a higher rate of return. Bruininks reported that funds received by the institution support education, innovation, research, and scholarships as well as maintain compensation and programmatic support. Bruininks discussed a number of trends in state funding of higher education, noting that reductions in state support to the University reduce the funding base to the lowest levels since 2001. In the short term federal stimulus funds have been used to moderate tuition increases.

Bruininks reported that last year the institution faced significant budget reductions and launched a number of programs meant to maximize employment, minimize staff reductions, and reduce operating costs while driving academic indicators higher. He stated that it will not be easy to meet long term challenges, and that it will take the engagement of the entire University community state-wide to set priorities,

identify programs to be reduced and consolidated, and find additional ways to reduce costs.

Bruininks presented budget principles that were utilized in developing strategies and making decisions for both short- and long-term budget planning (materials provided in the docket on file in the Board Office). He stressed the need to protect the institution's quality and competitiveness with targeted timely investments.

Bruininks outlined the \$132.2 million budget challenges for FY2011. The shortfall includes funds needed to address the cost of the 27th pay period, a modest compensation increase, financial aid and scholarship commitments, facilities costs, and other essential expenditures. He emphasized that, if wise choices are made to restructure programs and reduce costs, decisions made for FY2011 could have positive beneficial long-term impacts in FY2012.

Bruininks outlined proposed ways to address 65 percent of the challenge through budget reduction, setting priorities, and reducing costs and reallocations; 35 percent will be met through increased tuition and other revenue. All academic units will model budget reductions and will be asked how operations can be strengthened, what needs to be maintained, what can be consolidated or reduced, and what can be eliminated over a period of time. A short mandatory unpaid furlough is proposed, which allows the University to close during the holiday season, thus saving energy costs. In addition, staff would be allowed to take additional unpaid days. Bruininks noted that furlough days will help to avoid deeper cuts to units that need time to absorb reductions.

Megan Hines, Student Representatives vice chair, made a statement on behalf of the Student Representatives asking that undergraduate, graduate, and professional students be the main priority during the budget process. She argued that a rise in tuition and fees simultaneous with reductions in resources places an increasing demand on students and creates more uncertainty about what the value of their degrees will be in the future.

A lengthy discussion ensued.

In response to questions from Regent Johnson, Senior Vice President and Provost Sullivan indicated that in the last 10 years, undergraduate enrollment has increased by more than 3000 students, and in just the last fall, the undergraduate class increased by over 700 students. Additionally, graduate and professional enrollment has increased every year except the previous one. Bruininks added that incoming transfer students, better use of evening and weekend college programs, and expansion of on-line opportunities offer other ways to increase enrollment.

In response to questions from Regent Beeson, Bruininks noted that the budget that will be presented to the Board of Regents at a future meeting would include a four-year budget framework. He listed a number of strategies that keep the University strong. Sullivan reported that several key metrics indicate progress and momentum, which enhances the institution's reputation. There has also been significant progress in the research funding area.

Regents raised a number of issues related to the importance of transparency in budget decisions, course scheduling, setting tuition according to market forces, the need for financial aid, and the goal of being the best managed institution. Ramirez

pointed out that the Board's commitment to improving graduation rates is not an isolated metric to help the institution move up in standings, but also a cost savings measure for students, as the institution tries to keep costs manageable and encourage students to graduate in four years.

A copy of the presentation is on file in the Board Office.

REPORT OF THE EDUCATIONAL PLANNING & POLICY COMMITTEE

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

- a) Approval of the Consent Report for the Educational Planning & Policy Committee as presented to the committee and described in the March 11, 2010 committee minutes.
- b) Adoption of Amendments to Board of Regents Policy: *Student Financial Aid*, as follows:

Student Financial Aid

This policy governs financial aid provided to students of the University of Minnesota (University).

Subd. 1. Guiding Principles. In the conduct of its student financial aid programs, the University shall:

- (a) award financial aid to students on the basis of merit and of need;
- (b) assist as many students as possible in securing grants, scholarships, loans, and employment and provide counseling in the use of such resources to help finance their education;
- (c) aggressively seek additional aid funds; and
- (d) maintain straightforward application and disbursement processes that protect the individual's right to privacy.

Subd. 2. Administration of State, Federal, and Other Non-University Financial Aid Funds. The University shall maintain the financial aid system(s) required by state and federal regulatory agencies to assess and validate need, determine aid eligibility, disburse funds, and provide loan counseling.

Subd. 3. Delegation of Authority. The president or delegate shall determine eligibility, the amount of grants or loans that may be awarded to individual students, and associated terms and conditions.

- c) Adoption of amendments to Board of Regents Policy: *Academic Misconduct*, as follows:

Academic Misconduct

The University of Minnesota (University) has a responsibility to

foster a research environment that promotes the responsible conduct of research and research training and discourages academic misconduct.

Subd. 1. Definition. Academic misconduct, for the purpose of this policy, shall mean the fabrication or falsification of data, research procedures, or data analysis; destruction of data for fraudulent purposes; plagiarism; abuse of confidentiality; or other fraudulent actions in proposing, performing, reviewing, or reporting the results of research or other scholarly activity. It is particularly important to distinguish academic misconduct from honest error and the ambiguities of interpretation that are inherent in the scientific and scholarly process, but are normally corrected by further research.

Subd. 2. Application. This policy and the administrative procedures implementing it shall apply to all research, scholarly, and artistic activities of all University employees and others who are involved in such activities under the aegis of the University.

Subd. 3. Expectations. The University expects academic integrity from its employees at all times and in all circumstances. University employees may not engage in actions that constitute academic misconduct in research or other scholarly activity.

Subd. 4. Commitment. The University shall deal promptly with allegations or evidence of possible academic misconduct and shall carry out this responsibility fully to resolve questions regarding the integrity of the scholarly activity.

Subd. 5. Compliance with Federal Regulations. Where allegations of academic misconduct arise related to federally sponsored research, the University shall adhere to all applicable sponsor requirements as set forth in individual agency regulations and/or the Federal Policy on Research Misconduct.

Subd. 6. Delegation of Authority. The president or delegate shall administer this policy and is authorized to adopt and amend administrative procedures to ensure its implementation.

d) Adoption of amendments to Board of Regents Policy: *College Constitutions*, as follows:

College Constitutions

This policy governs the creation and review of college constitutions, which, with other University policies, guide educational and administrative actions within a college.

Subd. 1. Guiding Principle. College constitutions establish the internal governance structure and embody the authority of colleges to govern their own educational and administrative affairs.

Subd. 2. Definition. For the purposes of this policy, college shall mean an academic unit that is:

- (a) directly responsible for recruiting and hiring faculty and recommending them for promotion and tenure;
- (b) regarded by its faculty as their primary academic appointment home, either in one of the college's departments or directly within the college itself;
- (c) organized around a discipline or group of related disciplines; and
- (d) directly responsible for providing instruction for students that leads to an undergraduate, graduate, or professional degree or certificate.

Subd. 3. Delegation of Authority. The president or delegate shall approve collegiate constitutions and any subsequent amendments.

Subd. 4. Consistency with Board of Regents Policies and Other University Policies. College constitutions must be consistent with all Board of Regents (Board) and other University policies and procedures. To the extent that any provision of a college constitution conflicts with a Board or other University policy or procedure, the Board or other University policy or procedure shall govern.

Subd. 5. Relationship to Employment Contracts. College constitutions are not intended to be and are not part of the contract terms or the conditions of employment for any University employee.

SUPERSEDES: COLLEGIATE CONSTITUTION POLICY DATED JANUARY 11, 1991; AND RELATION OF COLLEGE CONSTITUTIONS TO CONTRACTS DATED MARCH 13, 1987.

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

Simmons reported that the committee also discussed medical education.

REPORT OF THE FACILITIES COMMITTEE

Regent Hunter, 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 11, 2010 committee minutes.
- b) Adoption of amendments to Board of Regents Policy: *Monumental Works of Art*, as follows:

Campus Public Art

SECTION I. SCOPE.

This policy governs the acceptance, commissioning, development, acquisition, installation, and conservation of public art located on University of Minnesota (University) real estate.

Subd. 1. Exceptions. This policy does not cover the acceptance of small commemorative plaques in buildings or works of art included in museum collections, gallery exhibitions, personal workspaces, reception areas, or meeting rooms.

SECTION II. DEFINITION.

Subd. 1. Campus Public Art. *Campus public art* shall mean art in all forms that is physically or visually accessible to the public through permanent or temporary installation that contributes to the experience of the natural or built public spaces, both indoors and outdoors, on University real estate.

SECTION III. GUIDING PRINCIPLES.

The following principles shall guide the University's acceptance, commissioning, development, acquisition, installation, and conservation of campus public art:

(a) The University is committed to creative expression that strengthens civil society, and advances the growth of culturally informed University communities, adjacent cities, and the State.

(b) Campus public art shall embody the University's research, teaching, and public engagement mission.

(c) Campus public art shall reflect the values and complement the physical characteristics of the University, and shall uphold and promote the principles set out in campus master plans.

(d) The University aspires to establish a sustainable public art collection that creates, maintains, and enhances an enduring cultural legacy for the University and the State.

SECTION IV. IMPLEMENTATION.

Subd. 1. Campus Master Planning. Decision-making regarding the acceptance, commissioning, development, acquisition, installation, and conservation of campus public art shall be consistent with the master plan for each campus and only works intentionally designed or designated for a specific site will be approved.

Subd. 2. Public Art Plan. The president or delegate shall periodically evaluate campus public art through the development of a campus public art plan.

Subd. 3. Delegation of Authority. The president or delegate shall approve campus public art projects in accordance with other Board of Regents policies and maintain administrative policy and procedures to guide decision-making related to the acceptance, commissioning, development, acquisition, installation, and conservation of campus public art.

- c) Approval of the following real estate transactions as presented to the committee and described in the March 11, 2010 committee minutes.
 - 1) Purchase of 701 South Broadway, Rochester, Rochester campus.
 - 2) Ten-year lease of office, classroom, and student-life space and 178 beds of student housing at 310 – 1st Avenue SW, Rochester, Rochester campus.
- d) Approval of amendments to the FY2010 capital budget amendment by:
 - 1) \$2,000,000 to provide additional funding for the Griggs Hall addition on the Duluth campus.
 - 2) \$2,274,715 to fund design services for the Folwell Hall Interior Renovation Project on the Twin Cities campus.
 - 3) \$1,760,000 to fund design services for the University Recreation Center Expansion Project located on the Twin Cities campus.
 - 4) \$2,761,000 to fund the Lions Research Laboratory 1st & 4th floor renovation Project, Twin Cities campus.
 - 5) \$4,400,000 to fund design services for the Biomedical Facilities Program, Cancer/Cardiovascular Projects on the Twin Cities campus.
- e) Approval of schematic plans for the following projects as presented to the committee and described in the March 11, 2010 committee minutes.
 - 1) American Indian Learning Resources Center, Duluth campus.
 - 2) Griggs Hall Addition, Duluth campus.

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

Hunter reported that the committee also reviewed proposed amendments to Board of Regents Policy: *Historic Preservation* and discussed a number of information items in the docket materials.

REPORT OF THE FACULTY, STAFF & STUDENT AFFAIRS COMMITTEE

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

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

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

Johnson reported that the committee also received reports on responding to the needs of student veterans and student outreach, recruitment, and success on the coordinate campuses; and discussed a number of information items contained in the docket materials.

REPORT OF THE FINANCE & OPERATIONS COMMITTEE

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

- a) Approval of the Consent Report for the Finance & Operations Committee as presented to the committee and described in the March 11, 2010 committee minutes.
- b) Approval of two financing agreements relating to a mixed-use/student housing project for the University of Minnesota Rochester.

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

Frobenius reported that the committee also received the Annual Investment Consultants Report of Cambridge Associates; reviewed proposed amendments to Board of Regents Policies: *Endowment Fund*; *Investment of Reserves*; and *Investment Transactions*; received updates on the State of Minnesota economy and on the Enterprise Financial System; and discussed a number of information items contained in the docket materials.

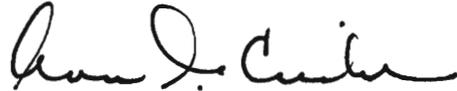
REPORT OF THE AUDIT COMMITTEE

Regent Hunter, Chair of the committee, reported that the committee received an external auditor review and a report from the compliance officer; was provided an update on the request for proposal for external audit services; and discussed the information items contained in the docket materials.

REPORT OF THE LITIGATION REVIEW COMMITTEE

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

The meeting adjourned at 11:24 a.m.



ANN D. CIESLAK
Executive Director and
Corporate Secretary

UNIVERSITY OF MINNESOTA

BOARD OF REGENTS

April 16, 2010

An emergency meeting of the Board of Regents of the University of Minnesota was held on Friday, April 16, 2010 at 2:03 p.m. in the Boardroom, 600 McNamara Alumni Center.

Regents present: Clyde Allen, presiding; Linda Cohen, Steven Hunter, David Larson, Maureen Ramirez, and Patricia Simmons. John Frobenius, Venora Hung, and Dean Johnson participated via phone.

Staff present: President Robert Bruininks; Vice President Kathryn Brown; Counsel Mark Rotenberg; Vice Presidents Tim Mulcahy, Kathleen O'Brien, and Richard Pfutzenreuter; and Executive Director Ann Cieslak.

Chair Allen convened the meeting and noted that Regent Richard Beeson was not in attendance. Because of his prior involvement with the Central Corridor Light Rail Transit (CCLRT) Project, Regent Beeson has recused himself from all discussions regarding it.

RESOLUTION TO HOLD AN EMERGENCY MEETING

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

WHEREAS, it is the judgment of the Board of Regents that circumstances require immediate consideration by the Board of Regents;

BE IT RESOLVED, that this emergency meeting of the Board of Regents is held on Friday, April 16, 2010 at 2:00 p.m. in the Boardroom, 600 McNamara Alumni Center, to consider agreements with the Metropolitan Council, the granting of easements to the Metropolitan Council, and to consider a resolution to hold a nonpublic meeting to discuss attorney-client privileged matters, related to the Central Corridor Light Rail Transit Project.

RESOLUTION TO HOLD A NON-PUBLIC MEETING

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

WHEREAS, based on advice of the General Counsel, the Board of Regents 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 a particular matter 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 be held on Friday, April 16, 2010 at 2:00 p.m. in the Boardroom, 600 McNamara Alumni Center, for the purpose of discussing attorney-client privileged matters, specifically,

I. *Regents of the University of Minnesota v. Metropolitan Council*

The public meeting was recessed at 2:06 p.m.

The closed meeting was not tape recorded and no actions were taken. The closed meeting was adjourned at 3:24 p.m.

The public meeting was reconvened at 3:29 p.m. Allen stated that through the court-ordered mediation process, the University and the Metropolitan Council have agreed on a framework to address substantive issues related to the construction and operation of the CCLRT. The purpose of today's meeting is to consider a resolution delegating to the president or his delegate the authority to sign the framework agreement with the Metropolitan Council and the temporary easements needed for the CCLRT construction scheduled to begin this summer.

Allen invited comments from President Bruininks. Bruininks expressed his appreciation for all the parties involved in the mediation, noting especially the critical role of the mediator, retired federal judge magistrate Jonathan Lebedoff. Bruininks observed that the framework agreement is a plan to protect the University's research environment, to protect the University's research activities along Washington Avenue, and to enable the CCLRT Project to proceed.

Bruininks recalled that an initial Memorandum of Understanding (MOU) has been in place for some time. Today's resolution is an important step toward full completion of a second MOU that the Board has long anticipated. The proposed resolution, while protecting the University's research, will allow traffic improvements to begin along the proposed route and establishes the framework necessary to protect the University's research environment during both the construction and operation of light rail transit along Washington Avenue.

Bruininks asserted that the proposed agreement will benefit the University and the entire metropolitan community because it will not only enhance accessibility to the campus for students, faculty, staff, and visitors, but it also adequately protects the University's research interests along the corridor. He acknowledged that recent negotiations have been very challenging, but that the agreement endorsed by the resolution represents very significant progress toward the refinement and completion of MOU 2 and the agreement needed to protect the long-term interests of the University.

Bruininks introduced General Counsel Rotenberg and Vice President O'Brien, who led the discussion. Rotenberg advised that not all issues between the University and the Metropolitan Council have been resolved. The University's objective continues to be the completion of a durable, enforceable MOU 2 agreement with mitigation plans for the construction and long-term operation of the CCLRT that provides a predictable research environment within which researchers can conduct their work and the

University can fulfill its research mission. Further discussion and negotiation will be necessary in order to reach agreement on the more comprehensive MOU 2, but the agreement described in the resolution for consideration today is a free-standing, binding obligation on the Metropolitan Council to protect the University's research corridor.

O'Brien reviewed the history of the Board's involvement in decisions regarding the CCLRT, including the very clear direction to staff, the University community, and the larger community, that the Board's support was predicated on protection of the University's research mission and the safety and functionality of light rail on the campus.

Over the last two years, a number of significant issues regarding the CCLRT Project have been resolved and, as a result of the most recent court-ordered mediation, the Metropolitan Council has agreed to the following:

- 1) to apply ATI Construction Management Program standards to construction of the CCLRT through the University's research corridor;
- 2) to build vibration and electromagnetic interference (EMI) mitigations to maintain both the CCLRT line and research on campus;
- 3) to define 300 feet on either side of Washington Avenue as a Research Impact Mitigation Zone;
- 4) to recognize the vibration and EMI standards as performance standards; and
- 5) to bring the CCLRT into compliance with the performance standards if vibrations or EMI exceeds levels agreed upon for the protection of research plus an allowance within which performance can be managed.

The Met Council also has acknowledged that the University will not grant any future easements or other property interests until there is a subsequent, equally binding agreement (i.e., an MOU 2) covering additional issues and understandings.

Performance standards have been developed for the following three risk management scenarios:

- 1) In the event that the agreed-upon performance standards are not exceeded but there is damage to equipment/research, the Metropolitan Council has agreed to fund its restoration. They also will work with the University to seek up to \$25 million from the State of Minnesota to provide for capital replacement that might allow the relocation of labs or additional equipment for the protection of labs.
- 2) In the event that the agreed-upon performance standards are exceeded and there is damage to the University's equipment/research/reputation, the Metropolitan Council has agreed to repair the damaged equipment/research/reputation, but if upgrades are required to the light rail system itself, the University would split the cost of any improvements over \$200,000.
- 3) In the event that the agreed-upon performance standards are exceeded but there is no damage to the University's research environment (either equipment, research, or reputation), the Metropolitan Council and the University will share 50/50 in any expenditures required to remedy the exceedance.

O'Brien added that the University and the Metropolitan Council also had come to agreement regarding a management plan and associated performance standards during the construction period.

Allen reiterated that the decision before the Board is whether to approve a resolution to allow the president or delegate to sign (1) a temporary construction easement on University land for Advance Traffic Improvements related to the CCLRT Project contingent on (2) an agreement that incorporates agreements reached to date regarding the mitigation of adverse effects of the CCLRT Project on the University and its research facilities/activities. He reminded the Board that approval of this resolution represents an interim step that will allow construction to begin this summer while negotiations continue regarding the final agreement, the MOU 2.

In response to a question from Regent Frobenius, Mulcahy stated that the performance standards that would be established by the resolution do not signal an end to the conduct of research activities along Washington Avenue. Rather, they will increase awareness regarding the vibrational and orthomagnetic characteristics of the environment along that corridor so that informed decisions can be made about what types of equipment/research can be appropriately placed there.

Hunter expressed his optimism that in light of the long period of negotiations that neither the University nor the Metropolitan Council will allow the remaining unresolved technical issues to nullify progress made to date on agreements reached thus far. He moved approval of the resolution, which was seconded by Regent Cohen.

A motion by Regent Simmons, seconded by Regent Frobenius, proposed the addition of language in paragraphs 8 and 9 to ensure that the Board fulfills its fiduciary responsibility given the public's substantial investment in the University's research mission. The proposed new language would require the president or delegate to consult with the Board prior to (1) the execution of an agreement that incorporates agreements reached to date to mitigate the adverse effects of the CCLRT Project and (2) the execution of the temporary construction easement.

In response to a question from Allen, Simmons explained that the amendment is intended to ensure that the Board remains engaged in the ongoing negotiations through consultation with Board leadership regarding the incorporating agreement and the execution of the temporary easement.

The amendment was accepted as friendly to the resolution.

A roll call vote was taken and the following resolution, as amended, was unanimously approved:

REGENTS OF THE UNIVERSITY OF MINNESOTA

WHEREAS, the University wishes to demonstrate its commitment to enhanced public transit and an effective Central Corridor Light Rail Transit ("CCLRT") Project; and

WHEREAS, the University recognizes the value of the CCLRT line to the metropolitan area and the University community;

WHEREAS, the University has a paramount fiduciary obligation to protect its research mission and the environment of the Twin Cities Campus;

WHEREAS, the Metropolitan Council has stated that it would be advantageous to the Project and the Public to begin construction of the Advanced Traffic Improvements on University land now even though the parties have not reached agreement on all of the issues relevant to the construction and operation of the CCLRT project through the University campus and has asked the University for a temporary easement to allow construction of the Advanced Traffic Improvements; and

WHEREAS, the University is willing to grant a temporary easement based upon the agreement of the Metropolitan Council to mitigate the adverse effects of the CCLRT Project construction and operations on the University and its research facilities and activities; and

WHEREAS, the University and the Metropolitan Council have been engaged for months in negotiations over an agreement on such mitigations, culminating in court-ordered mediation this week; and

WHEREAS, as a result of such negotiations and mediation the University and the Metropolitan Council have reached agreement on a framework that will protect the University's research facilities and activities.

NOW THEREFORE BE IT RESOLVED, that the Board of Regents authorizes the President or delegate, in consultation with the Board of Regents, to execute an agreement between the University and the Metropolitan Council that incorporates the agreements reached to date between the University and the Metropolitan Council to mitigate the adverse effects of CCLRT Project construction and operations on the University and its research facilities and activities; and

BE IT FURTHER RESOLVED, that upon execution of the foregoing agreement the Board of Regents authorizes the President or delegate, in consultation with the Board of Regents, to execute a temporary construction easement on University land for Advance Traffic Improvements related to the CCLRT Project.

The meeting was adjourned at 4:12 p.m.



ANN D. CIESLAK
Executive Director and
Corporate Secretary