I. Committee Meetings
   A. Facilities Committee - June 11, 2009
   B. Finance & Operations Committee - June 11, 2009
   C. Educational Planning & Policy Committee - June 11, 2009
   D. Faculty, Staff & Student Affairs Committee - June 11, 2009

II. Board of Regents Work Session - June 11, 2009
   A. Undergraduate Education: Quality, Tuition & Financial Aid

III. Board of Regents Work Session - June 11, 2009
   A. Update on the Academic Health Center & the Clinical Enterprise

IV. Board of Regents Annual Meeting - June 12, 2009
   A. Establishment of Meeting Dates
   B. Approval of Nominating Committee Report

V. Board of Regents Meeting - June 12, 2009
   A. Recognition of President’s Award for Outstanding Service Recipients
   B. Recognition of Board Staff
   C. Approval of Minutes
   D. Report of the President
   E. Report of the Chair
   F. Receive and File Reports
      1. Quarterly Report of Grant & Contract Activity
      2. Report of the All-University Honors Committee
      3. Gifts Report
      4. Summary of Expenditures
   G. Approval of Consent Report
      1. Report of the All-University Honors Committee
      2. Gifts Report
      3. Summary of Expenditures
   H. Approval of Appointment of Regents Professors
   I. Board of Regents Policy: Code of Ethics - Annual Review
   J. Report of the Faculty Consultative Committee
   K. Recognition: Faculty Consultative Committee Outgoing Chair
   L. Review Amendments to Board of Regents Policy: Attorneys and Related Services
   M. Approval of Resolution Related to FY2010 Annual FY2010 Annual Capital Improvement
      Budget
   N. Review Preliminary 2010 State Capital Request
   O. Review President’s Recommended Annual Operating Budget FY2010
   P. Review Resolution Related to Alcoholic Beverage Sales & Service on Campus
   Q. Report of the Educational Planning & Policy Committee
      1. Approval of Consent Report
      2. Adoption of Amendments to Board of Regents Policy: Academic Freedom and
         Responsibility
      4. Academic Initiatives: Imagine Fund for Humanities/Arts
      5. Strategic Positioning Update: College Reorganizations
   R. Report of the Facilities Committee
      1. Approval of Resolution Related to EAW & Scoping Decision Document for Sand &
         Gravel Mining at UMore Park
      2. Approval of Schematic Plans
         A. Landcare Facility, Twin Cities Campus
      3. Approval of Real Estate Transaction
         1. Purchase of 1.39 Acres at Oak Street SE & 7th Street SE Minneapolis
      4. Review Resolution Related to Music Education Building Deconstruction &
         Demolition

Year 2008-09
5. Review Amendments to Board of Regents Policy: Eminent Domain


7. Issues Related to: Preliminary 2010 State Capital Request

8. Information Items

S. Report of the Audit Committee
1. No meeting this month

T. Report of the Faculty, Staff & Student Affairs Committee
1. Approval of Revised Consent Report


3. UPlan Report

4. Information Items

U. Report of the Finance & Operations Committee
1. Approval of Consent Report

2. Approval of Resolution Related to Issuance of University Debt

3. Issues Related to: Asset Allocation & Investment Performance

4. Issues Related to: President’s Recommended Annual Operating Budget

5. Information Items

V. R. Report of the Litigation Review Committee
1. No meeting this month

VI. Board of Regents Meeting – June 17, 2009
A. Public Forum on the President’s Recommended Annual Operating Budget FY2010

VII. Board of Regents Meeting - June 24, 2009
A. Approval of Resolution Related to President’s Recommended Annual Operating Budget FY2010

B. Approval of Resolution Related to Alcoholic Beverage Sales and Service on Campus
A meeting of the Facilities Committee of the Board of Regents was held on Thursday, June 11, 2009 at 8:30 a.m. in the West Committee Room, 600 McNamara Alumni Center.

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

Staff present: Chancellor Stephen Lehmkuhle; Vice President Kathleen O'Brien; Executive Director Ann Cieslak; and Associate Vice President Michael Berthelsen.

Student Representatives present: Sarah Shook and Aditya Srinath.

RESOLUTION RELATED TO EAW AND SCOPING DECISION DOCUMENT FOR SAND AND GRAVEL MINING AT UMORE PARK

Vice President O'Brien introduced Carla Carlson, Assistant Vice President in the Office for Statewide Strategic Resource Development, and Kenneth Larson, Associate General Counsel, to present the resolution and provide information on the environmental review process for sand and gravel mining at UMore Park, as detailed in the docket materials. Carlson provided a chronological review of the process, highlighted previous Board of Regents actions, and previewed the final steps to be taken. She reported that the area being studied encompasses approximately 1,600 acres on the western edge of the UMore Park property.

Larson discussed the role of the Board as the Responsible Governmental Unit for the environmental review process. He explained that the Board's responsibility regarding the resolution is to determine the adequacy of the Scoping Decision Document (SDD) in capturing the environmental effects of sand and gravel mining at UMore Park. Larson observed that the appendices to the SDD, which are filed in the Board of Regents Office, include public comments from citizens and public agencies and the University's response to each comment.

In response to a question from Regent Simmons, Carlson reported that the majority of public comments were related to noise and dust concerns. In response a question from Regent Baraga, Carlson explained that the final Environmental Impact Statement is projected to be completed and acted upon by the Board in June 2010, at which point mining activities could potentially commence. She added that during the upcoming year, the University will select a mining development partner that will need to assemble the relevant permits before beginning the mining process.
The committee voted unanimously to recommend approval of the Resolution Approving the Scoping Decision Document Related to the Proposed Mining of Sand and Gravel at UMore Park.

SCHEMATIC PLANS

A. Landcare Services Building

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

The schematic plans for the Landcare Services Building, 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 Associate Vice President Berthelsen, and Orlyn Miller, Director of Capital Planning, to provide background information on the project, as detailed in the docket materials and handouts distributed at the meeting. Miller explained that the new building will provide a permanent location for the operations of the Landcare Services department on the Minneapolis campus. Berthelsen explained that a variety of alternatives have been studied, including the renovation of existing facilities, but only a new facility has satisfied the space and location requirements.

In response to a question from Regent Larson, Berthelsen explained that the return on investment for the new facility is correlated with the centralization of the day-to-day needs of Landcare Services, mostly due to less travel and the need for fewer vehicles. O'Brien noted that the University has studied contracting out the work done by Landcare Services, but determined that maintaining an internal department is the most cost effective approach.

The committee voted unanimously to recommend approval of schematic plans for the Landcare Services Building, Twin Cities campus.

REAL ESTATE TRANSACTION

A. Purchase of 1.39 Acres at Oak Street SE and 7th Street SE, Minneapolis

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 1.39 acres at Oak Street SE and 7th Street SE, Minneapolis.
Details of transaction: The University will pay $1,396,422 to the property owner, Union Pacific Railroad Company.
Source of Funding: University debt.

Vice President O'Brien reminded the committee that the potential sale was included in the May 2009 Facilities Committee docket materials. The property is required for construction of the Center for Magnetic Resonance Research Renovation and Expansion project, which is scheduled to start in 2009.

The committee voted unanimously to recommend approval of the purchase of 1.39 acres at Oak Street SE and 7th Street SE, Minneapolis.

**MUSIC EDUCATION BUILDING DECONSTRUCTION AND DEMOLITION: RESOLUTION**

Vice President O'Brien introduced Associate Vice President and Orlyn Miller, Director of Capital Planning, to present the Resolution and provide information on the project, as detailed in the docket materials and handouts distributed at the meeting. Miller documented the location and history of the Music Education Building, noting that the building, which is designated as a historic resource, has been vacant and in lay-away status since 1997. He reported that the deconstruction and demolition will include a full documentation of the building's structure and history of use, the abatement of hazardous materials, the salvage of materials such as sandstone and leaded glass windows, demolition of the building, and a landscape restoration of the site.

Berthelsen explained the various reuse alternatives that the University has explored in recent years, including University classroom or office space or a University guest house. He added that public and private partners were solicited for reuse plans, but no viable alternatives were put forth.

Regent Baraga expressed concern with the deconstruction and demolition due to the historic nature of the building. In response to a question from Regent Beeson, Miller reported that relocation of the building was explored but not deemed feasible because of the nature of the building's structure. In response to a question from Student Representative Srinath, Berthelsen explained that the short term plan for the land is to convert it to green space and that no long term plan has been identified.

O'Brien informed the committee that the Resolution will return to the committee for action at a future meeting.

**BOARD OF REGENTS POLICY: EMINENT DOMAIN**

Vice President O'Brien introduced William Donohue, Deputy General Counsel, to present amendments to Board of Regents Policy: Eminent Domain, as detailed in the docket materials. Donohue explained that the amendments, which are not substantive, remove references to a specific state statute and a single Board of Regents policy to avoid inconsistencies in the event of changes to law or policy names in the future.

Donohue informed the committee that the policy amendments will return to the committee for action at a future meeting.
SEMI-ANNUAL CAPITAL PLANNING & PROJECT MANAGEMENT REPORT

Vice President O’Brien introduced Orlyn Miller, Director of Capital Planning, to present the Semi-Annual Capital Planning and Project Management Report, as detailed in the docket materials and handouts distributed at the meeting. Miller noted that the report in the docket materials chronicles 18 projects valued at $371 million. He observed that all the projects were on budget and schedule except for the Morris Biomass Facility and the West Central Research and Outreach Center Wind to Hydrogen project. Miller added that because of its exclusion from the last two state bonding bills, the new Bell Museum has been removed from the active project category.

In response to questions from the committee, O’Brien reported that the University is working hard to find solutions to the challenges posed by the renewable energy projects in Morris and that the Board will potentially be asked to act on changes to the projects. Regent Simmons emphasized that the University must learn from these challenging projects and that the Board must monitor and understand the University’s response.

ISSUES RELATED TO: PRELIMINARY 2010 STATE CAPITAL REQUEST

Vice President O’Brien presented issues related to the Preliminary 2010 State Capital Request, as detailed in the docket materials and handouts distributed at the meeting. She informed the committee that although the final state capital request will not be acted on until fall 2010, the preliminary request allows legislators to visit potential project sites during the summer. O’Brien provided information on several projects, including the interior renovation of Folwell Hall and a new Physics Building on the Twin Cities campus and the American Indian Learning Resource Center on the Duluth campus. She observed that 62 percent of the request constitutes the renewal of existing buildings while 38 percent is devoted to new construction.

In response to a question from Regent Baraga, O’Brien reported that the administration is considering how to move forward with the new Bell Museum, but that most likely it will not be included in any future state capital requests. In response to a question from Regent Beeson, O’Brien explained that because the new Physics Building will occupy current recreational field space, the construction and renovation of recreation facilities will be a University building priority in future years.

CONSENT REPORT

There were no consent items this month.

INFORMATION ITEMS

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

• Eddy Hall Annex demolition and Eddy Hall restoration/accessibility improvements:
• Tandem Accelerator Building demolition; and
• Final Project Review for Center for Magnetic Resonance Research
  renovation and expansion.

The meeting adjourned at 10:30 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, June 11, 2009 at 8:30 a.m. in the East Committee Room, 600 McNamara Alumni Center.

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

Staff present: Chancellors Charles Casey and Kathryn Martin; Senior Vice President and Provost Thomas Sullivan; Vice Presidents Steven Cawley, Steven Rosenstone, and Richard Pfutzenreuter; Executive Director Ann Ciesak; and Associate Vice Presidents Stuart Mason and Michael Volna.

Student Representatives present: Christina Brakken-Thal and Megan Hines.

RESOLUTION RELATED TO ISSUANCE OF UNIVERSITY DEBT

Vice President Pfutzenreuter reviewed the Resolution Related to Issuance of University Debt as detailed in the docket and associated materials distributed at the meeting and on file in the Board Office. The Resolution authorizes up to $33 million in short-term debt to finance construction costs of the TCF Bank Stadium (Stadium).

Pfutzenreuter explained that the debt is the last to be issued in support of the Stadium and that the request has been reviewed by the Debt Management Advisory Committee. The final cost of the Stadium stands at $302.4 million, as amended and approved by the Regents. The State of Minnesota will pay 45 percent of the total cost of the Stadium, or $136.5 million, and the University’s responsibility totals $165 million. He added that $74.4 million in cash has been raised for the Stadium, reducing the total amount financed.

In response to questions from the committee, Pfutzenreuter indicated that the debt under consideration would be paid by the Intercollegiate Athletics Department, and acknowledged that the department’s budget would be affected if alcohol sales are banned in the Stadium.

A motion was made and seconded and the committee voted unanimously to recommend approval of the Resolution Related to Issuance of University Debt as presented in the docket materials.
ISSUES RELATED TO: ASSET ALLOCATION & INVESTMENT PERFORMANCE

Regent Hunter invited Associate Vice President Mason to present issues related to Asset Allocation & Investment Performance, as detailed in the docket and associated materials distributed at the meeting and on file in the Board Office. Mason called on Doug Gorence, Chief Investment Officer for the University of Minnesota Foundation (UMF), and Charles Zogg, Associate Vice President of Finance, University of Minnesota Medical Foundation (MMF) to assist in the presentation.

Mason presented a summary of the University's combined endowed assets from the UMF, MMF, and the Consolidated Endowment Fund (CEF). He highlighted the strategic move from domestic and international equity accounts to privately managed funds to reduce volatility. As of March 31, 2009, University endowed funds totaled $2.1 billion and are distributed as follows: 51 percent in UMF accounts, 41 percent in the CEF, and 8 percent in MMF accounts. Gorence noted that the endowment investment managers meet quarterly to discuss the investments and strategies.

ISSUES RELATED TO: PRESIDENT'S RECOMMENDED ANNUAL OPERATING BUDGET

Vice President Pfutzenreuter presented the President's Recommended Annual Operating Budget, as detailed in the docket and associated materials distributed at the meeting and on file in the Board Office. He explained that changes in state appropriations, internal University reallocations, budget reductions, and increases in tuition and fee revenue are the primary drivers for changes to the budget.

The four-year plan consists of three parts: Part 1 includes the President’s Recommended Operating Budget Plan for FY2009-10; Part 2 contains the FY2010-11 Preliminary Financial Plan; and, included for the first time, Part 3 explores future planning scenarios for FY2012 and FY2013. Pfutzenreuter noted that the University's operations & maintenance and state specials trends demonstrate a rollback in state funding for FY2010 equal to the FY2002 state allocation, and that projected state funding for FY2011 will be similar to the FY2001 allocation.

Pfutzenreuter detailed the University's one-time federal stimulus allocation, which includes: $34.5 million for undergraduate tuition mitigation; $15.6 million for middle income scholarships; and a bridge pool of $39.2 million for a total of $89.3 million. He stated that in FY2012, when two years of tuition mitigation from stimulus funds ends, students would see an increase in tuition of $744. Federal rules for distribution of the stimulus funds were determined after the legislature adjourned, which resulted in the allocation of funds as reimbursements only after the expenditures have occurred. He added that estimating sponsored research for FY2010 is also complex due to the additional Federal stimulus funding available for research in FY2010.

Pfutzenreuter described the historic paradigm shift in the University's state allocation: for the first time FY2010 tuition revenue is forecasted to exceed the state allocation for operating and maintenance and state specials.

Pfutzenreuter outlined challenges for the FY2010-11 budget, including an additional pay period that falls within the fiscal year for hourly employees. The extra payment translates into an additional expenditure of $13.7 million. A strategy to address the additional payment has been identified.
Several committee members expressed concern about the legislature’s recent actions and their effect on the University’s autonomy. Regent Johnson urged the University to continue an open dialogue with the Legislature to ensure that autonomy is preserved.

Regent Frobenius expressed his concerns about several issues, including: the proposed increase in tuition for graduate/professional students and undergraduate students; the two-year impact on tuition when Federal stimulus funding ends; and the need to identify additional internal cost reductions. Regent Cohen agreed regarding the impact on tuition in FY2012 and suggested the issue needs to be addressed.

CONSENT REPORT

Vice President Pfutzenreuter presented the 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:

- Applied Biosystems for $566,605.94 for the purchase of reagents and consumables for detecting diseases in Minnesota livestock and poultry for the period of July 1, 2009 through June 30, 2010 for the Veterinary Diagnostic Laboratory.

- Applied Business Communications, Inc.; Dell-Comm, Inc.; MP Nexlevel; Telcom Construction; Tri Comm, Inc.; and Underground Piercing, Inc. for an estimated $400,000 of contract labor for Outside Cable Placement and Inside Infrastructure Construction/ Cabling and Termination and $30,000 for emergency restoration cabling as needed for the period of July 1, 2009 through June 30, 2010 for the Networking and Telecommunications Services department, a division of the Office of Information Technology.

- Blue Cross Blue Shield of Minnesota for an estimated $14,608,069 for the third year contract period of a six-year award for a partially self-funded Student Health Benefit Plan for Twin Cities, Duluth, Crookston, Morris, and Rochester students for Boynton Health Service.

- Collins Electrical Systems, Inc.; Comlink Midwest, Inc.; Dell-Comm, Inc.; Parallel Technologies, Inc.; Parsons Electric Co.; Performance Cable Systems, Inc.; and Tri Com Communications, Inc. for an estimated $600,000 of contract labor for Horizontal Wiring services as needed for the period of July 1, 2009 through June 30, 2010 for the Networking and Telecommunications Services department, a division of the Office of Information Technology.

- Computer Concepts & Services, Inc. for an additional $400,000 for the purchase of essential analysis and programming services during the period of May 1, 2008 through May 31, 2010 for the University of Minnesota Veterinary Diagnostic Laboratory.

- Cultural Insurance Services International (CISI) for an approximate yearly cost of $270,000 for international traveler health insurance as
needed for the period of August 1, 2009 through July 20, 2010 for the Office of International Programs.

- Idexx Distribution Corp. for $962,929.04 for the purchase of test kits for detecting diseases in Minnesota livestock and poultry for the period of July 1, 2009 through June 30, 2010 for the Veterinary Diagnostic Laboratory.

- Northwest Airlines for $321,202 for charter service for the 2009 football season for team travel for away football games. The away games are scheduled from September 5 to October 24, 2009.

- SHI International Corp., a Microsoft Education Large Account Reseller, for an estimated $2,875,000 to provide software licensing for commonly used Microsoft products for all University of Minnesota students (all campuses) for the period of July 1, 2009 through June 30, 2012 for the Office of Information Technology.

- SHI International Corp., a Microsoft Education Large Account Reseller, for an estimated $2,100,000 to provide software licensing for specified Microsoft products for all University of Minnesota faculty and staff for the period of July 1, 2009 through June 30, 2012 for the Office of Information Technology.

- Solutionary, Inc., a managed security services provider, for an estimated $650,000 to monitor 310 network devices for the University of Minnesota. This contract is for a period from August 1, 2009 through July 31, 2012 with an option for two one-year renewals for OIT Security, a division of the Office of Information Technology.

- The State of Minnesota Office of Enterprise Technology for an estimated $775,000 for network connections between the Twin Cities and its campuses in Duluth, Crookston, Morris, Rochester, and 18 extension offices for the period of July 1, 2009 through June 30, 2010 for Networking and Telecommunications Services, a division of the Office of Information Technology.

- Stevens Community Medical Center for $387,430.40 for provision of medical services for UMM Health Service for the period of July 1, 2009 through June 30, 2013.

- Unisource for $375,000 for paper stock as needed for the period of July 1, 2009 through June 30, 2010 for Printing Services for use at their main plant facility and their copy centers.

- WiscNet, a division of the University of Wisconsin – Madison, Department of Information Technology, for $310,000 for Membership fees and Network Operation Services to operate BOREAS-Net for the period of July 1, 2009 through June 30, 2010 for Networking and Telecommunications Services, a division of the Office of Information Technology.

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:

- Quarterly Investment Advisory Committee Update;
- Quarterly Asset Management Report; and
- Quarterly Debt Management Advisory Committee Update.

The meeting adjourned at 10:32 a.m.

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, June 11, 2009 at 2:48 p.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; Senior Vice President Robert Jones; and Executive Director Ann Cieslak.

Student Representatives present: Christina Brakken-Thal and Megan Hines.

BOARD OF REGENTS POLICY:
ACADEMIC FREEDOM & RESPONSIBILITY

Senior Vice President & Provost Sullivan presented to the committee for action Board of Regents Policy: Academic Freedom & Responsibility. Proposed amendments to the policy were reviewed during the committee’s last meeting in May 2009. In response to concerns regarding the intent of the policy, Chair Larson read a statement to clarify that the policy does not apply to senior officials in leadership positions who, once a decision has been made, are expected to support it.

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

SENATE COMMITTEE ON EDUCATIONAL POLICY:
ACADEMIC POLICY REVIEW

Senior Vice President & Provost Sullivan introduced Professor Cathrine Wambach, Chair, Senate Committee on Educational Policy (SCEP), and Robert McMaster, vice provost and dean, undergraduate education, who led the discussion of the academic policy review. Wambach explained that the motivation for the review was that some faculty, unaware of the existence of many administrative policies, were acting in a manner that was inconsistent with them. SCEP, in cooperation with University Senate Office staff and the Provost’s Office, undertook the comprehensive review in the Fall of 2007.

The goals of the review were to reorganize, review, and improve the clarity of policies, identify gaps, and make them more accessible to users. Essential to the process was consultation with appropriate staff and faculty governance. In the spring
of 2009, the revised set of policies was approved by the University Senate. McMaster added that following the University Senate’s approval, a communications plan was launched to announce the changes and the availability of the revised policies in the University Policy Library.

In response to a question from Regent Baraga, McMaster noted that these policies are not applicable at the University of Minnesota Duluth (UMD) and the University of Minnesota Crookston because their faculties are unionized. Wambach added that Senior Vice President Jones is planning to bring the revised academic policies to both campuses with the expectation that it will be possible to unify policies across campuses. UMD Vice Chancellor Vincent Magnuson reported that UMD has created a work group to look at ways to make policies at that campus more similar to policies on the Twin Cities campus.

In response to questions from Regent Simmons, Wambach observed that improved access and more clear policies should remove some barriers to timely graduation that students may have encountered in the past. In the fall, SCEP will use the just-completed policy review process as a platform for continued discussion of policies and such issues as the need for consistent definitions of the requirements for completing a degree and the justification for requiring graduating students to complete their last 15 credits at their own campus.

The committee requested an update regarding the results of ongoing policy discussions and how the University’s academic policies could be used to positively influence retention and timely graduation.

**ACADEMIC INITIATIVES: IMAGINE FUND FOR HUMANITIES/ARTS**

Senior Vice President & Provost Tom Sullivan commented that the Imagine Fund (Fund) strategic initiative is an effort to provide new funding to support the University’s faculty in the humanities, arts, and design (materials in the docket). He introduced Jon Binks, assistant to the provost, and Carl Flink, chair, Department of Theater Arts and Dance, to lead the discussion.

Binks mentioned that the impetus for the Fund is the administration’s interest in a balance between the humanities/dance/arts and the sciences and engineering. The purpose of the Fund is to promote innovation, enhance community engagement, and raise the profile of the humanities/arts/dance. Binks summarized the four goals of the Fund, which, in its first year, made 217 faculty awards system wide, with 70% going to those at the assistant and associate professor levels. The Fund also has established two endowed chairs, an in-house humanities/arts/dance chair and a visiting scholar chair, to promote synergies among University faculty.

Flint described his experience with the Fund as a grant recipient and as a departmental chair. As a grant recipient, the Fund has advanced his teaching methods and expanded his research opportunities and current research agenda at minimal expense to the University. As a departmental chair, the new funding source has been encouraging to faculty and provides new resources for the University and for the students involved.

The committee applauded the work of the initiative, citing its opportunities for leveraging other funds, its contribution to the goals of excellence in the University’s strategic plan, and the opportunities it provides for communicating the critical role of the arts in providing a well-rounded experience for students.
STRATEGIC POSITIONING UPDATE:
COLLEGE REORGANIZATIONS

Senior Vice President & Provost Tom Sullivan introduced Dean Thomas Fisher, College of Design; Dean Allen Levine, College of Food, Agricultural and Natural Resource Sciences (CFANS); and Interim Dean Jean Quam, College of Education and Human Development (CEHD), who led the discussion (materials in the docket and in associated materials distributed at the meeting and on file in the Board Office).

Fisher, Levine, and Quam described the mergers creating their respective colleges and discussed the advantages of the reorganizations and the future challenges for each.

In response to a question from Regent Larson, Fisher, Quam, and Levine advised that in future reorganizations attention should be paid to staffing that is better aligned with available revenues; the potential impact on budgets of changes in enrollment levels; and a gradual implementation so that valuable aspects of the merging entities can be identified and continued. Fisher added that the reorganized colleges have faced a number of challenges, but all three consider the outcome a positive one in which there has been value added. A great deal of effort has been expended to gain acceptance of the changes, and the result has been stronger, reorganized units.

In response to a question from Simmons, Quam reported that cost savings were the most significant accomplishment in the reorganized CHED. Through attrition, the closure of a department, and the elimination of programs with low enrollments CEHD has realized savings of $350,000-$500,000. Levine indicated that the creation of CFANS has produced some efficiencies and some additional revenues, but major savings have not been realized. Fisher agreed that a comparison of costs before and after the college reorganizations would be a helpful analysis now that the reorganizations have been operational for three years.

Sullivan stressed that the main purpose of the strategic planning initiative was to increase quality and excellence by creating opportunities and synergies among similar academic and research enterprises. This has been achieved and $3-$5 million in annual cost savings have been realized. The current stage is a more mature, integration phase in which it is apparent that staffing levels can be reduced in colleges with a more focused, disciplined structure. These reductions also are timely in light of the University's current budget situation.

Student Representative Hines stated that she entered the University as a student in the College of Natural Resources and had experienced the transition to CFANS. She fully supports the reorganization, complimenting the new interdisciplinary and programmatic opportunities CFANS now provides.

CONSENT REPORT

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

• New Academic Programs
  ▪ Medical School – Create Advanced Training Year Fellowship in Advanced Hematology and Oncology
  ▪ Medical School – Create Fellowship in Pediatric Rheumatology
• Medical School – Create Post Professional Fellowship in Geriatric Physical Therapy
• Crookston Campus – Create Minor in Equine Science
• Crookston Campus – Create Minor in Animal Science
• Crookston Campus – Create Minor in Agricultural Business
• Crookston Campus – Create Minor in Agricultural Systems Management
• Crookston Campus – Create Minor in Agronomy

• Changed Academic Programs

• College of Liberal Arts (Twin Cities Campus) – Create tracks in B.S. degree in Scientific and Technical Communication to include Information Technology and Design, Biological and Health Sciences, Legal Discourse and Public Policy, and Environmental Science
• College of Education and Human Development (Twin Cities Campus) – Change name of License track in M.Ed. degree in Family Education to Family and Consumer Sciences License track

• Discontinuation of Academic Programs

• Crookston Campus – Discontinue A.A.S. degree in Information Management
• Crookston Campus – Discontinue A.A.S. degree in Agriculture
• Crookston Campus – Discontinue Minor in Environmental Horticulture
• Crookston Campus – Discontinue Sustainable Development track in B.S. degree in Agricultural Business

• Campus Mission Statement

• Rochester Campus – Create Campus Mission Statement

INFORMATION ITEMS

There were no information items this month.

The meeting adjourned at 4:42 p.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, June 11, 2009 at 2:48 p.m. in the East Committee Room, 600 McNamara Alumni Center.

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

Staff present: Chancellor Stephen Lehmkuhle; Senior Vice Presidents Frank Cerra and Robert Jones; Vice Presidents Nancy Barceló, Kathryn Brown, Carol Carrier and Karen Himle; Executive Director Ann Cieslak; and Associate Vice Presidents Gail Klatt and Kristin Lockhart.

Student Representatives present: Sarah Shook and Lauren Snively.

BOARD OF REGENTS POLICY: DIVERSITY, EQUAL EMPLOYMENT OPPORTUNITY, AND AFFIRMATIVE ACTION

Vice President Barceló and Associate Vice President Lockhart presented for review amendments to Board of Regents Policy: Diversity, Equal Employment Opportunity, and Affirmative Action as detailed in the docket materials. Barceló noted that the proposed policy merges two existing Board policies: 1) Diversity, Equal Employment Opportunity and Affirmative Action; and 2) Equal Opportunity into one policy. The title of the amended policy, Diversity, Equal Employment Opportunity, and Affirmative Action will not change.

Lockhart indicated the amendments present a clear message about the University’s commitment to diversity, equal employment opportunities and affirmative action and expands the protected categories to include gender identity and gender expression. She observed that the policy makes the University consistent with many peers in the Big Ten and is in line with local and state law. The policy provides clear terminology that the University will be free from ageism, homophobia, racism, sexism, and other forms of prejudice, intolerance, and harassment of faculty, staff, and students and also extends to visitors on campus.

In response to questions from the committee, Lockhart observed that feedback from prospective students, faculty, and staff indicates the policy is important to recruitment efforts of both students and employees. Barceló added that diversity training has been integrated into student, faculty, and staff orientations.

Barceló noted that the policy will return to the committee for action at a future meeting.
BOAR D OF RE GENTS POL ICY: INTERCOLLEG IATE ATHLETICS – T WIN C I TIES C AMPUS

Regent Frobenius invited Vice President Brown and Joel Maturi, Director, Department of Intercollegiate Athletics, to present for review amendments to Board of Regents Policy: Intercollegiate Athletics – Twin Cities Campus, as detailed in the docket materials.

Brown reviewed the proposed minor changes to the policy and explained that the amendments are not substantive, but better articulate the mission of intercollegiate athletics. She reported that the amendments would be presented for action at a future meeting of the committee.

UPLAN REPORT

Vice President Carrier introduced Senior Vice President Cerra and Dann Chapman, Director of Employee Benefits, to present a report on the employee health care benefits program, UPlan, as detailed in the docket and associated materials distributed at the meeting and on file in the Board Office.

Chapman reviewed the report and highlighted the following items:

• UPlan continues to provide affordability and choice of plan offerings to University employees;
• The pharmacy program exceeds expectations with an overall lower cost for the University and employees; and
• The Wellness Program is showing positive indications as a viable program.

Chapman noted the University offers to employees a healthcare program that provides top-tier benefits at mid-tier costs. The UPlan two-year average national benchmarking trend places the University at or below the median in overall medical and pharmacy costs.

Planning for the future includes the following initiatives: improve administrative efficiency; increase incentives to use cost effective care; and add selected cost sharing on high-cost items. Chapman emphasized that the University’s Benefits Advisory Committee (BAC) are involved in discussions and decisions affecting the UPlan. He reported that University experts have been engaged by the BAC to assist in strategic initiatives including:

• Examine the potential of the health care home model;
• Develop enhanced provider reimbursement arrangements that may include pay for performance and best practice medicine;
• Demonstrate the return on investment of the Wellness Program; and
• Create a “best practice” pharmacy benefit design.

In response to a question from Regent Allen, Cerra explained there are opportunities within self-insured communities, such as the University, to approach health care models and delivery differently, but he added that testing new models and their delivery can be challenging and expensive.

Chapman noted that consumer-directed plans, or Health Savings Accounts, do shift costs from the employer, but that data doesn't support it as an option for companies with long-term employees. Cerra added that out-of-pocket expenses for consumer-directed plans are significantly higher than employer plans.
In response to a question from Regent Hung, Chapman explained that the partial gym membership reimbursement included in the Wellness Program has so far proven to be an even investment. Approximately 40 percent of eligible employees registered for the program and of that group, 60 percent meet the requirements for the reimbursement.

CONSENT REPORT

Vice President Carrier presented for action a revised Consent Report including the following items:

- Appointment of Frank Cerra as Senior Vice President for Health Sciences and Dean of the Medical School, effective July 1, 2009.
- Conferral of tenure to thirty-one faculty who were hired at the University of Minnesota since May 2008.

The committee voted unanimously to recommend approval of the revised 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;
- Student activities and awards; and
- Intercollegiate Athletics Report.

The meeting adjourned at 4:18 p.m.

ANN D. CIESLAK
Executive Director and
Corporate Secretary
A work session of the Board of Regents was held on Thursday, June 11, 2009 at 10:50 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, Venora Hung, Steven Hunter, Dean Johnson, David Larson, and Maureen Ramirez.

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

Regent Simmons stated that the work session would examine the various issues related to the value of undergraduate education on the Twin Cities campus. President Bruininks observed that the University's greatest challenge will be to continue to invest in the quality of undergraduate education while keeping it affordable and accessible. He observed that tuition is a predictable and recurring revenue source and that the University must ensure it is being implemented properly. Bruininks introduced Senior Vice President and Provost Sullivan, Robert McMaster, Vice Provost for Undergraduate Education, and Peter Zetterberg, Senior Analyst in the Office for Undergraduate Education.

Zetterberg reported that state support as a percentage of the University budget will have declined from 50 percent in 1978 to 25 percent in 2010 and that tuition revenue will exceed state support for the first time ever in the upcoming year. He observed that the University has addressed the challenges posed by a higher tuition model by focusing on the quality of the undergraduate experience, restructuring tuition structures on all campuses, and significantly increasing funding for need-based scholarships.

McMaster explained that the University attempts to maintain a quality undergraduate student population by retaining Minnesota's best students, admitting students based on academic and secondary factors, and incorporating ethnic, social, geographic, and economic diversity into admissions decisions. He reported that since 2003 the number of freshman enrollees has hovered between 5,100 and 5,600, while at the same time the number of applicants has increased from 17,355 to nearly 34,000.

McMaster observed that first-year retention and 4, 5, & 6-year graduation rates have steadily improved since 1999, and cited the following ways in which undergraduate education has improved:

- improvement in the preparedness of the incoming freshman classes;
- enhanced student service functions, including graduation planning;
- implementation of the all-University honors program with specific curriculum, advising, and scholarship programs;
- increased undergraduate research opportunities;
- greater attentiveness to student advising; and
- the technological conversion of over 95 percent of Twin Cities classrooms.
Sullivan concluded the presentation by reporting that although tuition revenue has climbed in recent years, the number of students earning degrees from the University is at an all-time high. He observed that quality and affordability are not mutually exclusive and that the University must continue to improve in both areas.

In response to a question from Regent Cohen, McMaster reported that the University hopes to enroll approximately 570 first-year students in the honors program in Fall 2009, which would be about ten percent of the incoming class. In response to a question from several Regents, Zetterberg observed that the University is currently conducting a survey of admitted students who decided to not attend the University in order to determine their reasons for attending another institution. Sullivan added that the University believes the most important factors in college choice are: quality and reputation, cost, and geographic location.

In response to a question from Regent Frobenius, Zetterberg explained that one reason that the University’s resident tuition is higher than that of neighboring state universities in Iowa and Wisconsin is because the University of Minnesota is involved in more tuition reciprocity agreements, thereby resulting in less revenue coming from non-resident tuition.

Simmons expressed appreciation for the presentation and recommended further discussion on growing the University’s population of students from around the United States.

The work session adjourned at 11:50 a.m.

ANN D. CIESLAK
Executive Director and
Corporate Secretary
A meeting of the Board of Regents of the University of Minnesota was held on Thursday, June 11, 2009, at 1:30 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, Venora Hung, Steven Hunter, Dean Johnson, David Larson, Maureen Ramirez.

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

Regent Simmons called to order a meeting of the Board of Regents, inviting Senior Vice President Cerra to lead the discussion. She also extended a welcome to Mark Eustis, president and CEO of Fairview Health System (FHS), and Dr. Roby Thompson, CEO of University of Minnesota Physicians (UMP), and expressed her appreciation for their participation in the Board's discussion.

Simmons reminded the Board that today's work session does not involve any approvals, but it is intended to increase the Board's understanding of relevant issues, to provoke the questions that need to be answered, and to identify the principles necessary to guide the proposed integration so that the best interests of the University are protected. She added that health care is such an important component of the University's mission that the Board needs to have a clear understanding of what it is doing, what it can do, and the forces that will be affecting health care, the Academic Health Center (AHC), and the University.

Among the goals for this work session are the following:

1. to further increase the Board's knowledge and understanding of the University's role in health care and to contribute to conversations about the institution's future in medicine;

2. to establish a set of principles for decision making as the University moves toward greater integration of the health care delivery component of its mission; and

3. to identify the University's goals and objectives in this process.

Senior Vice President Cerra noted that his presentation describes a conceptual framework and an approach to integration rather than a structure for integration (materials in the docket and in associated materials distributed at the meeting and on file in the Board Office). He summarized the history of the University's relationships with FHS and UMP; the current triangle of agreements governing those relationships; the historical emphasis on fulfillment of the University's land grant mission; past partnership successes; major challenges for the AHC; factors motivating the proposed changes; anticipated benefits; the vision for a new integrated partnership; the guiding principles, goals, and objectives essential for integration; and the opportunities integration will provide in an evolving health care marketplace. He also listed key questions regarding the integrated clinical enterprise, next steps in moving toward an integrated enterprise, and a proposed timeline for completion by December 2009.
Simmons invited comments from Eustis and Thompson, who reported that their respective boards at FHS and UMP are receiving similar updates and are prepared to look at next steps.

A lengthy discussion ensued in which the following issues were raised:

- the importance of integration agreements at a sufficiently high strategic level so that costs are minimized, efficiencies are maximized, and operations are streamlined;
- the barriers to/incentives for enhanced integration of UMP;
- the importance of culture-changing strategies and the value of market-tested models to a successful integration;
- the significance of a single organizational structure to the economic alignment of incentives and the achievement of common goals;
- the operational/governance lessons to be learned from similar enterprises that have successfully integrated; and
- the critical relationship between the success of the clinical enterprise and the success of the Medical School.

In response to a question regarding the established timeline, Cerra agreed that completion by December 2009 is an ambitious goal, but he is confident that the commitment of those involved will yield the desired result. In the event the process is not completed as planned, a new deadline will be established to avoid a stalemate. Eustis endorsed the aggressive timeline, noting that the nature of the ongoing relationships among the three entities and rapid change in the healthcare marketplace will motivate all parties to achieve the desired results.

Simmons noted that today’s discussion is a precursor to more formal deliberations by the Board. In the months ahead, the Board will have a lot to learn about existing successful models. An outside consultant may prove very useful in providing options that may be applicable to established goals, but the first step for this Board, the FHS board, and the UMP board will be to establish a set of principles and a set of common objectives so that all parties understand what models might be most appropriate for the University, the AHC, FHS, and UMP.

Simmons proposed that the Board’s role in meeting the December 2009 timeline will require the following:

- ongoing education of the Board through the consulting process and further engagement with experts in this field, especially regarding UMP, its successes, its future, and the potential role of the integrated cardiology model in moving toward an integrated enterprise;
- development of a set of principles and objectives to be discussed with FHS and UMP; and
- development of a set of shared principles and objectives (in consultation with FHS and UMP) to guide the consultants.

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

ANN D. CIESLAK
Executive Director and Corporate Secretary

Board of Regents Work Session
June 11, 2006
A meeting of the Board of Regents of the University of Minnesota was held on Friday, June 12, 2009, at 9:00 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, Venora Hung, Steven Hunter, Dean Johnson, David Larson, and Maureen Ramirez.

Staff present: President Robert Bruininks; Chancellors Charles Casey and Stephen Lehmkuhle; Senior Vice President and Provost Thomas Sullivan; Senior Vice Presidents Frank Cerra and Robert Jones; Vice Presidents Kathryn Brown, Carol Carrier, Karen Himle, Timothy Mulcahy, Kathleen O’Brien, Richard Pfutzenreuter; Executive Director Ann Cieslak, and Associate Vice Presidents Gail Klatt, Donna Peterson, and Michael Volna.

**ANNUAL MEETING**

Chair Simmons called the Annual Meeting to order at 9:00 a.m.

**ESTABLISHMENT OF MEETING DATES**

A motion was made and seconded, and the Board of Regents voted unanimously to approve the following meeting schedule for 2009-2010:

- July 8, 2009: One-Day Meeting
- July 9-10, 2009: Board of Regents Retreat
- August, 2009: No Meeting
- September 10-11, 2009
- October 8-9, 2009
- November 12-13, 2009
- December 10-11, 2009
- January, 2010: No Meeting
- February 11-12, 2010
- March 11-12, 2010
- April 8-9, 2010: Meeting Tentative
- May 13-14, 2010
- June 10-11, 2010

**NOMINATING COMMITTEE REPORT: ELECTION OF OFFICERS**

Regent Baraga, Chair of the Nominating Committee, presented the report of the Nominating Committee for officers of the Board of Regents. The following individuals
were placed in nomination for the respective Board officer positions for the term July 1, 2009 through June 30, 2011:

Treasurer: Richard H. Pfutzenreuter
Secretary: Ann D. Cieslak
Vice Chair: Linda A. Cohen
Chair: Clyde E. Allen, Jr.

Chair Simmons asked if there were additional nominations. There were none and the nominations were closed.

A motion was made that the slate presented by the Nominating Committee be approved. The motion was seconded and the Board of Regents voted unanimously to approve the slate as presented.

The annual meeting adjourned at 9:03 a.m.

The regular meeting of the Board of Regents was convened at 9:03 a.m.

MONTHLY MEETING

Chair Simmons announced an additional agenda item for review: a Resolution Related to Alcoholic Beverage Sales and Service on Campus.

RECOGNITION OF PRESIDENT'S AWARD FOR OUTSTANDING SERVICE RECIPIENTS

Recognition was given to the recipients of the President's Award for Outstanding Service. The award recognizes exceptional service to the University, its schools, colleges, departments, and service units by any active or retired member of the faculty or staff. Such service goes well beyond the regular duties of a faculty or a staff member and demonstrates an unusual commitment to the University community. The 2009 recipients are:

Chris Clark
Buildings & Grounds, Facilities Management

Art Erdman
Department of Mechanical Engineering

William Jacott
Department of Family Practice & Community Health

Carol Kraus
Board of Regents Office

M.J. Leone
Graduate School, Duluth Campus

Anissa Lightner
McNamara Academic Center for Student-Athletes
RECOGNITION OF BOARD STAFF

Recognition was given to Carol Kraus upon her retirement from the Board of Regents Office June 5, 2009.

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 – May 6, 2009
Litigation Review Committee – May 6, 2009
Educational Planning & Policy Committee – May 7, 2009
Faculty, Staff & Student Affairs Committee – May 7, 2009
Finance & Operations Committee – May 7, 2009
Facilities Committee – May 7, 2009
Board of Regents Work Session – May 7, 2009
Board of Regents Meeting – May 8, 2009

REPORT OF THE PRESIDENT

President Bruininks offered congratulations to Regents Allen and Cohen upon their election as Board Chair and Vice Chair, respectively. He acknowledged the extraordinary leadership of Chair Simmons during the past two years.

President Bruininks reported on a number of recent awards at the University: the Solar Vehicle Project team finished in first place in a recent competition; the Solar decathlon team will enter designs on a fully functioning sun-powered house at a
competition in Washington, D.C.; and several students and faculty received Fulbright grants for 2009-10 for graduate study abroad.

President Bruininks congratulated graduates on all campuses who earned degrees last month and thanked Regents and University leaders who make spring commencement a special occasion on campus.

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

REPORT OF THE CHAIR

Chair Simmons reported the Board of Regents will hold a Public Forum on the University budget on Wednesday, June 17, 2009, and will meet Wednesday, June 24, 2009 to take action on the President’s Recommended Annual Operating Budget for FY2010 and the proposed resolution on sale and service of alcoholic beverages on campus.

RECEIVE AND FILE REPORTS

Chair Simmons noted the receipt and filing of the Quarterly Report of Grant and Contract Activity.

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 May 26, 2009 to the Board of Regents;
- Summary of Gifts through April 30, 2009; and
- Quarterly Summary of Expenditures.

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

APPOINTMENT OF REGENTS PROFESSORS

President Bruininks reported that a recommendation from the Regents Professor Nominating Committee was forwarded to the Board of Regents in a letter dated June 1, 2009. He recommended approval of the named individuals.

The Board of Regents voted unanimously to approve the recommendation of the Regents Professor Nominating Committee.
BOARD OF REGENTS POLICY: CODE OF ETHICS

Deputy General Counsel William Donohue reviewed Board of Regents Policy: Code of Ethics. Section VIII of the policy provides that each year the Board publicly reviews the requirements and procedures provided in the Board policy.

Donohue highlighted the guiding principles that Board members are obligated to follow: 1) Board members are responsible for the governance of the University and must be accountable in the areas of financial disclosure, gifts, expenses, and conflicts of interest; 2) Board members are expected to put aside parochial interests, keeping the welfare of the entire University, not just a particular constituency, at all times paramount; and 3) Board members are to make the necessary commitment of time and diligence to fulfill their public governance responsibilities. Donohue defined conflicts of interest in the context of the policy. He described when conflicts of interest exist, how to manage them, and what is allowed if a Board member has a conflict of interest. Donohue stressed that conflicts of interest cannot be entirely avoided and should not be viewed as adversely reflecting on any individual Regent. This policy seeks to manage conflicts of interest when they arise.

REPORT OF THE FAULTY CONSULTATIVE COMMITTEE

Professor Emily Hoover, Chair of the Faculty Consultative Committee (FCC) reported on the activities of the committee since its last report to the Board of Regents. The FCC has discussed concerns regarding state support for the University, both financial and for the distinct mission the institution has within the state including its role educating graduate and professional students. She also reported on other FCC discussions, including data storage, e-education, internal and external communications, and graduate education.

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

RECOGNITION: FACULTY CONSULTATIVE COMMITTEE
OUTGOING CHAIR

Recognition was given to Professor Emily Hoover for her service as chair of the Faculty Consultative Committee. Hoover served as chair during the 2008-09 academic year.

BOARD OF REGENTS POLICY: ATTORNEYS AND RELATED SERVICES

Deputy General Counsel William Donohue presented proposed amendments to Board of Regents Policy: Attorneys and Related Services, as detailed in the docket materials. The amendments acknowledge the delegation of authority to hire outside counsel to the General Counsel, who is responsible in fact in virtually all cases for the appropriate retention of outside legal counsel for the University. Other minor language changes are suggested for clarity.

In response to a question from Regent Hung, Donohue reported that the Office of the General Counsel hires attorneys and firms that have in place programs to ensure diverse hiring. In response to a question from Regent Frobenius, Donohue indicated
that strong efforts are made to ensure University departments and units do not hire legal counsel without consent of the President or General Counsel.

The proposed amendments to Board of Regents Policy: *Attorneys and Related Services* will return for action at a future meeting of the Board of Regents.

**PRESIDENT’S RECOMMENDED FY2010 ANNUAL CAPITAL IMPROVEMENT BUDGET**

President Bruininks presented the FY2010 Annual Capital Improvement Budget (Budget). The Budget authorizes projects totaling $134,742,000 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.

A motion was made and seconded to approve the Resolution Related to the FY2010 Annual Capital Improvement Budget.

Pfutzenreuter reported that the Budget is the final stage of the capital improvement planning process and is the first year of the Six-Year Capital Plan that is presented annually to the Board of Regents. He noted that projects included in the Budget are greater than $500,000 in value, have completed an appropriate level of planning, and have all required funding identified. The Budget includes both new construction and funds for repair and replacement. Pfutzenreuter also reported that the Budget has changed slightly since it was presented to the Board in May 2009.

The Board of Regents voted unanimously to approve the Resolution Related to the FY2010 Annual Capital Improvement Budget as follows:

WHEREAS, the Board of Regents directed the administration to annually submit a capital improvement budget and a 6-year capital improvement plan; and

WHEREAS, the Board has adopted principles to guide the formulation of the capital improvement budget and 6-year capital improvement plan; and

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

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

NOW, THEREFORE, BE IT RESOLVED, that the Board of Regents approves the FY 2010 Capital Improvement Budget and reaffirms its prior year capital expenditure authorizations.
PRELIMINARY 2010 STATE CAPITAL BUDGET REQUEST

President Bruininks introduced the Preliminary 2010 State Capital Budget Request (Request). He reported that the Request is submitted to the State of Minnesota in June for consideration by the Governor and legislature in preparation for the 2010 legislative session. He invited Vice Presidents O’Brien and Pfutzenreuter to present the Request (detailed in the docket materials.)

O’Brien reported the Request is built around the priorities outlined in the Six-Year Capital Improvement Plan (Plan) with some modifications resulting from recent strategic positioning discussions, the current economic situation and state resources. She reviewed principles used to guide development of the Request: 1) align the capital plan with established academic strategic positioning goals; 2) protect the University’s financial positioning by keeping capital expenditures within projected debt capacity limits and controlling operating costs; and 3) invest in facilities and infrastructure that advance life safety, renewal, and preservation and optimize space utilization and reduce operating costs.

O’Brien described the projects included in the Request as outlined in the materials distributed at the meeting (on file in the Board Office.) She noted the Request includes $100 million for Higher Education Asset Preservation and Replacement (HEAPR) system-wide and described how those fund are utilized to maximize and extend the life of the University’s existing physical plant.

Pfutzenreuter reported that the $236.5 million Request is built upon a combination of state funds ($191 million) and University resources ($45.5 million).

Regent Allen commented that the legislature often funds only half of the University’s request for HEAPR funds, creating long-term problems. President Bruininks stressed that it will be important to find additional resources and leverage all funds to expand available renewal monies. Allen suggested that a Board presentation on the costs and plans for technology infrastructure would be helpful.

In response to a concern expressed by Regent Beeson, O’Brien indicated that indoor and outdoor recreational sports facilities would be one focus in the upcoming Six-Year Capital Plan.

PRESIDENT’S RECOMMENDED ANNUAL OPERATING BUDGET FY2010

President Bruininks presented the Annual Operating Budget FY2010 (Budget) as detailed in the docket and associated materials presented at the meeting and on file in the Board Office.

Bruininks reported that this presentation would focus on the impact of the reduction to the University’s budget, the use of federal stimulus monies to mitigate increases in tuition costs, and ways to keep higher education accessible and affordable during this difficult economic period. He stressed the need to balance the budget while addressing increased costs and also continuing essential investments and transitioning to a significantly lower level of state revenue in the 2012-2013 biennium.

Bruininks reported that the recommended $2.98 billion Budget is built on a framework of significant lower state appropriations, resulting in significant budget reductions and reallocations and an increased reliance on tuition revenue. He noted
that overall, revenue from tuition and fees has risen faster than state funding in recent years, and in 2009-10 will exceed the state’s contribution.

He outlined principles upon which the Budget was developed:

- Maintain the University’s momentum, quality, and competitiveness;
- Support and retain talented faculty and staff;
- Improve access and affordability for all students;
- Increase productivity and reduce costs; and
- Address long- and short-term challenges.

Bruininks discussed how to meet the challenge proactively and described a number of initiatives the administration undertook to reduce costs, including targeted reductions plans for all academic and administrative support units, a hiring pause, administrative restructuring, and cost reductions. The administration will provide progress reports to the Board of Regents throughout the year on how units have addressed the targeted reductions of 5 to 8 percent. Bruininks also reported on restricted and nonrestricted funds in the University’s budget and presented a graph of state funding trends from 1997 to 2011, which illustrated the deep reductions in state support.

Vice President Pfutzenreuter presented the resources and expenditures of the Budget. He described the financial plan to balance the University’s budget for FY2010, including changes in state appropriation of $81.8 million, internal budget reductions of $94.9 million, tuition income, and federal stimulus funds. He summarized expenditures required for fringe benefits costs, operations, and contractual obligations. He described how approximately 56 percent of the $89.3 million in federal stimulus funds the University receives will be used to mitigate tuition increases for resident undergraduates with the remaining 46 percent to help units bridge reductions.

Chair Simmons invited Jennifer McCabe, Chair of the Student Representatives to the Board of Regents to comment on the proposed Budget. McCabe commended the administration for their efforts in keeping undergraduate in-state tuition increase to a modest 3 percent, but asked that the administration continue to be mindful of tuition increases for other students, including out-of-state and graduate and professional students. She highlighted the importance of graduate and professional degrees in an increasingly competitive global economy.

Regent Hunter commented on the challenges the institution will face in the next biennium after the federal stimulus dollars are expended and urged the administration to find ways to mitigate future tuition increases.

Regent Frobenius pointed out that the University has an obligation to keep tuition affordable to the state, and while he feels the administration has worked out a reasonable plan for undergraduates, he believes more attention should given to graduate and professional tuition.

President Bruininks stressed that the budget has to be balanced between cuts and increases because all cuts result in tradeoffs in other academic areas and impact the quality of the University and its ability to compete. He urged the Board to focus on where the institution should be positioned in the future and how to achieve long-range success.
RESOLUTION RELATED TO ALCOHOLIC BEVERAGE
SALES & SERVICE ON CAMPUS

President Bruininks reported that the Resolution Related to Alcoholic Beverage Sales and Service on Campus presented for review is the result of recent action taken by the state legislature regarding sale or service of alcoholic beverages in the athletic venues of Williams Arena, Mariucci Arena, and TCF Bank Stadium. He invited Vice President Brown and Deputy General Counsel William Donohue to discuss the language of the resolution.

Brown recalled that in December 2008, the Board of Regents approved a resolution allowing for intoxicating liquor sales in conjunction with events at TCF Bank Stadium in premium seating areas and special event rooms, as well as in the Williams Arena and Mariucci Arena Club rooms and suites. New legislation enacted this spring requires the University to sell or serve intoxicating liquor throughout the Stadium or arena if it sold or served anywhere; and in TCF Bank Stadium. In addition, the University cannot sell or serve any intoxicating liquor without having a liquor license that requires the sale or service of intoxicating liquor throughout the Stadium. Donohue reviewed the legal aspects of the Resolution. He noted that the Resolution before the Board today is fully compliant with the new legislation. If the resolution is approved, the administration intends to relinquish the licenses for sale and service at TCF Bank Stadium, Williams Arena, and Mariucci Arena. Donohue reported that two other liquor licenses held by the University for alcohol sale and service at the Landscape Arboretum and Northrop are not affected by this legislation.

A lengthy discussion ensued.

Regent Johnson commented on the autonomy of the Board of Regents with respect to managing the University and how this recent legislation conflicts with that autonomy. He recommended approaching the legislature in one year to possibly renegotiate the law. In response to a question from Chair Simmons, Donohue indicated that for University facilities and other state facilities, this legislative action is very intrusive and highly unusual. Regent Beeson expressed his belief that the legislative action was not meant to punish the University, but rather to create more equity among fans.

Regent Allen commended the administration for the resolution. He indicated the law has changed the situation and the resolution responds to the new law and long-standing principles.

Regent Larson indicated that a key element to his support of building the Stadium was that it would be financially viable and enables the Department of Athletics to begin supporting the academic mission of the University in a more profound way than in the past. A key element of that strategy was sales of premium seating.

Regent Frobenius believes the perception of the general public is that alcohol sales in the Metrodome did not create a problem. He noted that although he will probably support the resolution he believes the Board should think about this issue differently rather than follow academic experience. Chair Simmons commented that the Board is attempting to create the best possible game day experience for fans, and that historically the University has not sold or served alcoholic beverages at events on campus attended predominantly by students.
Regent Baraga agreed that the University’s autonomy is being tested by this legislative action. He does not believe that selling alcoholic beverages in the Metrodome has always been problem-free, as many fans have sat near individuals who are intoxicated, which can spoil the game day experience.

In response to a question, Brown indicated that the administration is carefully studying the representations that were made to purchasers of premium seats regarding sale and service of alcoholic beverages. She said it is important to know that the premium seat fee is primarily a contribution to the University.

Regent Bohnsack pointed out that the Stadium is a new venue with no history of sale or service of alcoholic beverages, and that the Metrodome was unique as it is a professional sporting venue. He believes this resolution moves the University in the right direction.

Simmons noted the Resolution Related to Alcoholic Beverage Sales and Service on Campus will return for action at the June 24, 2009 meeting of the Board of Regents.

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 June 11, 2009 committee minutes.

b) Adoption of amendments to Board of Regents Policy: Academic Freedom and Responsibility, as follows.

   Academic Freedom and Responsibility

SECTION I. GUIDING PRINCIPLES.

The Board of Regents (Board) of the University of Minnesota (University) reaffirms the principles of academic freedom and responsibility. These are rooted in the belief that the mind is ennobled by the pursuit of understanding and the search for truth, and the state well served when instruction is available to all at an institution dedicated to the advancement of learning. These principles are also refreshed by the recollection that there is commune vinculum omnibus artibus, a common bond through all the arts.

SECTION II. ACADEMIC FREEDOM.

Academic freedom is the freedom to discuss all relevant matters in the classroom, to explore all avenues of scholarship, research, and creative expression, and to speak or write without institutional discipline or restraint on matters of public concern as well as on matters related to professional duties and the functioning of the University.
SECTION III. ACADEMIC RESPONSIBILITY.

Academic responsibility implies the faithful performance of professional duties and obligations, the recognition of the demands of the scholarly enterprise, and the candor to make it clear that when one is speaking on matters of public interest, one is not speaking for the institution.


Regent Larson read the following statement on behalf of the Educational Planning & Policy Committee:

On behalf of the Educational Planning & Policy Committee, I want to clarify for all colleagues the basic purpose for these amendments. Changes are intended to clarify and reaffirm the definitions of academic freedom and responsibility for faculty and staff and address faculty concerns arising out of the recent U.S. Supreme Court decision *Garcetti et al v. Ceballos*. These concerns are described in the docket materials. The plain text of the amended policy provides that academic freedom is together with responsibilities incumbent upon all University faculty and staff. These include adherence to all federal and state laws, as well as University policies, procedures, and contractual obligations, including specifically those pertaining to employee, patient, and student privacy, and confidentiality rights, intellectual property and trade secrets, and conditions accompanying grants and other research agreements. In addition, it is clear from the docket material our discussions and stated intentions that the Board of Regents and the President have the right to expect that senior officers and others in key administrative positions, for example, at the level of dean and above, and their immediate staff, will support the University's mission and policies, procedures, goals, and programs established and announced by the Board of Regents and the President and will not publicly undermine them. This includes, for example, statements before the legislature, to the media, etc. The Board expects these officials to be accountable to us and to the President for what they say in public concerning University matters.

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

Larson reported that the committee also discussed Senate Committee on Educational Policy: Academic Policy Review; received a report on academic initiatives: Imagine Fund for Humanities/Arts; and received a strategic positioning update on college reorganizations.

REPORT OF THE FACILITIES COMMITTEE

Regent Bohnsack, Chair of the committee, reported that the committee voted unanimously to recommend:
a) Approval of a Resolution Related to EAW & Scoping Decision Document for Sand & Gravel Mining at UMore Park, as follows.

WHEREAS, the Board of Regents of the University of Minnesota is the Responsible Governmental Unit for the purpose of conducting the environmental review related to the proposed mining of sand and gravel at UMore Park, located in the City of Rosemount and Empire Township, Dakota County, Minnesota; and

WHEREAS, in fulfillment of its responsibilities as the Responsible Governmental Unit, University staff, with the assistance of expert consultants, prepared and made available for public review and comment during the period between January 12, 2009 and February 16, 2009 a Draft Environmental Assessment Worksheet (EAW) and Draft Scoping Decision Document (SDD); and

WHEREAS, on February 5, 2009 University staff held a public meeting for the purpose of receiving public comments regarding the Draft EAW and Draft SDD; and

WHEREAS, University staff with assistance from the expert consultants analyzed each of the public comments, prepared a written response to each, and revised the Draft SDD, where appropriate, consistent with the responses to the comments;

WHEREAS, the Facilities Committee of the Board of Regents has conducted a review of the SDD, as revised, and the related documents and has made its recommendations; and

WHEREAS, the Board of Regents has reviewed the public comments to the Draft EAW and the Draft SDD, the response to each of the comments, and the revised SDD and has found that (i) based on the advice of legal counsel, the University complied with all legal requirements in preparing the Scoping Decision Document, including those governing public participation, and (ii) the proposed scope for the environmental review set out in the revised Scoping Decision Document is a proper and adequate scope for the EIS.

NOW, THEREFORE, BE IT RESOLVED, that the Board of Regents hereby approves the revised Scoping Decision Document.

b) Approval of Schematic Plans for the following project as presented to the committee and described in the June 11, 2009 committee minutes.

1) Landcare Facility, Twin Cities Campus.

c) Approval of the following real estate transaction as presented to the committee and described in the June 11, 2009 committee minutes.

1) Purchase of 1.39 Acres at Oak Street SE & 7th Street SE, Minneapolis.

The Board of Regents voted unanimously to approve the recommendations of the Facilities Committee.
Bohnsack reported that the committee also reviewed a Resolution related to the Music Education Building deconstruction and demolition; reviewed proposed amendments to Board of Regents Policy: *Eminent Domain*; received a Semi-Annual Capital Planning and Project Management report; a discussed issues related to the Preliminary 2010 State Capital Request; and discussed 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 did not meet this month.

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

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

a) Approval of the revised Consent Report of the Faculty, Staff & Student Affairs Committee as presented to the committee and described in the June 11, 2009 committee minutes.

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

Frobenius reported that the committee also reviewed proposed amendments to two policies: Board of Regents Policy: *Diversity, Equal Employment Opportunity, and Affirmative Action*; and Board of Regents Policy: *Intercollegiate Athletics*; received a report on the UPlan, the University's medical benefits plan; and reviewed 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 June 11, 2009 committee minutes.

b) Approval of a Resolution Related to Issuance of University Debt, as follows.

WHEREAS, the University is constructing a new open-air football stadium on the east bank of the Twin Cities campus, to be called “TCF Bank Stadium”; and

WHEREAS, it has been proposed that the University issue commercial paper to finance that portion of the cost of TCF Bank Stadium to be paid with funds to be received in the future pursuant to sponsorship agreements, naming rights agreements for portions of TCF
Bank Stadium, and in payment of gift amounts pledged for TCF Bank Stadium (together, “Stadium Pledges”); and

WHEREAS, the commercial paper is proposed to be issued under the University’s existing commercial paper program authorized by the Board of Regents in resolutions approved unanimously at its meeting of November 8, 1996, as supplemented and amended in resolutions approved unanimously at its meeting of September 9, 2005 (the “Commercial Paper Program”); and

WHEREAS, the commercial paper will be issued pursuant to an Indenture of Trust between the University and a bank or trust company acting as trustee, or pursuant to an Order of the University; and

WHEREAS, the Indenture of Trust or Order pursuant to which the commercial paper will be issued will contain the terms of such commercial paper and agreements and covenants of the University with respect to the payment of the principal of, premium, if any, and interest on such commercial paper;

NOW, THEREFORE, BE IT RESOLVED, by the Regents of the University of Minnesota, as follows:

1. To provide financing for Stadium Pledges and to pay costs of issuance of such financing, the University hereby authorizes the issuance of additional commercial paper pursuant to the Commercial Paper Program in the principal amount of up to $33,000,000 (the “Commercial Paper”). The Commercial Paper shall be general obligations of the University and shall mature no later than December 31, 2029.

2. The Treasurer is authorized to negotiate with one or more banks, investment banking firms or financial institutions engaged by the University as the dealer for the Commercial Paper, the terms and conditions upon which the Commercial Paper shall be sold and issued, and to approve the terms of such sale and issuance.

3. In connection with the Commercial Paper Program and the issuance of the Commercial Paper, the President and Treasurer are authorized to execute and deliver on behalf of the University the Indenture of Trust or Order of the University or any supplement or amendment thereto under which the Commercial Paper is to be issued in the form and containing such covenants, agreements, representations and warranties of the University as may be approved by the Treasurer and the General Counsel, and the Secretary and Treasurer are authorized to execute and deliver the Commercial Paper in accordance with such Indenture of Trust or Order of the University or any supplement or amendment thereto. The signatures of the Secretary and/or Treasurer on the Commercial Paper may be by facsimile.

4. In addition, the Treasurer is further authorized to negotiate with one or more commercial banks, insurers or other credit support or liquidity facility providers the terms and conditions of any credit support or liquidity facility for the Commercial Paper, and the
President and Treasurer are authorized to execute and deliver any agreements of the University with the provider of any such credit support facility or liquidity facility. Such agreements shall be in the form and contain such rights, obligations, covenants, agreements, representations and warranties of the University as may be approved by the Treasurer and the General Counsel.

5. The Treasurer is authorized to approve the Official Statement, Offering Memorandum, Offering Circular or other offering material to be prepared and distributed by the University to any purchaser or potential purchaser of any of the Commercial Paper (however so entitled, the “Offering Memorandum”), and the Treasurer is authorized to execute and deliver the Offering Memorandum.

6. The appropriate University officers are authorized to execute and deliver all other documents, certificates and to take such action as may be necessary or appropriate in connection with the issuance and sale of the Commercial Paper.

7. The Secretary and other officials of the University are authorized and directed to prepare and furnish to any purchasers of the Commercial Paper certified copies of all proceedings and records of the University as may be required or appropriate to evidence the facts relating to the legality of the Commercial Paper and the Commercial Paper Program as such facts appear from the books and records in the officers’ custody and control or as otherwise known to them; and all such certified copies, certificates and affidavits, including any heretofore furnished, shall constitute representations of the University as to the truth of all statements contained therein.

8. The execution of any document by the appropriate officers of the University herein authorized shall be conclusive evidence of the approval of such documents in accordance with the terms hereof. In the absence of the President or Treasurer, any Indenture of Trust, Order, Offering Memorandum, purchase agreement with the initial purchaser or purchasers of the Commercial Paper or Commercial Paper Program may be executed by the Chair or Vice Chair instead of the President and by the Secretary instead of the Treasurer.

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

Hunter reported that the committee also discussed issues related to asset allocation and investment performance; issues related to the President’s Recommended Annual Operating Budget; and reviewed the information items described 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 11:50 a.m.

[Signature]

ANN D. CIESLAK
Executive Director and
Corporate Secretary
A meeting of the Board of Regents was held on Wednesday, June 17, 2009 at 11:30 a.m. in the Boardroom, 600 McNamara Alumni Center.

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

Staff present: President Robert Bruininks; Senior Vice President and Provost Thomas Sullivan; Vice Presidents Kathryn Brown, Karen Himle, and Richard Pfutzenreuter; Executive Director Ann Cieslak; and Associate Vice Presidents Margaret Carlson and Donna Peterson.

Regent Simmons welcomed those in attendance to the Board of Regents Public Forum on the President’s Recommended Annual Operating Budget FY2010. She noted that the University of Minnesota Crookston, Duluth, Morris, and Rochester campuses were connected to the meeting via interactive television. She reviewed the procedures to be followed for the meeting and stated that the Board of Regents intends to vote on the proposed budget at the June 24, 2009 Board meeting.

The following individuals were then called forward:

Cherrene Horazuk – AFSCME
Ms. Horazuk spoke against the recent unallotment of state funding for the University by the governor. She urged the University to avoid laying off employees to address the current budget challenges, but noted that if layoffs occur, it must be done in a transparent manner.

Judith Martin – Professor, Geography
Professor Martin expressed appreciation for the University’s continued focus on scholarship support, endowment management, and long-term budget planning to address the financial challenges. She applauded the efforts of collegiate financial staff in implementing the Enterprise Financial System (EFS) in the past year.

Mary Lou Middleton, AFSCME
Ms. Middleton emphasized that clerical staff are often the first point of contact with students and that the student experience could be diminished with cuts to this employee group. She added that clerical staff are also heavily involved in supporting faculty in their educational and research duties.

Kristi Kremers, President, Graduate and Professional Student Assembly
Ms. Kremers observed that graduate and professional students comprise forty percent of the University student population. She cautioned the University that tuition rates for some graduate and professional programs result in student debt loads that have increased dramatically in recent years. Kremers urged the University to focus on the long-term effects of the budget as much as the annual strategy.
Amy Selvius, AFSCME
Ms. Selvius yielded her time to Kem Tae Lynch, University staff member, who urged the University to utilize financial resources for student education rather than for administration costs and the construction of new buildings. She observed that due to the cost changes in the Regents Scholarship Program, she will no longer be able to pursue her masters degree.

William Gleason – Associate Professor, Laboratory Medicine & Pathology
Professor Gleason commented that institutional excellence is more likely with greater investment in people rather than buildings. He observed that while many people share the goal of an excellent University, there are a variety of viewpoints of how to achieve this goal. Gleason urged the Board of Regents to challenge the strategic and funding priorities of the University administration.

Martin Sampson – Professor, Political Science
Professor Sampson spoke in favor of the proposed budget, but cautioned that trends in state support are extremely detrimental to the University. He commented that continued funding and strategic focus on all areas of the University’s mission, teaching, research, and outreach, will be critical to maintaining institutional excellence.

Paul Buchel – Legislative Affairs Chair, Minnesota Student Association
Mr. Buchel commended the University for the proposed budget and initiatives such as the middle income scholarship program. While he noted that the proposed tuition increases are minimal for resident undergraduates, he expressed concern that nonresident students will bear a greater tuition burden.

Phyllis Walker – AFSCME
Ms. Walker observed that clerical workers have experienced a high amount of employee layoffs at the University, thereby effecting student services. She urged the reduction of upper level administrative positions and the implementation of a salary cut for employees at the high end of the pay scale.

Bruce Mooty – President, University of Minnesota Alumni Association
Mr. Mooty stated that the most important component of dealing with financial challenges is to have sound planning principles, which he believes the University has in place. He expressed concern about tuition affordability, but applauded the University’s efforts to provide more student aid through enhanced scholarship programs. Mooty emphasized that maintaining excellence in every area of the University will be critical to retaining the support of donors.

Marshall Johnson – Former President, Crookston Student Association
Mr. Johnson commented on the importance and unique identity of the University’s coordinate campuses. He stressed that the Crookston campus’ emerging focus on sustainability will enable it to maintain its status as an innovative institution.

Kelly Alghamdi-Zimmerscheid – AFSCME
Ms. Alghamdi-Zimmerscheid spoke on the importance of clerical workers to the implementation and operation of the EFS. She encouraged the University to examine expenditure policies in such areas as food, travel, cell phone reimbursements, printing, and recruitment.
Brian Atwood – Dean, Humphrey Institute of Public Affairs
Dean Atwood spoke on behalf of the Twin Cities Dean’s Council and emphasized that colleges will work to be innovative and contain costs, noting the particular challenges of University funding in the years following the FY2010 budget. He expressed concern about decreased public funding and the dissolution of the social contract between the State and the University.

The meeting adjourned at 12:15 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 Wednesday, June 24, 2009 at 11:00 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, Venora Hung, Steen Hunter, and Maureen Ramirez. Dean Johnson and David Larson participated via telephone.

Staff Present: President Robert Bruininks; Senior Vice President and Provost Thomas Sullivan; Vice Presidents Kathryn Brown, 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 President Margaret Carlson.

PRESIDENT’S RECOMMENDED ANNUAL OPERATING BUDGET FY2010

A motion was made and seconded to approve the following resolution related to the President’s Recommended Annual Operating Budget (Budget) for FY2010:

WHEREAS, the University of Minnesota as the state’s public, land grant university is charged with the responsibility to pursue knowledge and to help apply that knowledge through research and discovery, teaching and learning, and outreach and public service; and

WHEREAS, the State of Minnesota, through its legislative and executive branches, has appropriated $623,417,000 in state general fund monies for fiscal year 2009-10 to the University of Minnesota, a decrease of $81,725,300 in appropriations compared to the prior year’s funding; and

WHEREAS, the University of Minnesota is committed to achieving standards of national and international excellence; and

WHEREAS, the future of the University is premised on partnerships within the University community of faculty, staff and students, with the State of Minnesota, other educational institutions, business and industry, University alumni, local communities, and the citizens of Minnesota; and

NOW, THEREFORE, BE IT RESOLVED that the Board of Regents hereby approves the University of Minnesota Fiscal Year 2009-10 Operating Budget as follows:
The annual revenue and expenditure plan for current, non-sponsored funds and projected expenditures for sponsored funds for fiscal year 2009-10.

The Fiscal Year 2009-10 Operating Budget approved by the Board of Regents includes the following attachments which are included in the President’s Recommended FY10 Operating Budget:

Attachment 1 - Resource and Expenditure Budget Plan
(University Fiscal Page)
Attachment 3 - University of Minnesota 2009-10 Tuition Plan:
Tuition Rates
Attachment 8 - University of Minnesota 2009-10 Tuition Plan:
Course Fees
Attachment 9 - University of Minnesota 2009-10 Tuition Plan:
Academic Term Fees
Attachment 10 - University of Minnesota 2009-10 Tuition Plan:
Fees in Lieu of Tuition
Attachment 11 - Student Services Fees
Attachment 12 - Fund Forecast - Centrally Distributed and Attributed Funds

President Bruininks reviewed the provisions of the proposed Budget. He directed the Board’s attention to several key conclusions and core principles used to direct the development of the budget (materials distributed at meeting and on file in the Board Office). Actions have been set up for all academic and support units to absorb 5 to 8 percent budget base reductions in anticipation of proposed unallotments. President Bruininks reported on administration efforts to: protect the workforce through attrition rather than layoffs; increase funds attributed to graduate assistantships and fellowships thus protecting students; and reduce operating costs and overhead. He reported that this is the first time in history that state support will lag significantly behind tuition dollars and the amount of money the University generates through its own activity in competitive grants and contracts.

The President’s Recommended Operating Budget for FY2010 and the Preliminary Plan for FY 2011 is a direct response to significant reductions in state support. The biennial reduction from the state totals 7.6 percent compared to base level funding. In addition, a $2.5 million reduction was enacted during the 2008 legislative session, causing a total reduction for FY2010 of $81,725,000. Bruininks cautioned that future state economic forecast could create more financial pressures on the state for FY2011 and beyond.

President Bruininks addressed the long-term priority of continued affordability for undergraduate, graduate, and professional students. New policies have been put in place but funding continues to be a challenge during the economic downturn. Bruininks outlined a number of initiatives in place to provide financial aid and scholarship support for resident undergraduate students for the coming two years. He briefly addressed federal stimulus funds of close to $90 million and how the majority of those funds will be used to mitigate tuition increases to students.

President Bruininks addressed graduate and professional tuition. He recognized that more information needs to be presented to the Board and stated that this issue will be part of the work plan for the coming year. He reported that twice as many undergraduate as graduate and professional students attend University campuses, with twice as many internal resources spent to support graduate and professional students.
In response to a question from Regent Larson, the President indicated that the increase in civil service fringe benefits costs are a reflection of changes in federal accounting rules and are not reflective of actual increases in these costs.

Regent Frobenius suggested that while undergraduate tuition has been adequately addressed, graduate and professional students face substantial increases in tuition. He believes the Board does not have sufficient information to understand the impact on this population; it has not been made available and there is limited understanding of the financing of graduate and professional programs. Absent this information, he is unable to support this resolution. Noting that the impact of a two percent reduction in graduate and professional tuition totals approximately $4.8 million, with such reductions to occur among graduate and professional programs. Chair Simmons stated that in absence of a second to the motion there would be no discussion or vote on the proposed amendment.

Regent Beeson commented it would useful to address how the budget reductions impact the strategic plan and if modifications to the plan are required. Bruininks responded that there is little question that a substantial reduction of resources requires rethinking how the institution can work to achieve its aspirational goals.

Regent Hung emphasized the importance of maintaining the quality of the University. She indicated that rankings are important to students as they make their higher education choices.

Regent Hunter stressed that the reduction of staff positions proposed in the Budget will have an impact on the quality of the institution. They result in increased productivity for remaining employees without compensation.

Simmons reiterated the importance of maintaining the quality of the institution, continuing to invest in employees, and keeping tuition affordable.

Frobenius asked that the administration report to the Board during the year on how the reductions are achieved. Simmons reminded the Board that one of the Board’s priorities is long-term financial planning.

The Board of Regents approved the Resolution Related to the President’s Annual Operating Budget for FY2010 by a vote of 11 to 1. Regents Frobenius voted against the resolution.

RESOLUTION RELATED TO ALCOHOLIC BEVERAGE SALES AND SERVICE ON CAMPUS

Chair Simmons invited President Bruininks, Vice President Brown, General Counsel Rotenberg, and Joel Maturi, Athletic Director, to present the Resolution Related to Alcoholic Beverage Sales and Service on Campus, as included in the docket materials.

A motion was made and seconded to approve the Resolution Related to Alcoholic Beverage Sales and Service on Campus, as follows.

WHEREAS, the University of Minnesota (University) has important policy and educational interests in controlling the consumption, use, and sale of alcoholic beverages on its campuses; and

WHEREAS, Board of Regents Policy: Alcoholic Beverages on Campus declares the University’s commitment to promoting a healthy
and safe living and learning environment for its employees, students, and visitors, and the Board is alert to the association between excessive alcohol consumption and high-risk behaviors; and

WHEREAS, Board policy prohibits the sale of alcoholic beverages on University property except when authorized by license and approved by the Board; and

WHEREAS, the consumption of alcoholic beverages for social and celebratory purposes on University property is permitted only when authorized by the President or delegate in accordance with administrative policies and procedures; and

WHEREAS, the Minnesota legislature recently passed legislation providing that under the three liquor licenses the University currently holds for TCF Bank Stadium (Stadium), Williams Arena, and Mariucci Arena, the University must sell or serve intoxicating liquor throughout the Stadium or arena if it is sold or served anywhere in the Stadium or arena; and, with respect to the Stadium, the University cannot sell or serve any intoxicating liquor anywhere in the Stadium without requiring sale or service of intoxicating liquor throughout the Stadium.

NOW, THEREFORE, BE IT RESOLVED, that the Board of Regents of the University of Minnesota, acting under its constitutional authority to govern and manage University property and facilities and consistent with Board of Regents Policy: Alcoholic Beverages on Campus, directs that no alcoholic beverages may be sold or served during scheduled intercollegiate athletic events at the Stadium, Williams Arena, or Mariucci Arena.

BE IT FURTHER RESOLVED, that nothing in this Resolution affects the existing authority of the President or delegate, by written permit, to allow sales or service of alcoholic beverages on campus by licensed caterers for special events, including special events at TCF Bank Stadium, Williams Arena, and Mariucci Arena, except during scheduled intercollegiate athletic events at that location.

President Bruininks noted that the Resolution presented is a result of recent action taken by state legislature regarding the sale or service of alcoholic beverages in athletic venues of Williams Arena, Mariucci Arena, and TCF Bank Stadium. The legislation directs that if alcohol is sold or served in premium seating it must be served throughout the venues. The recommendation of this Resolution is that alcohol not be sold or served at all, a decision that is most consistent with the values and priorities of the University of Minnesota and its commitment to students and academic life. He reminded the Board that premium seating is less than 5 percent of total seating but creates nearly half of game day revenues, and he added that this decision will have a financial impact. He stated he believes purchasers of premium seating will keep their commitment despite this change, and noted TCF Stadium is completely sold out and that more than 1000 people are on a waiting list for tickets.

Chair Simmons pointed out that the Resolution directs that no alcoholic beverages be sold or served during scheduled intercollegiate athletic events, and that there is a provision to delegate responsibility to the President to allow licensed caterers for special events in those venues to sell or serve alcohol.
In response to a question from Regent Bohnsack, President Bruininks reviewed the original business plan for financing the Stadium. He noted the University was committed to raising $86 million in private support for the Stadium, and that that goal has been met. He noted that financial impacts of this decision will be the responsibility of the Department of Intercollegiate Athletics, but that he is committed to work with the Department to mitigate the impact on athletics.

Maturi stated that there is reason to celebrate the return to football to campus and he feels the majority of people who have purchased premium seats will be pleased with their game day experience. He feels this is the right recommendation for the University.

Regent Hung raised concerns about the economic viability of a $300 million decision in which we asked citizens, donors, and students to help support. She noted sales of premium seats were to be the second largest source of operating revenue, next to ticket sales, and this change puts at risk that source of revenue for the Department of Intercollegiate Athletics. She reported that the financial impact is not fully known and therefore she is unable to support the Resolution.

Regent Larson commented that this change will have serious negative financial impacts over time if the legislation is not overturned. He commented that Regents are elected by the legislature but are unable to fulfill their responsibility as a governing board appropriately because of this change. He expressed concern that this change will not allow the stadium to be competitive with professional athletics within this state.

Regent Beeson stated that this is a policy issue before the Board, and control of alcohol is more important than the financial impact. He believes the previous resolution allowing for sale and service in premium suites was the right balance. Simmons agreed, noting that the Board was thoughtful in its first decision on how alcoholic beverages would be handled in the Stadium.

Regent Johnson commented that he will support the resolution, as it is the best decision in light of the change in the law, but that he does not believe the law is satisfactory to make the best choice on behalf of the people of this state.

Regent Ramirez observed that there are social implications as well as financial implications to the decision. She complimented student organizations for not organizing a campaign to lobby any Regent about alcohol sales at the Stadium, which seems to suggest that they are more concerned and excited about the return of football to campus than the sale of alcohol.

Regent Frobenius commented on the inconsistency he sees in that the University does not encourage drinking at student-oriented events, yet there are many campus events where alcohol is present. He supports the resolution, but would like to revisit the issue in the future to ensure the Board is being consistent with the stated values of controlling alcohol at events where students are present.

Regent Hunter emphasized that the $80 million cut from the legislature is a far more unfriendly action toward the University than was the enactment of this new law. He recommended that if any issue is taken to legislature it should be to restore the cuts to the institution. He reminded the Board alcohol was not sold at Memorial Stadium.

Regent Allen noted that the rules have now changed, and he agrees with the President’s recommendation to not serve or sell alcohol throughout the athletic venues. He added that the financial implications of the decision are minimal compared to the overall budget situation.
The Board of Regents voted to approve the resolution by a majority of 10 to 2. Regents Hung and Larson voted against the resolution.

The meeting adjourned at 11:03 a.m.

ANN D. CIESLAK
Executive Director and
Corporate Secretary