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R. Report of the Litigation Review Committee
1. Resolution to Conduct Non-Public Meeting of the Litigation Review Committee to Discuss Attorney-Client Privileged Matters
A meeting of the Audit Committee of the Board of Regents was held on Wednesday, May 6, 2009 at 2:45 p.m. in the East Committee Room, 600 McNamara Alumni Center.

Regents present: Linda Cohen, presiding, Clyde Allen, John Frobenius, and Dean Johnson.

Staff present: Senior Vice President and Provost Thomas Sullivan; Vice Presidents Steve Cawley and Richard Pfutzenreuter; and Associate Vice Presidents Gail Klatt, Meredith McQuaid, and Michael Volna.

Student Representative present: Dustin Norman.

Regent Cohen expressed appreciation to Student Representatives Jordan Bronston and Dustin Norman for their service to the Audit Committee.

OFFICE OF INTERNAL AUDIT QUALITY ASSURANCE REPORT

Associate Vice Director Klatt and Kevin Patton, Audit Director, Ohio State University, presented the process for and results of the external quality assurance review of the Office of Internal Audit (materials included in the docket).

Patton reported that the Standards for the Professional Practice of Internal Auditing require that internal audit offices or departments undergo formal quality assurance reviews every five years. To meet that requirement, the University performed an in-depth self-assessment reviewed by an external review team on site to validate the results of the self-assessment. The Office of Internal Audit (OIA) performed its self-assessment in October 2008, with the external quality assurance review performed in March 2009. Patton acknowledged the external auditors who participated from internal audit departments at three universities: Michigan State, University of California, and University of Wisconsin.

Patton described the scope and process undertaken to determine if the OIA is conforming to the International Standards for the Professional Practice of Internal Auditing (Standards). He described the three types of opinions the external reviewers are allowed to offer, and reported that the OIA activity generally conforms in spirit and application to the Standards, which is the highest comment allowed. He highlighted five strengths and best practices that demonstrate the quality of the internal audit work performed by the OIA. He also noted recommendations in areas where improvements are suggested.
Regent Frobenius raised a number of issues, including the timeline of the five-year quality assurance review and the decisions regarding the external audit of affiliated organizations.

REQUEST FOR PROPOSAL FOR EXTERNAL AUDIT SERVICES

Associate Vice President Volna and Associate Controller Denise Seck presented the Request for Proposal for External Audit Services. Volna reported that the FY2009 is the final year under the current contract with external auditors LarsonAllen. At the March 2009 Audit Committee meeting, the Request for Proposal (RFP) process was discussed as well as an alternative option, a contract extension with LarsonAllen.

Seck reported that management recommends a contract extension with LarsonAllen for external audit services. The framework of the contract would include a partner rotation process as recommended by the National Association of College and University Business Officers and Sarbanes-Oxley best practices; as part of this contract a new audit principal would be required. The three-year contract extension would include an option, at the University’s discretion, to extend the contract for an additional two years. Preliminary discussions with LarsonAllen have occurred and the firm has presented fees for the future years. Seck noted that should negotiations with LarsonAllen be unsuccessful, management would return to the Audit Committee with an RFP process.

A motion was made and seconded and the committee voted unanimously to recommend that staff be authorized to pursue a contract extension with LarsonAllen for external audit services.

EXTERNAL AUDIT PLAN

Associate Vice President Volna, Associate Controller Denise Seck, and Don Loberg and Craig Popenhagen, Principals, LarsonAllen, presented LarsonAllen’s external audit plan for the University’s FY2009 audits, as detailed in the docket and associated materials on file in the Board Office. Loberg reported that this presentation would focus on FY2009 audit challenges, solutions, and work plan timing.

Popenhagen reported that the conversion process to the Enterprise Financial System (EFS), which occurred July 1, 2008, will present challenges during the audit, including the need for increased understanding of how to use the new system, enhanced internal control documentation, and a new base line for internal controls critical for financial reporting. He reviewed solutions to address the challenges, noting that the audit process was started earlier this year, preliminary planning work is underway, and staffing will be fluid to adjust to situations as they arise. He also stressed that communication between LarsonAllen and University management will be critical to a successful outcome. Loberg briefly reviewed the audit timeline and work in progress.

RISK MANAGEMENT IN THE INTERNATIONAL ARENA

Associate Vice President and Dean of International Programs Meredith McQuaid provided a brief overview of the Office of International Programs (OIP). She reported
that OIP is the central coordinating office for promoting the internationalization of teaching, research, and outreach at the University of Minnesota.

McQuaid indicated that the presentation would focus on increased risk and liability due to increased activities abroad (presented in docket and associated materials on file in the Board Office). She reported on an international working group subcommittee considering many of the recommendations that had previously been made in the strategic positioning report, including, but not limited to, issues involving risk and liability. She described the committee charge, which includes defining the scope of risk and liability issues for the University's international programs, and developing the process by which issues should be addressed and managed. Based on the subcommittee’s recommendations, OIP has made a number of changes to offer additional resources to travelers to improve their chances for a successful trip. She stressed that absent a change in policies and attitudes at the University, the ability to adequately address the issues and the means by which OIP would begin to consider the issues will be less direct and less effective.

McQuaid also reported on the activities of the International Risk and Liability (IRL) Committee, which identified the University's most critical risks and liabilities and made a number of recommendations: tracking travel abroad for University faculty, students, and staff; expanding education and resources on cultural and legal norms for travelers; and standardizing international contracts and agreements and creating an inventory of such agreements. McQuaid reiterated the importance of tracking travel abroad for members of the University community. Unless the University knows who is traveling at a given time, it is difficult to accurately assess the significance of potential risks and to provide assistance to travelers who encounter problems abroad. She also described how the IRL recommendations are being addressed by various University offices.

A lengthy discussion ensued.

In response to a question from Regent Allen, McQuaid indicated that the majority of students go through an education abroad office on their respective campus and work with appropriate staff before they depart.

Senior Vice President and Provost Sullivan mentioned that an underlying cultural problem that faculty are not accustomed to having their activities tracked. He suggested that changes to administrative policies could encourage travelers to notify appropriate staff of their arrangements. McQuaid indicated that several colleges have policies in place, but often the information on travel abroad is kept locally within the unit and not shared with OIP.

In response to a question from Regent Frobenius, McQuaid indicated that activities and situations abroad in recent years have awakened the university community and made them aware of the risks of travel abroad. She acknowledged that there are costs involved with tracking all faculty and staff travel abroad, but that working with OIP prior to travel is valuable for them and for the institution.

**INTERNAL AUDIT UPDATE**

Associate Vice President Klatt presented the Internal Audit Update, as included in the docket materials. Since the last update to the Audit Committee in February 2009, 33 percent of outstanding recommendations rated as “essential” were
implemented by University departments, a percentage slightly less than the expected implementation rate of 40 percent. In addition, ten units fully implemented all their remaining "essential" recommendations.

INFORMATION ITEMS

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

- Report on engagement with auditing firms; and
- Semi-Annual Controller's Report.

The meeting adjourned at 4:02 p.m.

ANN D. CIESLA
Executive Director and
Corporate Secretary

Audit Committee
May 6, 2008
A meeting of the Litigation Review Committee of the Board of Regents was held on Wednesday, May 6, 2009 at 3:02 p.m. in the William R. Peterson Conference Room, 600 McNamara Alumni Center.

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

Staff present: General Counsel Mark Rotenberg and Executive Director Ann Cieslak.

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

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

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

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

NOW, THEREFORE, BE IT RESOLVED, that in accordance with Minn. Stat. § 13D.01, Subd. 3 and 13D.05 Subd. 3(b), a non-public meeting of the Board of Regents Litigation Review Committee be held on Wednesday, May 6, 2009 at approximately 3:00 p.m. in the William R. Peterson Conference Room, 600 McNamara Alumni Center, for the purpose of discussing attorney-client privileged matters including the following:

I. Regents of the University of Minnesota v. AGA Medical Corporation

II. Jack Ovick and Bonnie Ovick v. Richard Burg, M.D. and the Regents of the University of Minnesota

III. James R. Williams v. The Board of Regents of the University of Minnesota, et al.

IV. Claims involving research conducted by Messrs. Pins/Keenan
V. Hedwige Rosen Estate Claim

VI. Crookston UEA Labor Arbitrations

The committee voted unanimously to approve the resolution. The public portion of the meeting adjourned at 3:04 p.m.

The non-public portion of the meeting adjourned at 4:05 p.m.

[Signature]

ANN D. CIESLAK
Executive Director and
Corporate Secretary
A meeting of the Educational Planning and Policy Committee of the Board of Regents was held on Thursday, May 7, 2009 at 9:45 a.m. in the West Committee Room, 600 McNamara Alumni Center.

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

Staff present: Chancellor Stephen Lehmkuhle; Senior Vice President & Provost Thomas Sullivan; and General Counsel Mark Rotenberg.

Student Representatives present:  Jennifer McCabe and Dustin Norman.

BOARD OF REGENTS POLICY: 
ACADEMIC FREEDOM & RESPONSIBILITY

Senior Vice President & Provost Sullivan recalled the proud tradition of academic freedom at the University, adding that he considers the proposed changes to Board of Regents Policy: Academic Freedom & Responsibility to be path breaking. The proposed amendments are a response to a U.S. Supreme Court decision (Garcetti et al. v. Ceballos, 2006) in which an employee who wrote a memorandum about his employer was denied First Amendment protection. The U.S. Supreme Court did not decide how the ruling applies to colleges and universities, but there is some concern that it could threaten higher education’s consultative governance system if the participation of faculty and staff in internal discussions and debates about institutional policy and decisions could subject an employee to discipline.

Sullivan stated that the proposed new language is intended to clarify the definitions of academic freedom and responsibility for faculty and staff and to address faculty concerns arising from Garcetti et al. The proposed changes also reincorporate and reinforce the link between academic freedom and academic responsibility, including adherence to all federal and state laws and to University policies, procedures, and contractual obligations, including employee, patient, and student privacy and confidentiality rights; intellectual property and trade secrets; and conditions accompanying grants and other research agreements.

In response to a number of questions from Regent Baraga, Sullivan explained that approval of the proposed amendments would not change the way the University operates in this arena, but it would reduce ambiguity in light of recent court cases that
may have changed the national legal landscape. He stressed that there were exclusions for senior administrators, and that the Senate Committee on Academic Freedom and Tenure understands that the Board and the president have a right to expect that senior officers and others in key administrative positions will not undermine the University’s mission, the stated position of the Board of Regents, or the president in any statements to the legislature, to the media, or in other public forums. Violations of the policy would be adjudicated on an individual basis.

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

**UPDATE: PROFESSIONAL EDUCATION**

Senior Vice President & Provost Sullivan introduced Dean Connie Delaney, School of Nursing, and John Ziegenhagen, Director, Strategic Initiatives, who led the discussion of professional education. Ziegenhagen noted that professional education comprises a broad range of programs, such as traditional “first-professional” degree programs in dentistry, medicine, and law, as well as programs geared to other professions in architecture, business, engineering, and nursing, for example. Professional education not only is an important and leading component of the University’s mission, but it also plays an important role in preparing future Minnesota leaders in critical workforce fields.

Ziegenhagen emphasized that professional education is characterized by (1) a focus on training students for highly specific and highly skilled occupations; (2) sensitivity to industry standards, practices, workforce requirements, and community needs; (3) highly regulated academic programs to prepare students for highly regulated professions; and (4) increasing demands from employers for graduates with higher level degrees.

Delaney described professional education in the School of Nursing (School) as a case study of the ways in which the University prepares students for leadership in a critical workforce field. She highlighted the School’s long history, its current ranking among the top five percent of schools of nursing nationally, and its role in educating more than half of all the researchers, educators, and advanced practice nurses in Minnesota.

The School has positioned itself for success through alignment with University and Academic Health Center initiatives: interprofessional collaborations with other University units; synergies with coordinate campuses, regional extension offices, and research and outreach centers; and partnerships with community and corporate partners.

Delaney identified the following as challenges and opportunities for the School: nationwide shortages of registered nurses, professional nursing programs, and nursing faculty; ongoing transformations of the health care system; and the need for continuing improvements/expansion of E-learning.

In response to a question from Regent Simmons, Delaney advised that two of the School’s programs are directly related to preparing Minnesota’s nursing faculty workforce, but the constraints on hiring additional faculty make it impossible to satisfy the demand for nurses statewide.
In response to a number of questions from the committee, Delaney observed that Minnesota, contrary to national trends, graduates a large number of associate degree nurses, so the most appropriate role for the University is to facilitate the advancement of associate degree nurses to the Bachelor of Science in Nursing and higher degrees. A collaborative relationship with Metropolitan State University already exists, and the School is open to and supportive of collaborations with all of Minnesota's nursing education institutions.

Within the University, Delaney asserted that there is a great deal of capacity to address the nursing shortage. In particular, the School is working to expand partnerships with coordinate campuses and to reinvigorate an existing collaboration that prepares Native American advance practice nurses for service in tribal communities.

CONSENT REPORT

A motion was made and seconded, and the committee voted unanimously to recommend approval of the Consent Report, as found in the docket materials:

- New Academic Program
  - College of Education and Human Development (Twin Cities Campus)—Create postbaccalaureate certificate in Innovations in Undergraduate Multicultural Teaching and Learning

INFORMATION ITEMS

There were no information items this month.

The meeting adjourned at 10:55 a.m.

ANN D. CIESLAK
Executive Director and Corporate Secretary
A meeting of the Faculty, Staff & Student Affairs Committee of the Board of Regents was held on Thursday, May 7, 2009 at 9:45 a.m. in the East Committee Room, 600 McNamara Alumni Center.

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

Staff present: Chancellors Charles Casey and Jacqueline Johnson; Senior Vice President & Provost Thomas Sullivan; Vice President Carol Carrier; and General Counsel Mark Rotenberg.

Student Representatives present: Jordan Bronston and Adam Yust.

BOARD OF REGENTS POLICY: EMPLOYEE DEVELOPMENT, EDUCATION, AND TRAINING

Vice President Carrier presented for action an amendment to Board of Regents Policy: Employee Development, Education, and Training, as included in the docket materials. The amendment allows for a required employee contribution towards University credit-bearing courses taken under the Regents Scholarship Program beginning in Fall 2009.

Regent Frobenius acknowledged the receipt of more than 1,000 emails and petitions from University employees regarding the proposed amendment and noted the materials are available for review by the committee.

Carrier reported that the Regents policy amendment does not describe specific details of the employee contribution. Rather, those details will be included in an administrative policy that will include a 10 percent contribution for employees pursuing their first undergraduate degree and a 25 percent contribution for all others. Carrier added that the plan is in line with tuition benefits at the University's peer institutions.

In response to questions from the committee, Carrier explained that the Regents Scholarship Program does not require an agreement that employees continue working for the University following completion of a degree. Tax credits may be available to employees that could reduce or eliminate the out-of-pocket expenses incurred by an employee’s tuition contribution.

A motion was made and seconded, and the committee voted unanimously to recommend adoption of the amendment to Board of Regents Policy: Employee Development, Education, and Training as presented in the docket materials.
ANNUAL PROMOTION AND/OR TENURE RECOMMENDATIONS

Senior Vice President and Provost Sullivan and Vice Provost Arlene Carney presented the list of faculty members recommended for promotion and/or tenure, as detailed in the revised docket and associated materials distributed at the meeting and on file in the Board Office.

Sullivan reviewed the process for granting promotion and tenure and highlighted the following candidate statistics:

- 145 faculty members are recommended for promotion and/or tenure system-wide;
- 89 men and 56 women are recommended; and
- 19.4 percent of faculty members recommended are faculty of color.

Sullivan discussed the success rate of the current assistant professor cohort and provided additional context that demonstrates the rigor of the review process. He identified influences that can impact a candidate’s success in attaining promotion and/or tenure at the University.

In response to questions from the committee, Sullivan clarified that due to union contracts, there are minor differences in the procedures for recommending tenure and/or promotion at two of the coordinate campuses. Sullivan explained that the departmental requirements may vary regarding the emphasis on research, teaching, or service.

A motion was made and seconded, and the committee voted unanimously to recommend approval of the annual promotion and/or tenure recommendations, as presented in the revised docket materials.

CONTINUOUS APPOINTMENTS: ANNUAL RECOMMENDATIONS

Senior Vice President and Provost Sullivan recommended three academic professional staff members for continuous appointment status, as detailed in the docket materials. He described the process used for recommending a continuous appointment for academic professional staff members.

A motion was made and seconded, and the committee voted unanimously to recommend approval of the continuous appointment recommendations, as presented in the docket.

COLLECTIVE BARGAINING AGREEMENT WITH UNIVERSITY EDUCATION ASSOCIATION, DULUTH & CROOKSTON FACULTY

Vice President Carrier and Patti Dion, Director of Employee Relations, presented the Collective Bargaining Agreement between the University of Minnesota and University Education Association (UEA) faculty on the Duluth and Crookston campuses, as detailed in the docket materials.

Dion observed that the contract ratification process was completed in March 2009 and provides terms and conditions of employment for Duluth and Crookston faculty for the period July 1, 2009 to June 30, 2012. There is one umbrella agreement for both campuses with additional specific sections outlined for each campus. The agreement proposes to mirror the pool of dollars that Twin Cities (TC) faculty will receive for 2009-10 salary increases. Due to the salary freeze at the TC campus for
2009-10, faculty at the Crookston and Duluth campuses will not receive any general or merit pay during the first year of the contract.

A motion was made and seconded, and the committee voted unanimously to recommend approval of the Collective Bargaining Agreement between the University of Minnesota and UAE faculty on the Duluth and Crookston campuses, as presented in the docket.

**FACULTY COMPENSATION: COMPARISONS & ANALYSIS**

Senior Vice President & Provost Sullivan presented a comparison and analysis of faculty compensation, as included in the docket and associated materials distributed at the meeting and on file in the Board Office. The report included faculty compensation data from the fall 2008 American Association of University Professors national survey.

Sullivan explained that the survey includes non-medical full-time tenured or tenure-track faculty with primarily instructional nine-month appointments. He explained that compensation across universities varies due to several factors, including: market conditions; the mix of disciplines; cost of living and local tax burdens; state and university initiatives; and fringe benefit packages. Sullivan observed that the University has focused attention on a total compensation strategy, including a special compensation pool, which has been successful in moving the faculty ahead of our comparison group in total compensation. Overall survey results indicate that:

- Twin Cities' faculty salary rankings have remained stable within its comparison group;
- Total compensation and salary appear stable at Morris;
- Crookston faculty total compensation ranks among the highest in its comparison group, despite slightly lower salary rankings; and
- Salaries and compensation on the Duluth campus appear to be among the lowest relative to its comparison group.

Sullivan identified the University's reputation, compensation and salary packages, family considerations, geographical preference, and the quality and diversity of current faculty and students as critical to the recruitment and retention of good faculty.

In response to questions from the committee, Sullivan attributed the loss of faculty to a variety of factors including salary and other issues out of the University's control. He added that it is critically important to the University's reputation to retain outstanding faculty. In response to a comment from Regent Frobenius, Sullivan concurred that the University's compensation continues to rank in the middle of the Big Ten institutions. Carrier added that it can be a challenge to find direct disciplinary comparisons at peer institutions.

**CONSENT REPORT**

There was no Consent Report this month.
INFORMATION ITEMS

Vice President Carrier reported that an operations plan and guidelines for a response to an H1N1 flu virus outbreak is ready for implementation. She also 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 11:05 a.m.

ANN D. CIESLAK
Executive Director and
Corporate Secretary
A meeting of the Finance and Operations Committee of the Board of Regents was held on Thursday, May 7, 2009 at 3:00 p.m. in the East Committee Room, 600 McNamara Alumni Center.

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

Staff present: Chancellor Jacqueline Johnson; Senior Vice President and Provost Thomas Sullivan; Vice President Richard Pfutzenreuter; and Associate Vice Presidents Stuart Mason and Michael Volna.

Student Representatives present: Imee Cambronero and Jennifer McCabe.

ISSUES RELATED TO: ANNUAL CAPITAL IMPROVEMENT BUDGET

Vice President Pfutzenreuter presented the FY2010 Annual Capital Improvement Budget, as detailed in the docket and associated materials distributed at the meeting and on file in the Board Office. The FY2010 Annual Capital Improvement Budget includes projects totaling $149.6 million and reflects planning priorities developed in the 6-Year Capital Improvement Plan. Also included is the Capital Improvement Plan for years two through six that will serve as the foundation for future financial and capital planning.

Pfutzenreuter highlighted a number of FY2010 system-wide projects, including: the Bell Museum; University of Minnesota Duluth (UMD) Griggs Residence Hall; UMD Glensheen; and the Weisman addition. He noted that if the University’s full request is approved by the Legislature, the University’s share of $88.3 million in debt would likely decrease because of the significant fundraising that has already taken place for the Bell Museum.

In response to questions from the committee, Pfutzenreuter described the TCF Bank Stadium debt retirement plan that includes funding from the State, the TCF naming agreement, game day revenues, parking revenue, student contributions, and individual pledges over the next ten years.

Regent Allen commented that the Debt Management Advisory Committee will discuss at their June 2009 meeting the University’s debt capacity relative to projects that have already been authorized and the FY2010 capital request.
ISSUES RELATED TO: UNIVERSITY ENDOWMENT ASSET ALLOCATION

Vice President Pfutzenreuter invited Associate Vice President Mason to present an update on the University Endowment Asset Allocation, as included in the docket materials. Mason reviewed the following:

- Economic and equity market factors, including Standard & Poor’s and volatility indices, consumer confidence, home prices and mortgage foreclosures, and other leading economic indicators;
- Asset allocation considerations encompassing portfolio liquidity, overall market risks, volatility of returns, capital preservation, and recent portfolio activity;
- Consolidated Endowment Fund (CEF) asset allocation and performance; and
- Historical CEF balance and distribution levels.

Mason identified two overall objectives for the CEF: 1) to preserve the inflation-adjusted value of the endowment; and 2) to maximize the total return within acceptable risk parameters. To meet these objectives, the University must maintain portfolio liquidity, slow the increase in exposure to public equities, suspend new commitments to limited partnerships, and maintain high levels of fixed income.

In response to questions from the committee, Mason indicated that the strategy of the Office of Asset Management is to establish more liquidity within the portfolio to ensure sufficient, accessible cash over the next two years. In response to a question from Regent Allen, Mason explained that the allocation to private capital has been deliberately increased over the last several years and that it remains flat while some segments of the portfolio have changed significantly.

CONSENT REPORT

Vice President Pfutzenreuter presented the revised Consent Report, as detailed in the docket and associated materials distributed at the meeting. Consent items include the following:

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

- Apache Group for an estimated $371,900 for Can Liners (Trash Bags), to be stocked at the University Stores for use in University departments for the period from May 1, 2009 through April 30, 2010.

- BD Biosciences for $706,144 for a BD FACS Aria II fluorescence activated cell sorter to be housed at The Hormel Institute, University of Minnesota, Austin, MN.

- Contemporary Services Corporation for $3,500,000 for security and crowd management services for TCF Bank Stadium for the period of July 31, 2009 through July 31, 2014 for the Department of Intercollegiate Athletics.

- GE Healthcare IITS US Corp. for the estimated amount of $2,214,783 for a Centricity Business License Renewal. This contract provides for continued use of GE Practice Management Software from July 31, 2002 through July 31, 2017 for Boynton Health Service.
• Guardian Life Insurance Company of America for the estimated amount of $729,940 for Long Term Disability Coverage for graduate, professional and nursing students in the Academic Health Center. This contract provides for long-term disability coverage during two plan years from September 1, 2009 through August 31, 2011, with three one-year renewal options.

• Health Partners Administrators, Inc. for an estimated $2,238,200 to administer self-funded medical insurance coverage and to provide stop loss insurance for Twin Cities and UMD Graduate Assistants for the period of August 24, 2009 through August 31, 2011.

• IKON Office Solutions, Inc. for $330,000 for a 3-year contract for copier/multifunction device maintenance offered to all University departments, on all campuses, through Office Equipment Services (covering the period of April 1, 2009 through March 31, 2012).

• Laser Technologies for an estimated $890,818 for Hewlett Packard laser toner and ink-jet printer cartridges to be stocked at the University Stores for use in University departments. The contract period is from June 1, 2009 through May 31, 2010.

• Lenovo for an estimated $351,780 to purchase 260 IBM/Lenovo ThinkPad T400 laptops for the incoming Law School class of 2012.

• Loffler Companies, Inc. for $975,000 for a 3-year contract for copier/multifunction device maintenance offered to all University departments on all campuses through Office Equipment Services, covering the period of April 1, 2009 through March 31, 2012.

• Mavo Systems, Inc. for $529,151.95 for the clean-up of flooded areas of the Electrical Engineering and Computer Sciences Building for the period of January 30, 2009 through February 20, 2009 for Facilities Management.

• Metro Sales, Inc. for $390,000 for a 3-year contract for copier/multifunction device maintenance offered to all University departments, on all campuses, through Office Equipment Services, covering the period of April 1, 2009 through March 31, 2012.

• Protide Pharmaceuticals, Inc. for $577,122.14 for the purchase of custom-made enzymes as needed for the period May 1, 2009 through April 30, 2010 for the Schulze Diabetes Institute, Department of Surgery.

• Toshiba Business Solutions for $300,000 for a 3-year contract for copier/multifunction device maintenance offered to all University departments on all campuses through Office Equipment Services, covering the period of May 1, 2009 through March 31, 2012.

• Xerox Corporation for $3,600,000 for a 3-year contract for copier/multifunction device maintenance offered to all University departments on all campuses through Office Equipment Services, covering the period of April 1, 2009 through March 31, 2012.
The committee voted unanimously to recommend approval of the revised Consent Report.

INFORMATION ITEMS

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

- Quarterly Purchasing Report; and
- Issuance of University Debt.

The meeting adjourned at 4:10 p.m.

ANN D. CIESLAK
Executive Director and
Corporate Secretary
REAL ESTATE TRANSACTION

A. Agreements for Use of University Facilities and Services with National Sports Foundation for USA Cup Soccer, July 15-16, 2009

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:

Agreements for the use of University facilities and services with the National Sports Foundation for USA Cup Soccer, July 15-16, 2009.

Details of transaction: The National Sports Foundation will pay an estimated $277,760 for lodging and registration facilities, $261,395 for food service, and $3,240 for parking and technology services, for a total of $542,395.

Use of funds received by the University: Housing and Residential Life will receive the lodging payment; University Dining Services will receive the food service payment; and Parking and Transportation Services will receive the parking payments.

Vice President O’Brien noted that the transaction had been reviewed at a previous meeting.
The committee voted unanimously to recommend approval of the agreements for the use of University Facilities and Services with the National Sports Foundation for USA Cup Soccer, July 15-16, 2009.

REAL ESTATE TRANSACTION

A. Fifty-One Month Lease for Space at 102 S. Broadway, Rochester

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:

Fifty-one month lease for space at 102 S. Broadway, Rochester.
Details of transaction: The lease term will commence on June 1, 2009 with an August 31, 2013 expiration date. There will also be three consecutive three-year renewal options to continue the lease thereafter. Base rent will be $3.00/square foot for the first seven months and $6.00/square foot for the remainder of the term. In addition, the University will pay common area maintenance costs, operating costs, and property taxes estimated at $73,122 per year and custodial services and electrical costs estimated at $26,160 per year.
Source of funds: University of Minnesota Rochester operations and maintenance funding.

Vice President O’Brien noted that although the transaction had been included in the information items at a previous meeting, this is the first time that the committee had been presented with the lease terms. She added that the transaction was brought for review and action in one month in order for the space to be ready for faculty and staff in Fall 2009.

The committee voted unanimously to recommend approval of the fifty-one month lease for space at 102 S. Broadway, Rochester.

CAPITAL BUDGET AMENDMENT

A. Leasehold Improvement Project at 111 S. Broadway, Rochester

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

On the recommendation of the President and the Vice President for University Services, the FY2009 Capital Budget is amended to increase the budget for the following project:
Leasehold improvement project at 111 S. Broadway, Rochester.
Scope of Project: The project includes the conversion of classroom space into an organic chemistry lab; conversion of an unfurnished classroom into a multipurpose science lab; conversion of six unfinished classrooms into learning studios; and development of several student support spaces.
Cost Estimate: $1,600,000.
Capital Funding: Rochester City Local Sales Tax Option Funds - $1,500,000; UMR Operating and Maintenance Funds - $100,000.
Estimated completion date: August 2009.

Chancellor Lehmkuhle explained that the project will tailor the existing spaces on the Rochester campus to meet the needs of the new Health Sciences degree program and its projected short term enrollment growth. Vice President O’Brien observed that this item had been included in the information report at a previous meeting and that it was brought for review and action in one month in order for the converted spaces to be ready for the beginning of the academic year in September 2009.

The committee voted unanimously to recommend approval of the capital budget amendment for the leasehold improvement project at 111 S. Broadway, Rochester.

SCHEMATIC PLANS

A. Weisman Art Museum Expansion

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

The schematic plans for the Center for the Weisman Art Museum Expansion, Twin Cities campus, are approved and the appropriate administrative officers are authorized to proceed with the award of contracts, the development of construction documents, and construction.

Vice President O’Brien introduced Vice President Rosenstone, Associate Vice President Perkins, and Lyndel King, Director of the Weisman Art Museum, to provide background information on the project, as detailed in the docket materials and handouts distributed at the meeting. Rosenstone emphasized the continuity of design that will be expressed in the expansion because of the involvement of the building’s original architect, Frank Gehry. King reported that the planners for the original building, constructed in 1993, envisioned additional space being needed at a future time. She observed that although the Weisman is among the top tier of university art museums in the country, it has an extremely small amount of gallery space compared to peer museums.

Perkins explained that the project entails the construction of four gallery spaces on the southeast corner of the building comprising 5,950 square feet and additional studio space on the north side comprising 2,200 square feet, along with electrical and mechanical infrastructure upgrades. He observed that the additional galleries will provide 50 percent more exhibit space than available in the current building.

In response to a question from Regent Baraga, Perkins reported that any future construction of a light rail transit line on Washington Avenue will not affect the
building's expansion. Regent Simmons expressed support for the project and observed that this project will result in enhanced gallery space, educational facilities, and a building that is a work of art.

The committee voted unanimously to recommend approval of schematic plans for the Weisman Art Museum Expansion, Twin Cities campus.

ISSUES RELATED TO: ANNUAL CAPITAL IMPROVEMENT BUDGET

Vice President O'Brien presented issues related to the Annual Capital Improvement Budget (Budget), as detailed in the docket materials and handouts distributed at the meeting. O'Brien reminded the committee that the Budget functions as the first year of the Six-Year Capital Improvement Plan, which will be presented to the Regents in Fall 2009. She highlighted projects in the Budget for each campus and reported that the total FY2009 Budget is slated to be $149.6 million. O'Brien observed that the Budget could change depending on the outcome of the 2009 State Legislative session.

In response to a question from Regent Beeson, O'Brien explained that expansion of the Recreation Center on the Twin Cities campus, which is scheduled to receive predesign funding in the Budget, has been in planning for approximately 3 years with significant student involvement.

CONSENT REPORT

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

- Purchase of 516 Ontario Street SE, Minneapolis.

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

INFORMATION ITEMS

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

- The University's negotiations to purchase approximately 1.41 acres of land at Oak Street SE and 7th Street SE, Minneapolis, from Union Pacific Railroad.

The meeting adjourned at 4:15 p.m.

ANN D. CIESLAK
Executive Director and
Corporate Secretary

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Facilities Committee
May 7, 2009
A work session of the Board of Regents was held on Thursday, May 7, 2009 at 1:45 p.m. in the Boardroom, 600 McNamara Alumni Center.

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

Staff present: President Robert Bruininks.

Regent Simmons stated that the work session would focus on the University’s technology and research infrastructure and stressed the importance of the Board of Regents receiving updates on strategic planning issues. President Bruininks emphasized that investments in infrastructure are critically important to achieving the University’s strategic positioning goals. He explained that since 1978, academic support expenditures related to information technology have increased by 156 percent and research expenditures by 149 percent, adjusted for inflation. Bruininks highlighted the challenges of funding these areas by noting that during this same period, the overall state budget has increased 119 percent, adjusted for inflation, but that state support for the University has only increased by 16 percent.

Vice President and Chief Information Officer Steve Cawley provided information on the University’s six-year information technology plan. He stated that for the first time, the Office of Information Technology (OIT) is approaching technology issues in a deliberate way to ensure alignment with institutional mission, operate in a financially-sustainable manner, and make transformative improvements to service. Cawley noted that OIT’s past approach has been to act independently of University strategies with scant attention paid to long-term funding and operability. He emphasized that the six-year plan stresses the importance of financial responsibility and integration with the University as a whole.

Vice President for Research Timothy Mulcahy detailed the University’s research infrastructure plan. He explained that research infrastructure includes the major research services, capacities, equipment, and technical support staff that meet the needs of research and scholarly efforts. Mulcahy observed that a recently completed research inventory analysis found that 50 percent of University respondents reported that current resources meet their needs. He also noted that because multiple locations across the University serve similar research functions, the University is working to implement infrastructure clusters to allow for the efficient coordination of several different research programs.

Mulcahy reported that an advisory group assisting in the infrastructure plan has developed the following recommendations:
• Initial research clusters should be refined and reviewed for comprehensiveness;
• Cluster representatives should convene on a regular basis to develop more detailed analyses of performance;
• The overall clustering strategy should be reviewed every two years to ensure alignment with strategic and budget priorities; and
• Collected data should be shared with the colleges and made available on the internet.

In response to a question from Regent Allen, Mulcahy explained that although the University has a broad research enterprise, adequately funding the centers of excellence is critical to improving the University’s research status. In response to a question from Regent Larson, Mulcahy stated that recent improvements made by the University’s research enterprise may be negated with significantly decreased state support.

In response to a question from Regent Beeson, Mulcahy reported that the University is working to integrate the long-term strategic plans of several departments and that his office coordinates planning efforts with OIT, Facilities Management, and Capital Planning & Project Management.

Simmons expressed appreciation for the presentation and observed the importance of examining strategic planning efforts in these areas during a challenging economic period.

The work session adjourned at 2:55 p.m.

ANN D. CIESLAK
Executive Director and
Corporate Secretary
A meeting of the Board of Regents of the University of Minnesota was held on Friday, May 8, 2009, at 9:15 a.m. in the Boardroom, 600 McNamara Alumni Center.

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

Staff present: President Robert Bruininks; Chancellors Charles Casey, Jacqueline Johnson, and Stephen Lehmkuhle; Senior Vice President and Provost Thomas Sullivan; Senior Vice President Robert Jones; Vice Presidents Kathryn Brown, Carol Carrier, Steve Cawley, Timothy Mulcahy, Kathleen O'Brien, Richard Pfutzenreuter, and Steven Rosenstone; General Counsel Mark Rotenberg; and Associate Vice Presidents Terry Bock, Margaret Carlson, Stuart Mason, and Michael Volna.

RECOGNITIONS

RECOGNITION OF DISTINGUISHED McKNIGHT UNIVERSITY PROFESSOR AWARDS

Recognition was given to the 2009 Distinguished McKnight University Professorship award recipients. This award honors and rewards the highest-achieving faculty at the University of Minnesota who recently attained full professor status. The recipients are:

Bin He  
Biomedical Engineering

Joseph A. Konstant  
Computer Science & Engineering

Marla Spivak  
Entomology

Li-Na Wei  
Pharmacology

ACADEMY OF DISTINGUISHED TEACHERS

Recognition was given to the 2009 recipients of the following awards:

Horace T. Morse-University of Minnesota Alumni Association Award for Outstanding Contributions
To Undergraduate Education
This award recognizes excellence in contributing directly and indirectly to student learning through teaching, research, and creative activities; advising; academic program development; and educational leadership.

Donald Norman Alstad
Ecology, Evolution and Behavior

Stephen B. Castleberry, Sr.
Marketing, Duluth Campus

Carmen M. Latterell
Mathematics and Statistics, Duluth Campus

Doreen Geller Leopold
Chemistry

John P. Loegering
Natural Resources, Morris Campus

Albert H. Markhart, III
Horticultural Science

Justin Henry Rubin
Fine Arts, Duluth Campus

James H. Stout
Geology and Geophysics

Outstanding Contributions to Postbaccalaureate, Graduate & Professional Education Award
This award recognizes faculty members for excellence in instruction; instructional program development; intellectual distinction; advising and mentoring; and involvement of students in research, scholarship, and professional development.

Sally Kenny
Humphrey Institute

Jean Anne King
Educational Policy and Administration

Josephine Lee
English, Language and Literature

Helga Leitner
Geography

Michael Rodriguez
Educational Psychology
JOHN TATE AWARDS FOR EXCELLENCE IN UNDERGRADUATE ADVISING

Recognition was given to the 2008-09 recipients of the John Tate Award for Excellence in Undergraduate Advising. The Tate Award serves to recognize and reward high quality academic advising. It calls attention to the contribution academic advising provides in helping students formulate and achieve intellectual, career, and personal goals. The 2008-09 recipients are:

Jennifer Herrick
Nursing, Rochester Campus

Cindy Pavlowski
Social Work

Heidi Perman
Career Center, St. Paul Campus

Ellen Sunshine
Martin Luther King Jr. Program

JOSIE R. JOHNSON AWARD FOR HUMAN RIGHTS AND SOCIAL JUSTICE

Recognition was given to the recipient of the Josie R. Johnson Award for Human Rights and Social Justice. The award was established in honor of Dr. Josie R. Johnson in recognition of her lifelong contributions to human rights and social justice. The award honors University of Minnesota faculty, staff, and students who, through their principles and practices, exemplify a standard of excellence in creating respectful and inclusive living, learning, and working environments. The 2009 recipient is:

Susana Pelayo-Woodward
Office of Cultural Diversity, Duluth Campus

OUTSTANDING COMMUNITY SERVICE AWARDS

Recognition was given to a number of individuals from the University community for their significant contributions to improving the quality of life and the well being of society. The 2008-09 recipients are:

Claire Leslie
Global Studies
Recognition was given to Kellcee D. Baker and Ashley Gaschk, Morris Campus, recipients of the Harry S. Truman Scholarship, a national award given annually to college students nationwide who have demonstrated a commitment to pursuing careers in government or public service.

RECOGNITION OF STUDENT REPRESENTATIVES TO THE BOARD OF REGENTS

Recognition was given to the 2008-09 Student Representatives to the Board of Regents:

- Jordan Bronston
  Twin Cities (MSA)
- Imee Cambronero
  Twin Cities (GAPSA)
- Erick Elgin
  Crookston
- Jennifer McCabe
  Duluth
- Dustin Norman
  Twin Cities (MSA)
- Emma Olson
  Twin Cities (MSA)
- Adam Yust
  Morris

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 – March 12, 2009
- Facilities Committee – March 12, 2009
- Finance & Operations Committee – March 12, 2009
- Educational Planning & Policy Committee – March 12, 2009
- Faculty, Staff & Student Affairs – March 12, 2009
REPORT OF THE PRESIDENT

President Bruininks provided a brief update on legislative proceedings. He noted the University base budget will be permanently reduced for this and the next biennium. He spoke briefly on the federal stimulus funds that will help bridge funding gaps. He noted that while tuition revenue is critical to the institution’s operations, the University remains committed to affordability for students.

President Bruininks discussed current legislation under consideration regarding the sale of alcohol in TCF Bank Stadium premium seating areas. He reminded the Board of previous discussions and actions on the issue and stated he would not bring a recommendation to the Board to serve alcohol in the bowl of the stadium.

The President also reported that Regent Allen and Vice President Mulcahy joined him recently for the groundbreaking of a new NOvA physics laboratory in Ash River, Minnesota.

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

REPORT OF THE CHAIR

Chair Simmons reported that the presidential performance review process has been deferred until summer 2009 to allow President Bruininks and staff to focus on the budget challenges facing the University. She announced the appointment of the Nominating Committee that will develop a slate of officers for the Board of Regents. The committee consists of Regent Baraga (chair), and Regents Hunter and Ramirez. The Board will act on the committee’s recommendations at its annual meeting in June 2009.

On behalf of the Board, Chair Simmons congratulated graduates on all campuses and wished the best to them and their families.

RECEIVE AND FILE REPORTS

Chair Simmons noted the receipt and filing of the Annual Review of President’s Delegations.

CONSENT REPORT

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

- Report of the All-University Honors Committee, from a recommendation forwarded in a letter from President Bruininks dated April 24, 2009 to the Board of Regents.
- Summary of Gifts through March 31, 2009.
A motion was made and seconded, and the Board of Regents voted unanimously to approve the Consent Report.

REPORT OF THE NOMINATING COMMITTEE:  
UMMCF BOARD OF TRUSTEES

Regent Frobenius, Chair of the Nominating Committee for the University of Minnesota Medical Center Fairview (UMMCF) Board of Trustees presented the report of the committee and the following resolution for approval:

RESOLVED, that on the recommendation of the Board of Regents Nominating Committee for the University of Minnesota Medical Center Fairview (UMMCF) Board of Trustees, the following appointments are hereby approved:

Lynn A. Blewett  Reappointed for a three-year term expiring May 2012

Greg J. Beilman  Appointed for a three-year term expiring May 2012

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

ANNUAL U OF M ALUMNI ASSOCIATION REPORT

Archie Givens, University of Minnesota Alumni Association (UMAA) President-elect, highlighted the achievements of the UMAA during fiscal year 2009. He introduced Margaret Carlson, Chief Executive Officer of UMAA.

A copy of the 2008-09 UMAA achievements and the presentation are on file in the Board Office.

REPORT OF THE STUDENT REPRESENTATIVES TO THE BOARD OF REGENTS

Dustin Norman, Chair of the Student Representatives to the Board of Regents, presented their semi-annual report. The report reflected the student perspective on issues and concerns facing University students and included items from each student assembly detailing goals, accomplishments, and obstacles. Norman addressed a number of issues, including student experience, teaching, affordability, debt, and responsibility and shared governance.

Chair Simmons commended the Student Representatives for their thoughtful report, and she thanked them for their service to the University of Minnesota.

A copy of the report of the Student Representatives to the Board of Regents is on file in the Board Office.
President Bruininks presented the FY2010 Annual Capital Improvement Budget (Budget). The Budget authorizes projects totaling $149,633,000 to begin design or construction during the next fiscal year. He introduced Vice Presidents O’Brien and Pfutzenreuter to provide details of the Budget as described in the docket and associated materials on file in the Board Office.

O’Brien reported the Budget represents the first year of the Six-Year Capital Improvement Plan and authorizes projects that have funding in place to proceed with design and/or construction. She noted that the projects included in the Budget are greater than $500,000 in value. Repair and replacement projects system-wide are also included. She highlighted a number of system-wide projects, both new construction and repair and renewal.

Vice President Pfutzenreuter summarized the funding sources for each project included in the Budget. He noted the Budget will change slightly based on results of the bonding bill currently under consideration at the legislature.

In response to questions from Board members, O’Brien stated that net new operating costs for construction projects are developed as part of calculations during the planning process and could be included when the Six-Year Capital Plan is brought to the Board of Regents for review. She noted the focus of this Budget is more on upgrading existing facilities as opposed to adding new square feet.

Regent Hunter expressed concern about the Budget. He noted that since the primary source of paying debt service is tuition revenue, it might be useful to consider slowing future growth in debt service by 5 to 8 percent.

The FY2010 Annual Capital Improvement Budget will return for action at the June 2009 Board of Regents meeting.

UNIVERSITY BUDGET UPDATE

President Bruininks reported that since the legislative session is still in progress and final decisions have not been made for the state budget, his presentation would focus on likely budget scenarios and how the institution would address possible outcomes. He stated the task is to balance the budget while addressing costs in the next two years and to anticipate where trends will lead in the future.

President Bruininks reviewed the budget strategies and principles guiding the development of the University’s budget, including:

• Maintaining the University’s quality and momentum;
• Supporting and retaining talented faculty and staff;
• Improving financial access and affordability; and
• Using all available tools to address long- and short-term financial challenges.

He stated the institution is considering the implications of the federal stimulus funds and explained how those funds will be used. He noted that any available funding will be used to transition to a smaller state budget for the University, lower operating costs,
and put the institution in a more competitive place to grow resources from non-state sources. He introduced Vice President Pfutzenreuter to describe the budget challenges (as presented in the docket and associated materials on file in the Board Office.)

Pfutzenreuter reviewed recent decisions made by the Governor and the impact on the University base budget for the first year of the biennium. He noted that in addition to the reduction in the base budget, the institution faces cost increases that could result in a $133.9 million budget challenge for FY2009-10. He added that the institution could face additional budget challenges based on the March 2009 state revenue update.

Pfutzenreuter reported the administration is completing reviews of academic and support units and indicated that most units face at least a 5 to 8 percent targeted reduction. He noted the tuition plan assumes a 7.5 percent tuition increase in year one, and 6 percent the second, these estimates do not take into account the state fiscal stabilization funds the state is receiving. Pfutzenreuter acknowledged that how much the institution receives in stabilization funds is uncertain and is related to how the legislature appropriates those funds to K12 education.

Pfutzenreuter reviewed a four-year budget planning strategy that includes the desired spending level to support the University’s momentum with increased academic investments and modest tuition increases. This strategy results in a budget gap in both in 2012 and 2013. He stressed that the state has a four-year budget problem, and the University should balance the budget for the next fiscal year and begin to focus plans for 2012-13.

President Bruininks reported that the institution must be mindful that federal stimulus funds will help bridge funding gaps but only in the upcoming biennium. The funds provide an opportunity to reshape the budget, make difficult choices, and could leverage the institution to a stronger financial position.

The President discussed access and affordability and the continuing priority of developing and instituting a long-term need-based scholarship. He discussed middle-income scholarship support and how stimulus funds will reduce tuition for many eligible Minnesota students.

In a response to a question from Regent Johnson, Pfutzenreuter reported that a provision of the stimulus bill currently under House consideration directs the University to cap the tuition increase for resident undergraduate students using federal stimulus funds. Chair Simmons noted that the Board of Regents sets tuition rates and will heed such constraints due to the rules established for use of these stimulus funds.

Regent Frobenius emphasized the importance of tuition assistance for graduate and graduate professional students and urged the administration to consider the impact of tuition increases for that student body.

REPORT OF THE FACILITIES COMMITTEE

Regent Bohnsack, 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 May 7, 2009 committee minutes.

b) Approval of the following real estate transactions as presented to the committee and described in the May 7, 2009 committee minutes:

1. Agreements for use of University facilities and services with National Sports Foundation for USA Cup Soccer July 15 & 16, 2009.

2. Fifty-one month lease for space at 102 South Broadway, Rochester.

c) Approval of an amendment to the 2009 Capital Budget by:

1. $1,600,000 to increase funding for the Leasehold Improvement Project at 111 South Broadway, Rochester.

d) Approval of Schematic Plans for the following project:

1. Weisman Art Museum Expansion.

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

Bohnsack reported that the committee also discussed issues related to the Annual Capital Improvement Budget, and reviewed a number of information items included in the docket materials.

REPORT OF THE AUDIT COMMITTEE

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

a) Approval that staff be authorized to pursue negotiations with LarsonAllen for an extension of the current contract for external audit services.

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

Cohen received an Office of Internal Audit Quality Assurance Report; discussed a request for proposal for external audit services; discussed the external audit plan; received a report on risk management in the international arena; received an internal audit update; and discussed the information items detailed in the docket materials.

REPORT OF THE FACULTY, STAFF & STUDENT AFFAIRS COMMITTEE

Regent Frobenius, Chair of the committee, reported that the committee voted unanimously to recommend:
a) Adoption of proposed amendments to Board of Regents Policy: Employee Development, Education, and Training, as follows.

**Employee Development, Education, and Training**

**SECTION I. SCOPE.**

This policy governs the professional development, education, and training of eligible employees of the University of Minnesota (University).

**SECTION II. DEFINITIONS.**

Subd. 1. Eligible Employees. *Eligible employees* shall mean:

(a) Faculty Development Leaves - Faculty members holding a regular (tenured or tenure-track) or a contract faculty

(b) Professional Development Leaves for Academic Professional and Administrative (P&A) Employees - P&A employees whose primary employment at the University is classified within the 93xx, 96xx, or 97xx series;

(c) Administrative Transitional Leaves - Senior administrators as defined in administrative policy;

(d) University-Provided and Other Education, Training, and Development Opportunities - Individuals in the faculty, P&A, civil service, and union-represented staff employee groups.


Subd. 3. Salary. *Salary* shall mean the regular University salary of a faculty or P&A employee at the time a leave is initiated.

**SECTION III. GUIDING PRINCIPLES.**

The following principles shall guide the University's employee development, education, and training programs:

(a) In support of a culture of excellence, the University is committed to providing its employees opportunities to participate in professional development, education, and training activities, consistent with managing the responsibilities and needs of the unit.

(b) The University and its employees share responsibility for continued learning and development appropriate to work duties and for the pursuit of individual, unit, and institutional success.

(c) The University is committed to providing a regular program of relevant, accessible, and affordable opportunities for employees to develop knowledge, skills, and abilities to support position competencies, management responsibilities, and leadership roles.

(d) The University seeks to maintain development leave programs comparable to peer institutions.
SECTION IV. PROFESSIONAL DEVELOPMENT LEAVES.

Subd. 1. Faculty Development Leaves. Faculty development leaves provide time away from the workplace to enhance the knowledge, teaching, and research productivity of eligible employees.

(a) The following faculty development leaves are offered under this policy:

1. Single Semester Leave - A one-semester leave at full salary and full benefits.
2. Sabbatical Leave - A leave of up to one year at one-half salary and full benefits.

Subd. 2. Professional Development Leaves for P&A Employees. Professional development leaves for P&A employees provide time away from the workplace to develop or enhance the knowledge, skills, and performance of eligible employees.

(a) The following professional development leaves are offered under this policy:

1. Mini-Leave - A development leave of up to six weeks at full salary and full benefits.
2. Short-Term Leave - A development leave of seven to 20 consecutive weeks at one-half salary to full salary and full benefits, with salary to be determined by the unit.
3. Extended Leave - A development leave of 21 to 48 consecutive weeks at one-half salary and full benefits.

Subd. 3. Administrative Transitional Leaves. Administrative transitional leaves provide eligible employees a transitional leave prior to assumption or resumption of a faculty or professional role following a significant period of administrative service. The leave shall normally not exceed twelve months, with salary and benefits typically paid at the level of the eligible employee's assumed or resumed faculty or professional position, rather than the administrative salary.

SECTION V. UNIVERSITY-OFFERED EDUCATION, TRAINING, AND DEVELOPMENT OPPORTUNITIES.

Subd. 1. Training and Development. The University shall provide eligible employees with an ongoing program of training and development opportunities to address existing and projected competency needs, improve job performance, and enhance management and leadership talents.

Subd. 2. Tuition Benefits. The University shall offer eligible employees access to University credit-bearing educational opportunities at a reduced tuition cost through the Regents Scholarship Program.

SECTION VI. OTHER EDUCATION, TRAINING, AND DEVELOPMENT OPPORTUNITIES.

Time away from the workplace with pay may be granted to eligible employees to attend professional meetings or education, training, or professional development offerings outside the University.
SECTION VII. IMPLEMENTATION.

Employee eligibility for and participation in education, training, and professional development opportunities is administered according to applicable administrative policies, rules, and contracts.

Regent Ramirez commented that the amendment would make it difficult for employees to continue with their education. She added that passing these costs on to employees is done so at the cost of employee productivity. She indicated she would vote against the amendment.

Regent Hunter stated he is troubled by language in the policy amendment that indicates tuition will be at a reduced cost, as it could allow for introduction of additional increases by future administrations. He commended the President for the recent change in this proposal which better assists and protects employees who are seeking degrees.

Regent Allen commented that although he understands the financial difficulty the amendment will create for some people, he will support the amendment. He acknowledged the difficult balancing act balance the budget, given increased benefits costs and other factors.

Regent Frobenius reported that after reviewing comparative data, this amendment is more consistent with the market of other private organizations in terms of tuition costs.

Chair Simmons noted that the amendment was carefully considered by the administration and the Board of Regents, and directed the administration to provide a report to the Board on employee experiences with the change.

The Board of Regents voted 10-2 to approve the recommendation of the Faculty, Staff & Student Affairs Committee. Regents Hunter and Ramirez voted against the motion.

Regent Frobenius reported that the committee also voted unanimously to recommend:

b) Approval of the annual promotion and/or tenure recommendations as presented in the revised docket materials, effective with the beginning dates of their terms of appointment in 2009-10.

c) Approval of continuous appointment status along with promotion for staff in the academic professional series as presented in the docket materials, effective with the beginning of the 2009-2010 appointment period.

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

Regent Frobenius continued his report, and indicated the committee voted unanimously to recommend:

d) Approval of the Collective Bargaining Agreement with University Education Association, Duluth and Crookston Faculty (Outstate Instructional Unit 9).
Regent Hunter recused himself for the vote on the Collective Bargaining Agreement due to a conflict of interest. He left the meeting.

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

Frobenius reported that the committee also received a report on faculty compensation: comparisons and analysis; and discussed a number of information items contained in the docket materials.

**REPORT OF THE FINANCE & OPERATIONS COMMITTEE**

Regent Hunter, 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 May 7, 2009 committee minutes.

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

Hunter reported that the committee also discussed issues related to the Annual Capital Improvement Budget; issues related to University endowment asset allocation; and reviewed a number of information items included in the docket materials.

**REPORT OF THE EDUCATIONAL PLANNING & POLICY COMMITTEE**

Regent Larson, 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 May 7, 2009 committee minutes.

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

Larson reported that the committee also reviewed proposed amendments to Board of Regents Policy: *Academic Freedom and Responsibility*; and received an update on professional education programs.
REPORT OF THE LITIGATION REVIEW COMMITTEE

Regent Baraga, Chair of the committee, reported that the committee met in closed session on May 6, 2009 and no actions were taken.

The meeting adjourned at 11:58 a.m.

ANN D. CIESLAK
Executive Director and
Corporate Secretary