UNIVERSITY OF MINNESOTA
BOARD OF REGENTS

Minutes of the Board of Regents Meetings
and Committee Meetings

September 11-12, 2008

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EXTERNAL AUDIT UPDATE

Associate Controller Denise Seck introduced Don Loberg and Craig Popenhagen, Principals, LarsonAllen, to present progress on the June 30, 2008 annual external audit.

Loberg reported that the audit is progressing favorably. He noted the timing of the audit has changed due to the strain of the Enterprise Financial Services (EFS) conversion on internal University resources, but over 40 percent of proposed audit services have been completed to date.

Popenhagen discussed progress on audits of the financial statement, student financial aid, sponsored research, Office of Investments and Banking, and information technology. He pointed out challenges in the areas of alternative investments, implementation of new accounting standards, and potential impacts due to the EFS conversion.

Loberg outlined several ways in which LarsonAllen is working with management to ensure progress in meeting the audit completion timeline. He stressed the importance of proactive communication with management, resolving issues or questions as they arise, and timing audit work to reduce the pressure on University staff resources.

Seck reported on the proposed schedule for delivery of the financial statement to the Audit Committee in early October 2008.
In response to a question from Regent Frobenius, Loberg reported that the valuation processes for alternative investments is strong. The Office of Investments and Banking has increased internal controls and documentation, resulting in a more robust control process and systems monitoring.

**COMPLIANCE OFFICER REPORT**

Regent Cohen introduced Lynn Zentner, Director of the Office of Institutional Compliance (OIC), to report on University compliance initiatives, as detailed in the docket materials. Zentner provided a brief overview of the scope of responsibilities managed by the OIC. The scope of the OIC has recently expanded and now includes four components: the University Compliance Program, Conflict of Interest Program, University Policy Office, and Delegations Management. She added that the OIC has oversight responsibility for approximately twenty-nine different risk areas within the University and coordinate campuses. Zentner provided information on a number of actions underway in the OIC to address compliance concerns.

Zentner reported on the activities of UReport, which allows individuals concerned with legal or policy violations to report them confidentially or anonymously to a third party vendor retained by the University. She also discussed the University conflict of interest program.

Zentner announced plans for an outside review of the OIC, including retention of an outside consultant to review current process and related policies and procedures and to provide input regarding any recommended process improvement. She also highlighted future plans for the OIC.

Chair Simmons commended OIC for pursuing the external review of OIC and suggested that as part of the review Regents be asked their views and where there may be gaps in the Board's knowledge and understanding of its role.

In response to a question from Chair Simmons, Zentner acknowledged that the institution's probationary status with the Association for Assessment and Accreditation of Laboratory Animal Care (AAALAC) could impact research funding. Vice President Mulcahy reported that the institution has made significant changes in leadership and staffing to address concerns raised by AAALAC.

In response to questions from the committee, Zenter described systems in place for disclosure of conflicts of interest. She indicated that plans are underway to develop a database that will identify and monitor conflicts of interest as they arise. Mulcahy stated that the compliance rate with conflict of interest disclosure is nearly 98 percent but that the institution must improve its monitoring to manage potential conflicts.

**INTERNAL AUDIT UPDATE**

Associate Vice President Klatt reported that at its July 2008 meeting, the committee decided to limit audit work during the first two months of implementation of the Enterprise Financial System to allow staff time to become acclimated to the new financial environment. During this time, audit staff continued to work on completion of an internal self-study in preparation for a peer review, internal investigations, retooling internal processes for an training of staff EFS training, and reducing the number of outstanding audit recommendations related to information system technology with
appropriate institutional officials. Klatt also reported that nine audit reports containing 69 recommendations rated as "essential" were issued this period.

COMMITTEE WORKPLAN, 2008-09

Associate Vice President Klatt presented the proposed committee workplan for the coming year. The workplan is a means to assist the Committee in its oversight responsibilities and provides a structure to ensure the topics of highest priority receive the Committee's attention. The workplan focuses on the oversight and monitoring of risks associated with the University's strategic initiatives. Committee members expressed support for the workplan.

INFORMATION ITEMS

There were no information items this month.

The meeting adjourned at 10:00 a.m.

ANN D. CIESLAK
Executive Director and
Corporate Secretary

Audit Committee
September 11, 2008
A meeting of the Litigation Review Committee of the Board of Regents was held on Thursday, September 11, 2008 at 9:07 a.m. in the William R. Peterson Conference Room, 600 McNamara Alumni Center.

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

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

Others present: William Donohue and Elmore James.

The meeting convened in public session at 9:07 a.m.

General Counsel Rotenberg presented highlights from the Annual Report on Legal Matters.

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

At 9:25 a.m. a motion was made and seconded that the following resolution be approved:

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

NOW, THEREFORE, BE IT RESOLVED, that in accordance with Minn. Stat. § 13D.01, Subd. 3 and 13D.05 Subd. 3(b), a non-public meeting of the Board of Regents Litigation Review Committee be held on Thursday, September 11, 2008 at approximately 9:00 a.m. in the William R. Peterson Conference Room, 600 McNamara Alumni Center, for the purpose of discussing attorney-client privileged matters including the following:

I. Regents of the University of Minnesota v. AGA Medical (patent litigation)
II.    *Regents of the University of Minnesota v. United States of America* (IRS Regulations Regarding FICA)

III.   *Williams v. Regents of the University of Minnesota, et al.*

The committee voted unanimously to approve the resolution. The public portion of the meeting adjourned at 9:26 a.m. Mr. James left the meeting.

The non-public portion of the meeting adjourned at 9:50 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, September 11, 2008 at 10:15 a.m. in the West Committee Room, 600 McNamara Alumni Center.

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

Staff present: Chancellors Charles Casey, Jacqueline Johnson, and Stephen Lehmkuhle; Senior Vice President & Provost Thomas Sullivan; Vice President Timothy Mulcahy; Associate Vice President Gail Klatt; and Executive Director Ann Cieslak.

Student Representatives present:  Jennifer McCabe and Dustin Norman.

ACADEMIC PROGRAM CHANGES ANNUAL REPORT

Senior Vice President & Provost Sullivan introduced John Ziegenhagen, Director, Strategic Projects, Dean Allison Davis-Blake, Carlson School of Management (CSOM), and Dean Marilyn Speedie, College of Pharmacy (Pharmacy), who led the discussion of the Academic Program Changes Annual Report as included in the docket and associated materials on file in the Board Office. Ziegenhagen reminded the committee that this report provides an opportunity to think beyond individual changes approved in the past academic year to strategic alignment, oversight, and quality control. Since the implementation of strategic positioning in 2005, units, coordinate campuses, and the University as a whole have adopted a more mission-driven, holistic approach to changes in academic programs and degree offerings. This approach is evident in the University’s budget presentations, legislative agenda, and public communications, which all underscore the emphasis on targeted investments in strategic priorities. The approval process also ensures appropriate oversight and quality control before proposed changes are brought to the Board.

The collegiate reorganization on the Twin Cities campus has resulted in ongoing academic program reviews that have resulted in consolidations and stronger programs. At the undergraduate level, all writing programs have been combined into the new undergraduate writing initiative. At the graduate level, all Graduate School programs are periodically reviewed for strategic alignment and quality control.

In response to a question from Student Representative Norman, Ziegenhagen noted that the interests of students and industry are considered when assessing need and demand for new programs.
Davis-Blake and Speedie described the new Doctor of Pharmacy dual degree program being offered through Pharmacy and CSOM as a case study of the program review and approval process. Speedie and Davis-Blake noted the following considerations: the demand from the private sector for additional management skills training; the level of interest among students; the potential to reduce the time to completion of a Ph.D.; the need to preserve the inherent value of each program; the need to satisfy the accreditation demands of each program; and the importance of gaining efficiencies while preserving the core of each program.

In response to a number of questions from the committee, Speedie explained that the new dual degree program is not unique, but relatively rare on comprehensive campuses like the Twin Cities campus. Since students in the dual degree program can incur about $110,000 in debt, Pharmacy and CSOM carefully coordinate financial aid.

ACADEMIC ISSUES RELATED TO:

UNIVERSITY PLAN, PERFORMANCE & ACCOUNTABILITY REPORT

Senior Vice President & Provost Sullivan led the discussion of academic issues related to the University Plan, Performance & Accountability Report (UPPAR) as included in the docket and associated materials on file in the Board Office. Recalling the strategic planning emphasis on exceptional students and faculty, he reported that student indicators have improved in every area, with applications for admission, diversity, ACT scores, class rank, participation in study abroad, and campus internationalization all at levels above last year. A significant development in the past year has been the implementation of student learning outcomes, student development outcomes, and the introduction of a new liberal education requirement. Student satisfaction, undergraduate and graduate, also is on the rise.

With respect to faculty, Sullivan observed that there has been a gradual change in culture. Through promotion of the University’s reputation and its faculty, the number of faculty receiving national awards has increased. Faculty also continue to excel in total research funding and in the growth of new research dollar awards, while strategic planning investments in the library and in faculty salaries have outpaced peer institutions over the last 5 years, enhancing the University’s national rankings.

Sullivan stressed that the administration considers the following strategies critical to achievement of the University’s Top 3 goal: maintaining a focus on improvements that are not just incremental, but transformational; closing gaps between where the institution is and where it needs to be; supporting a culture of excellence by aggressively reducing costs, reallocating internally, and identifying new resources that can be aligned with strategic priorities; promoting consequential productivity through realignment and prioritization; and communicating effectively the successes, impact, and progress being made by the University’s faculty, staff, and students.

In response to a question from Regent Hunter, Sullivan noted that information on the economic diversity of the student body is not readily available from peer institutions. An alternative indicator is the number of students eligible for the federal Pell Grant Program, which promotes access to postsecondary education through need-based grants to low-income undergraduates. During the first half of 2008, approximately 23% of University students were Pell Grant-eligible, placing the University fourth among U.S. public institutions. Hunter suggested that this information would be a valuable addition to UPPAR.
In response to questions from Simmons, Sullivan advised that the administration has been vigilant in applying metrics and a business plan to the admissions process for every class recruited. The critical factors, such as the academic profile of applicants, their diversity, and the number requiring financial aid, are regularly considered relative to targeted goals and outcomes. The University’s rising graduation rates also are the result of improvements in the preparedness of entering students and recent efforts to bolster advising, mentoring, and monitoring to ensure students receive an excellent, timely education.

In response to a question from Regent Cohen, Sullivan explained that while it would be desirable for every undergraduate to participate in freshman seminars and a research experience, established goals reflect limited capacity, limited resources, and the circumstances of individual students that may prevent their participation.

In response to a question from Student Representative Norman, Sullivan noted that the best way to ensure that advances made thus far are protected into the future is to hold the administration accountable on a regular basis for identified goals and aspirations. Regent Simmons added that progress toward established strategic goals and objectives is positive and proceeding apace, but the challenge will be to ensure that improvement continues, which will require garnering the necessary resources, using them prudently, and analyzing what is most cost-effective.

Regent Larson commented that the current profile of University students is probably appropriate, but that the institution’s four- and five-year graduation rates remain a concern. He urged the administration to employ holistic assessments to on-campus advising and mentoring to ensure that at-risk students receive the support they need for academic success.

**COMMITTEE WORKPLAN 2008-09**

Regent Larson and Senior Vice President & Provost Sullivan led a discussion of the committee's workplan for 2008-09. The committee suggested a number of other topics for discussion and expressed support for the workplan.

**CONSENT REPORT**

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

- **New Academic Programs**
  - Carlson School of Management (Twin Cities Campus) – Create B.S.B. degree in Supply Chain and Operations Management
  - Carlson School of Management (Twin Cities Campus) – Create Minor in Supply Chain and Operations Management
  - College of Liberal Arts (Twin Cities Campus) – Create B.S. degree in Psychology
• Academic Program Changes

  ▪ College of Continuing Education (Twin Cities Campus) – Discontinue tracks in B.A.Sc. degree in Information Technology Infrastructure

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

  ▪ Carlson School of Management (Twin Cities Campus) – Discontinue B.S.B. degree in Supply Chain Management

  ▪ Carlson School of Management (Twin Cities Campus) – Discontinue B.S.B. degree in Operations

  ▪ Carlson School of Management (Twin Cities Campus) – Discontinue Minor in Operations

  ▪ Carlson School of Management (Twin Cities Campus) – Discontinue B.S.B. degree in Actuarial Science

  ▪ Carlson School of Management (Twin Cities Campus) – Discontinue Minor in Actuarial Science

  ▪ Carlson School of Management (Twin Cities Campus) – Discontinue Self-Designed B.S.B. degree in General Management

  ▪ Crookston Campus – Discontinue Natural Resources Aviation area of emphasis in B.S., Aviation degree

  ▪ Crookston Campus – Add Natural Resources Aviation area of emphasis in B.S., Natural Resources degree

  ▪ Crookston Campus – Offer existing B.S., Applied Studies degree through distance education

  ▪ Morris Campus – Change name of Minor in Speech Communication to Minor in Communication, Media, and Rhetoric

INFORMATION ITEMS

There were no information items this month.

The meeting adjourned at 11:45 a.m.

ANN D. CIESLAK
Executive Director and Corporate Secretary
A meeting of the Faculty, Staff & Student Affairs Committee of the Board of Regents was held on Thursday, September 11, 2008 at 10:15 a.m. in the East Committee Room, 600 McNamara Alumni Center.

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

Staff present: Vice Presidents Nancy Barceló, Carol Carrier, Steve Cawley, and Timothy Mulcahy; and Executive Director Ann Cieslak.

Student Representatives present: Jordan Bronston and Adam Yust.

STRATEGIC TALENT MANAGEMENT SYSTEM: SUPPORTING EXCEPTIONAL LEADERS THROUGHOUT THE UNIVERSITY

Vice President Carrier introduced Mel Mitchell, Director, Organizational Effectiveness, to present a discussion of the Strategic Talent Management System (STMS), as detailed in the docket and associated materials distributed at the meeting and on file in the Board Office.

Mitchell reported that development of the STMS will assist the University to select, hire, develop, and support the succession of its leaders. He explained that the competency model, which has been developed through focus groups of selected University leaders and staff members, provides the foundation for the customized talent management system. He described the competency model for vice presidents that include four primary leadership dimensions: strategic leadership, people leadership, personal leadership, and results leadership, with additional layers of competencies within each of those areas.

In response to questions from the committee, Mitchell explained that customized competency models would eventually be developed and used at all leadership levels within the University. He added that the competency models are not expected to be a part of the performance review process. Mitchell stated that formalized training will be developed for staff whose responsibility includes identifying leaders.

STRATEGIES FOR COMPETITIVE RECRUITMENT

Vice President Carrier invited Vice President Barceló, Vice Provost Arlene Carney, and Mary Everley, Director, Relocation Assistance Program, to present strategies developed for competitive recruitment of dual-career couples, as detailed in the docket and associated materials distributed at the meeting and on file in the Board Office. Carrier noted hiring dual career couples often creates special challenges, and the University's services must be robust to meet their needs. The effort to address dual career issues has been a collaborative venture with six University offices contributing.
Carney explained the University recently participated in a national dual career study by Stanford University. The results of the study, available this fall, will identify the University's strengths and challenges in dual career hires. Carney stated the number of faculty at the University with academic partners, 36 percent, has remained steady since 1989, but that the rate at which academic partners have been hired has changed, and that partners now play a much larger role in the recruiting process.

Barceló observed the current dual career hiring process was formalized in 2003, and that the Bridge Funding program, available to support partner hires, requires one of the partners be a tenured or tenure-track faculty member. She reviewed the number of departments that have utilized the program, and noted an annual increase since the program was initiated in 2003. It is also used for retention of a faculty member's partner, representing 36 percent the current budget.

Everley described the dual career services offered by Human Resources, including the Upper Midwest Higher Education Recruitment Consortium, a new collaborative partnership initiated by the University of Minnesota that brings together 52 institutions in Minnesota and Wisconsin to work together for dual career hires.

COMMITTEE WORKPLAN 2008-09

Vice President Carrier presented the committee workplan for 2008-09 in accordance with Board of Regents Policy: Board Operations and Agenda Guidelines. The committee expressed support for the workplan.

CONSENT REPORT

There were no Consent Report items this month.

INFORMATION ITEMS

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

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

The meeting adjourned at 11:41 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, September 11, 2008 at 1:45 p.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: Chancellor Jacqueline Johnson; Vice Presidents Steve Cawley and Richard Pfutzenreuter; Executive Director Ann Cieslak; and Associate Vice Presidents Stuart Mason and Michael Volna.

Student Representatives present: Imee Cambronero and Jennifer McCabe.

RESOLUTION RELATED TO ISSUANCE OF DEBT

Vice President Pfutzenreuter presented a Resolution Related to Issuance of Debt, as included in the docket materials. The University is constructing the TCF Bank Stadium (Stadium) on the Twin Cities campus. Initial funding of the cost of the Stadium has been provided to date by the issuance of bonds, paid for by an annual appropriation from the State of Minnesota. The University is seeking approval of a financing resolution authorizing the issuance and sale of bonds for construction costs; debt service on the additional bonds will be provided by payments from the TCF Bank Stadium Naming Agreement.

In response to questions from the committee, Pfutzenreuter explained that because of the Naming Agreement for the stadium, the new debt would be taxable. Due to current financial market pressures the issuance is also secured by the full faith and credit of the University. This credit enhancement is expected to produce interest rates around 6 percent, rather than the 7 or 8 percent that might result if the only pledge were the Naming Agreement.

Regent Allen reported the Debt Management and Advisory Committee recently reviewed the resolution, and with the exception of the full faith and credit aspect, found it to be in line with the original plan for debt service on the stadium.

A motion was made and seconded and the committee voted unanimously to recommend approval of the Resolution Related to Issuance of Debt as presented in the docket materials.
UPDATE: ENTERPRISE FINANCIAL SYSTEM IMPLEMENTATION

Associate Vice President Volna reviewed the success and challenges of the Enterprise Financial System (EFS) implementation, as included in the docket and associated materials distributed at the meeting and on file in the Board Office. He identified EFS components that are functioning as intended, including the endowment and treasury functions, accounts payable processing, and non-sponsored accounts receivable. Strategies are under development to improve selected access and technical issues, approvals, and reports. Volna observed that important reporting and account receivable functions within the program are performing well.

The committee commended the EFS implementation team and invited Volna to return to the committee with periodic updates.

ISSUES RELATED TO: ANNUAL ASSET MANAGEMENT REPORT

Vice President Pfutzenreuter invited Associate Vice President Mason to review the Annual Asset Management Report, as included in the docket materials. Mason reported the following:

- University invested assets totaled approximately $1.9 billion as of June 30, 2008;
- The Consolidated Endowment Fund (CEF) value decreased 4.8 percent, or $27.4 million over the last 12 months;
- CEF assets included a record endowment distribution of $45.5 million;
- The Temporary Investment Pool increased $69.2 million over the last 12 months for a 3.8 percent increase compared to a benchmark yield of 6.2 percent; and
- On June 30, 2008, the University’s total outstanding debt was $807.2 million, with an effective interest rate on all debt obligations of 4.3%.

Mason noted that RUMINCO assets were down $7.3 million over the previous year, and there are plans to shift the RUMINCO portfolio to more fixed investments due to the volatility of the current portfolio.

In response to questions from the committee, Mason indicated many other foundations and endowments are experiencing the same trend as the University and are down 4.8 percent on average.

COMMITTEE WORKPLAN, 2008-09

Vice President Pfutzenreuter reviewed the proposed 2008-09 committee workplan, as detailed in the docket materials. Pfutzenreuter explained that the plan is organized around five broad categories, reflecting the role of the committee in meeting its fiduciary responsibilities. The committee expressed support for the workplan and made some suggestions.
CONSENT REPORT

Vice President Pfutzenreuter presented the Consent Report, as detailed in the docket materials. He invited Jan Morlock, Director of Community Relations, to describe the $250,000 general contingency allocation in more detail. She noted that the funding is of critical importance in furthering the relationship of the University with adjacent neighborhoods by improving their appearance and safety and through the development of a shared vision and plan.

A motion was made and seconded to approve the Consent Report, including:

General Contingency

An allocation of $250,000 is requested for the Vice President for University Relations. Funding will be used to create a comprehensive district plan and vision for the neighborhoods immediately bordering the University’s Twin Cities campus with the objective of making the neighborhoods surrounding the campus area attractive to University employees.

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

- BD Biosciences Company for $473,327 for a Fluorescence Activated Cell Sorter Aria II flow cytometer for the Lillehei Heart Institute.
- Educational Computer Systems, Inc. for an estimated $685,000 to provide student loan billing and data maintenance services for a five-year period from October 1, 2008 to September 30, 2013 for Academic Support Resources’ Office of Student Finance.
- Managed Services, Inc. for $531,946 to provide facilities management services for the West Bank Office Building for the period of October 17, 2008 through October 16, 2009 for the West Bank District.
- Oracle Corporation for $498,520 to renew Oracle PeopleSoft University-wide computer software licenses, updates, and maintenance support for the one-year period September 29, 2008 through September 28, 2009 for the Office of Information Technology.
- Patterson Dental for an estimated $595,000 for non-stock dental lab supplies, dental medical supplies, dental instruments, dental X-ray films, and dental chemicals, etc. These non-stock items will be available to the School of Dentistry and other departments through the University Stores WEB order entry system. This contract period is from October 1, 2008 through September 30, 2009.
- Rigaku Americas Corp. for an estimated $545,000 for one HighFlux HomeLab X-ray diffraction system consisting of a MicroMax-007 HF X-ray generator with Osmic VariMax optics, a Saturn 944+ CCD detector and an X-stream 2000 cryogenic system for the Department of Medicinal Chemistry.
- Schindler Elevator Corporation for $268,215.84 for the Annual Elevator Maintenance Contract for the period October 1, 2008 through September 30, 2009 for the Health Sciences District.
• Stevens Community Medical Center for $348,500 for provision of medical services for University of Minnesota Morris Health Service for the period of July 1, 2005 through June 30, 2009, including this amendment for $89,250 to extend the original contract period to June 30, 2009.

• Trimble Frontier Precision for $533,311 for a Differential Global Positioning System (DGPS) consisting of base station network software, a network of six GPS base stations, and 12 roving DGPS receivers for the Department of Mechanical Engineering’s Center for Transportation Studies.

• XPEDX for an estimated $496,000 for the purchase of recycled copy paper to be stocked at the University Stores for use in University departments. The contract period is October 1, 2008 through September 30, 2009.

Approval of New Investment Managers

The Office of Investments and Banking (OIB) proposes the engagement of two new investment managers for target allocations in CEF. The proposed managers have been reviewed and are recommended by the Investment Advisory Committee. These managers have been recommended following a thorough due diligence process and review by OIB of the respective asset classes relative to current market conditions and the managers previously selected in these asset classes.

• Fixed Income Portfolio: Absolute Return
  
  **Halcyon Asset Backed Value Fund**
  - $10 million investment
  - Fixed income hedge fund
  - Asset backed security focus
  - U.S. focused fund

• Private Capital: LBO — Growth Capital
  
  **Stone Arch Capital**
  - $10 million investment
  - Growth capital strategy
  - Small Cap Focus
  - Focus on U.S. - Midwest

Approval of Underwriter

The Treasurer proposes engaging Piper Jaffray as the underwriter for the issuance of taxable bonds.

• A request for proposal was sent to nine investment banking firms to act as the underwriter/investment banker for the issuance of taxable bonds in the principal amount of approximately $17,000,000 to $20,000,000, the proceeds of which will be used to finance a portion of the costs of TCF Bank Stadium and to pay costs of issuance. Annual payments from TCF under the TCF Naming Agreement over 21 years beginning in March 2009 will cover the debt service on these bonds.
• The responses were evaluated by three members of the University's Debt Oversight Group and the evaluation process was discussed at the Debt Management Advisory Committee meeting held on September 10, 2008.

• The evaluation and selection process resulted in the selection of Piper Jaffray in light of their apparent understanding of the financing and the University's objectives; the degree to which their proposal met the University's expectations for service to be provided; their documented relevant qualifications, experience, and capabilities; the completeness of their response; and their low quoted price.

• Expected underwriter's discount assuming a $20,000,000 principal amount issued is estimated to be $80,000.

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

INFORMATION ITEMS

Vice President Pfitzenreuter invited Craig Taylor, Director of Business and Community Economic Development, to present information on the Annual Economic Development Report. Taylor highlighted the following: 1) expenditures with Women, Minority and Disabled Businesses (WMDB) have doubled over the last five years; 2) to date, $28 million in TCF Bank Stadium construction expenditures have been with WMDB; and 3) partnerships have been developed with community organizations, including the Urban League and Summit OIC, so that apprentices in the construction trades have the opportunity to work on the stadium project.

Pfitzenreuter referred committee members to the Information Items contained in the docket materials, including:

• Quarterly Purchasing Report;
• Quarterly Investment Advisory Committee Update;
• Annual Economic Development Report;
• Quarterly Debt Management Advisory Committee Update; and
• Emergency Approvals.

The meeting adjourned at 3:07 p.m.

ANN D. CIESLAK
Executive Director and
Corporate Secretary
A meeting of the Facilities Committee of the Board of Regents was held on Thursday, September 11, 2008 at 1:45 p.m. in the West Committee Room, 600 McNamara Alumni Center.

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

Staff present: Chancellors Charles Casey and Stephen Lehmkuhle; Vice President Kathleen O’Brien; General Counsel Mark Rotenberg; Executive Director Ann Cieslak; and Associate Vice Presidents Michael Berthelsen, Irma McLaurin, and Michael Perkins.

Student Representatives present: Erick Elgin and Emma Olson.

CAPITAL BUDGET AMENDMENT

A. Centennial Hall II, Crookston Campus

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

On the recommendation of the President and the Vice President for University Services, the FY2009 Capital Budget is amended to increase the budget for the following project:

Centennial Hall II, Crookston campus.
Scope of Project: Centennial Hall II is designed to be a two-story, 128-bed apartment style student housing facility with 32 two-bedroom, 4-bed units, classroom/seminar space, a recreation room, and a lounge area.
Cost Estimate: $10,600,000.
Capital Funding: University debt.
Estimated completion date: August 2009.

Vice President O’Brien informed the committee that the capital budget amendment was being brought for review and action in one month in order for construction to begin immediately and completion of the project in time for the 2009-10 academic year. Chancellor Casey and Associate Vice President Perkins provided information on the project rationale, residential floor plans, and financing structure, as detailed in the docket and materials distributed at the meeting.

In response to a question from Regent Larson, Lincoln Kalsen, Director of Financial Research in the Office of Budget and Finance, explained that even with adding the principal, interest, and operating expenses for the new building, Crookston residential facilities will yield an annual profit of approximately $100,000.
On behalf of Crookston students, Student Representative Elgin expressed an interest in the facility achieving certification in Leadership in Energy and Environmental Design (LEED). Perkins explained that the building will meet the criteria for state-level B3 certification, which is equal to the 2nd level Silver LEED status.

The committee voted unanimously to recommend approval of the capital budget amendment for Centennial Hall II, Crookston campus.

**SCHEMATIC PLANS**

**A. Centennial Hall II, Crookston Campus**

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

The schematic plans for Centennial Hall II, Crookston Campus, are approved and the appropriate administrative officers are authorized to proceed with the award of contracts, the development of construction documents, and construction.

The committee voted unanimously to recommend approval of schematic plans for Centennial Hall II, Crookston campus.

**B. Urban Research and Outreach Center/Engagement Center, North Minneapolis**

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

The schematic plans for the Urban Research and Outreach Center/Engagement Center, North Minneapolis, are approved and the appropriate administrative officers are authorized to proceed with the award of contracts, the development of construction documents, and construction.

Associate Vice President McLaurin and Michael Denny, University Services Project Manager, described the project, as detailed in the docket and materials distributed at the meeting. McLaurin explained the project rationale and expressed hope that the project will set a standard for higher education/community partnerships. Denny noted that the project will entail the redevelopment of an existing retail center and profiled the project scope, financing structure, and renovation design.

In response to a question from Regent Baraga, McLaurin reported that federal funding could be available for programming, but not for the capital construction costs.

The committee voted unanimously to recommend approval of schematic plans for the Urban Research, and Outreach Center/Engagement Center, North Minneapolis.

**C. McNamara Alumni Center Expansion, Twin Cities Campus**

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

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

Vice President O’Brien explained that although the McNamara Alumni Center is owned and operated by the Gateway Corporation, it is located on University property and therefore the schematic design is being brought to the Committee for review and action.

Tom LaSalle, LaSalle Development Group and the project owner’s representative, and Larry Laukka, Gateway Corporation, presented information on the project, as detailed in the docket and materials distributed at the meeting. LaSalle explained that the proposed expansion will be either a four or five-story addition to the southwest corner of the existing building and will contain 15,000 square feet of new office space and enhanced meeting and event spaces. He added that the project will be entirely funded by the Gateway Corporation.

The committee voted unanimously to recommend approval of schematic plans for the McNamara Alumni Center expansion, Twin Cities campus.

FACILITIES CONDITION ASSESSMENT

Vice President O’Brien introduced Associate Vice President Berthelsen and Sean Schuller of Facilities Management to present the Facilities Condition Assessment (FCA), a comprehensive evaluation of the condition of the institution’s campus facilities and infrastructure portfolio, as detailed in the docket and materials distributed at the meeting. The presenters provided an overview for all campuses of gross square feet, estimated replacement value, and the projected short-term renovation and restoration needs. Highlights of the presentation included:

• The University currently has approximately 28 million gross square feet on all campuses and a total estimated replacement value of over $6 billion.
• The technological complexity of University buildings has increased substantially in the past five years, thereby increasing the challenges of short and long-term maintenance.
• The University’s Facility Condition Needs Index (FCNI - percentage of facilities that need renovation/replacement within the next ten years) fluctuates depending on the type of building, with high-tech research buildings having the lowest FCNI and clinics having the highest.

Berthelsen reported that the University’s total FCNI has remained relatively constant throughout the past five years despite a significant gap between Higher Education Asset Preservation and Replacement (HEAPR) funding from the legislature and the amount needed to properly address building maintenance. He explained that this has occurred because of the addition of new buildings and the demolition of several buildings, which reduces the institution’s total needs list.

Due to time constraints, Regent Metzen asked the presenters to return to a future meeting of the committee to allow for discussion of the report.

COMMITTEE WORKPLAN, 2008-09

Vice President O’Brien summarized the development of the committee workplan for the coming year in accordance with Board of Regents Policy: Board Operations & Agenda Guidelines. O’Brien detailed the topics proposed for discussion each month. The committee expressed support for the workplan.
INFORMATION ITEMS

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

- Capital Planning and Project Management Semi-Annual Report;
- Final project reviews for Civil Engineering Building, Duluth campus, and St. Paul Utility Building and Electrical Switch Gear; and
- Emergency approval of the sale of 10,890 square feet of land at 1506-4th Street SE, Minneapolis to Doran Development LLC, Twin Cities campus.

The meeting adjourned at 3:25 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 Thursday, September 11, 2008, at 3:30 p.m. in the Boardroom, 600 McNamara Alumni Center.

Regents present: Patricia Simmons, presiding; Clyde Allen, Anthony Baraga, Dallas Bohnsack, Linda Cohen, John Frobenius, Venora Hung, Steven Hunter, Dean Johnson, David Larson, David Metzen, and 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 of the clinical enterprise of the Academic Health Center (AHC). She stated that the focus of today’s briefing is to provide all members of the Board with an understanding of issues that will affect the AHC and especially its relationships with FHS and UMP.

Cerra described the AHC’s current relationships with FHS and UMP, which are governed by a triangle of affiliation agreements developed in the 1990s (materials in the docket and on file in the Board Office). The AHC’s presence in the health care marketplace occurs through FHS, UMP, and more than 1,500 education and research relationships across the state who share similar values and a commitment to the University’s academic mission.

Cerra reviewed the principles of the clinical enterprise, the FHS/UMP/AHC partnership, and the importance of the partnership to the goals of the University and the AHC. Over the next five years the Board will be asked to make a number of key decisions, including approval of strategic goals and a workplan for the AHC; approval of resource allocations in light of the University’s goals and workplan; approval of five new capital projects; and approval of major agreements with FHS and other health systems.

Cerra emphasized that the current partnership was created to sustain the viability of the clinical enterprise in support of academic prominence, the discovery of new knowledge, and a broader, stronger continuum of care. In order for the AHC, UMP, and FHS to reach their individual and collective potential in the years ahead, the partnership must achieve a functional convergence that is supported by an effective structure. The goal of convergence is for three organizations to function as one interdependent organization that is a national leader in clinical quality, innovation, and breakthrough therapies.
Cerra identified three goals of functional convergence, five critical success factors, and the seven next steps to be completed within a two-year timeframe (Phase I). At the completion of Phase I, UMP and FHS will be equal partners in a new, tax-exempt, joint venture Ambulatory Care Clinic (Clinic). The Clinic will advance the academic mission through a revised or new affiliation agreement that provides financial support; clinical departments led by faculty; AHC involvement in the selection and evaluation of senior management; AHC oversight of performance and outcome assessment; and an environment and operations supportive of education and research.

It is proposed that the Clinic be governed by a ten-member board with representation from FHS (five members), UMP (three members), and the AHC (two members). The University’s commitment during Phase I will include 820 million in infrastructure and future development, leased space/land, and management of the University’s name. Financial agreements are not yet finalized, but the Clinic’s total cost of $205,950,000 will be funded through private gifts and bonds issued by the joint venture.

Eustis expressed his interest in the possibilities for capitalizing on the real value of FHS and the University by beginning to behave as one organization to achieve a common good in the academic, research, and clinical enterprise. Thompson, the Board’s representative on the FHS board, added that efforts at convergence and interdependence among FHS, UMP, and the AHC also have allowed each entity to achieve its own independent and individual mission.

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

- the urgent need to adopt a new economic model for academic medicine that is more responsive to the marketplace, that improves quality and patient satisfaction, and that contains the cost of providing medical education;
- the significant change and challenge implied by functional convergence among FHS, UMP, and the AHC;
- the importance of fulfilling the University’s education mission to other Minnesota healthcare organizations;
- the need to assess the appropriateness of the Medical School’s capacity to train future health care professionals;
- the importance of using health care professionals to the highest and best use;
- the AHC’s role in designing and testing new models of healthcare delivery;
- the importance of identifying and incorporating best practices; and
- the importance of evaluating the convergence model at both the conceptual and detail levels.

Simmons indicated that in the coming months the Board’s discussion must focus on (1) the specific goals and associated metrics for assessing patient care quality and the AHC’s educational programs and (2) the AHC’s economic model and its financial implications for the AHC and the University.

The work session adjourned at 4:25 p.m.

ANN D. CIESLAK
Executive Director and
Corporate Secretary

Board of Regents Work Session
September 11, 2008
A meeting of the Board of Regents of the University of Minnesota was held on Friday, September 12, 2008, at 9:00 a.m. in the Boardroom, 600 McNamara Alumni Center.

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

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

RECOGNITION

Recognition was given to newly-appointed Regents Professors Allen Goldman, Institute of Technology; Steven Ruggles, College of Liberal Arts; Eric Sheppard, College of Liberal Arts; and Madelon Sprengnether, College of Liberal Arts. Regents Professorships are the highest honor that the University of Minnesota bestows on its faculty. The individual holds the title as long as the individual retains a full-time, tenured appointment as a faculty member of the University.

INTRODUCTION

President Bruininks introduced L. Steven Goldstein, University of Minnesota Foundation President and Chief Executive Officer. Goldstein assumed his duties August 14, 2008. Goldstein briefly addressed the Board.

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 – July 9, 2008
Educational Planning & Policy Committee – July 9, 2008
Facilities Committee – July 9, 2008
Faculty, Staff & Student Affairs Committee – July 9, 2008
Finance & Operations Committee – July 9, 2008
REPORT OF THE PRESIDENT

President Bruininks welcomed new and returning students to the University of Minnesota. He discussed a number of highlights from the Twin Cities and coordinate campuses, noting increases in international enrollment and new faculty and staff leadership hires at Crookston; the introduction of new degrees and completion of new and renovated facilities in Duluth; the strongest academically-prepared class ever at Morris; and the introduction on the Rochester campus of new degrees in biostatistics in collaboration with the Twin Cities School of Public Health and the Mayo Clinic. On the Twin Cities campus the focus was on the first year experience, the first-ever Welcome Week, convocation, and a variety of educational opportunities presented in conjunction with the Republic National Convention in early September.

REPORT OF THE CHAIR

Chair Simmons welcomed all students back to the University's campuses and reaffirmed the strong commitment to support excellent in education and promote timely graduation for all students. She reported a number of Regents had the opportunity to participate in convocation on Twin Cities campus in early September.

Chair Simmons noted the October Board of Regents meetings would be held on the University of Minnesota Duluth campus October 15-17, 2008.

RECEIVE AND FILE REPORTS


REPORT OF THE ALL-UNIVERSITY HONORS COMMITTEE

Chair Simmons noted that the Report of the All-University Honors Committee was forwarded to the Board from President Bruininks on August 25, 2008.

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

GIFTS

Foundation President L. Steven Goldstein and Assistant Vice President Judy Kirk presented the list of gifts to the University of Minnesota Foundation, the Arboretum Foundation, and the Minnesota Medical Foundation through July 31, 2008, as included in the docket materials.
It was noted that future monthly gift reports would be included in a Board of Regents Consent Report.

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

Goldstein presented a brief overview of his priorities for the foundation and requested the opportunity to discuss with the Board strategic issues related to private giving.

**QUARTERLY SUMMARY OF EXPENDITURES**

Chair Simmons presented the Quarterly Summary of Expenditures for the Office of the Board of Regents, the President’s Office, and Eastcliff Operations, for twelve months ending June 30, 2008, as included in the docket materials.

A motion was made and seconded, and the Board of Regents voted unanimously to approve the Summary of Expenditures for the period ending June 30, 2008.

**REPORT OF THE FACULTY 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. During the coming year, the FCC will consider the report from the subcommittee on Metrics and Measurement; continue its work revising and editing educational policies; and discuss: long-term financing of the University, intercollegiate research, graduation retention rates, and effective communication within the University. Hoover expressed appreciation for the opportunity serve as FCC chair and for the effective collaboration among the Board of Regents, the administration, and the faculty governance system.

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

**UNIVERSITY PLAN, PERFORMANCE & ACCOUNTABILITY REPORT**

President Bruininks and Senior Vice President and Provost Sullivan presented the 2008 University Plan, Performance & Accountability Report (Report), as included in the docket and associated materials distributed at the meeting and on file in the Board Office.

Sullivan noted the Report summarizes the major strategic initiatives underway, the measure of progress within each of the University's four strategic “pillars,” and rank relative to the competitor institutions of the Twin Cities Campus. The Report also illustrates input and output measures, compares the University’s performance against peer institutions, and identifies gaps in progress and strategies to both close the gaps and align priorities and resources. He reported the University is making significant progress toward the major strategic initiatives. He presented information on Twin Cities and coordinate campus enrollment, student financial aid, scholarships, internationalization of the student body, strides made in the study abroad program, student satisfaction, graduation rates, and advanced degrees conferred. As the University attempts to align budget and resources with priorities, the University has
invested $93 million new dollars to promote timely successful graduation. Sullivan also highlighted efforts to recruit and retain top faculty, new initiatives to foster exceptional innovation and programs, investments in University libraries, and new interdisciplinary initiatives. For the future, Sullivan stressed the need to analyze gaps, identify new funding resources, align resources with strategic priorities, and implement cost reductions and internal reallocations.

In response to questions from Board members, Sullivan indicated that the graduation goals affirmed by the Board of Regents are ambitious, but progress is being carefully monitored and improvements are being in teaching, advising, mentoring, and supporting students.

President Bruininks noted that after the Board of Regents accepts the Report it will be submitted to the legislature and staff will draw on its contents when testifying before various legislative committees. Also University Relations is determining ways to best communicate the Report to foster understanding of the impact the University has on the State.

STATE BIENNIAL BUDGET REQUEST 2010-2011

President Bruininks presented for review the 2010-2011 Biennial Budget Request (Request), as contained in the docket and associated materials distributed at the meeting and on file in the Board Office. The Request is developed and aligned with the goals and priorities of the University's long-range strategic plan and framed around the following set of principles:

- Faculty and staff are the backbone of the University. Without continued investment in human capital the University stands to lose very talented employees and jeopardize its competitiveness.
- The University is a key component in advancing the economic viability, health, and wellness of Minnesota's citizens. The University of Minnesota, through its unique contribution in research, education, and outreach, adds to the long-term economic vitality and overall quality of life in the State.
- The University's ability to recruit talented and promising students, regardless of income level, and to provide them with the highest quality educational experience, must be enhanced.

Bruininks reported on the significant progress made in supporting students, faculty, and staff and stressed the need for continued investment to keep the University strong in a highly competitive global economy. He summarized the two-year $141.2 million Request, detailing investments within three categories: core compensation; the Middle Income Scholarship Program; and research enhancements.

Within each investment area is a request from the State and a corresponding University responsibility. The University responsibilities would be met by a tuition increase of an average of 4.5 percent for each of the two years and an internal reallocation amounting to 1.0 percent of the University's current State appropriation and tuition base (approximately $13 million).

In response to a question from Regent Larson, President Bruininks indicated that tuition currently is 20-23 percent of the University budget. Reductions in tuition income without compensating investments from state and federal sources would result
in decreased quality and productivity at the University. Bruininks added it is critical to restrain costs for students and families and to be increasingly more creative in raising new sources of funding, while maintaining the quality of academic programs.

Board members expressed support for the Request and indicated that the Request addresses areas crucial to the University in support of its strategic goals.

Regent Metzen commented that the Board of Regents and the administration have a responsibility to present the needs of the University to the legislature. Regent Johnson agreed that while the Request is realistic, the State deficit is likely to be significant and policy makers will need to understand the importance of these investments in the University.

The State Biennial Budget Request 2010-2011 will return for action at the October 2008 Board of Regents meeting.

REPORT OF THE EDUCATIONAL PLANNING & POLICY COMMITTEE

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

a) Recommend approval of the revised Consent Report for the Educational Planning and Policy Committee as presented to the committee and described in September 11, 2008 committee minutes.

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

Larson reported that the committee also discussed academic issues related to the University Plan, Performance & Accountability Report and the 2008-09 committee workplan.

REPORT OF THE FACILITIES COMMITTEE

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

a) Approval of the following capital budget amendment as presented to the committee and described in the September 11, 2008 committee minutes.

1) Centennial Hall, II, Crookston Campus

b) Approval of schematic plans for the following projects as presented to the committee and described in the September 11, 2008 meeting minutes.

1. Centennial Hall II, Crookston Campus.

2. McNamara Alumni Center Expansion, Twin Cities campus.
3. Urban Research and Outreach Center/Engagement Center, North Minneapolis.

Metzen reported that the committee also received a facilities condition assessment; discussed the 2008-09 committee workplan; and reviewed a number of information items included in the docket materials.

**REPORT OF THE AUDIT COMMITTEE**

Regent Cohen, Chair of the committee, reported that the committee received an external audit update; a report from the compliance officer; an internal update; and discussed the committee workplan for 2008-09.

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

Regent Frobenius, Chair of the committee, reported that the committee received reports on the strategic talent management system: supporting exceptional leaders throughout the University; and strategies for competitive recruitment; discussed the committee workplan for 2008-09; and discussed a number of information items included in the docket materials.

**REPORT OF THE FINANCE & OPERATIONS COMMITTEE**

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

a) Recommend approval of the Consent Report for the Finance and Operations Committee as presented to the committee and described in the September 11, 2008 committee minutes.

b) Recommend approval of a Resolution Related to Issuance of 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” pursuant to a Naming Agreement between the University and TCF Financial Corporation and TCF National Bank (collectively, “TCF”) dated as of March 24, 2005 and amended as of December 22, 2005; and

WHEREAS, under the Naming Agreement, TCF is obligated to pay a total of $35,000,000, of which $5,000,000 of which has been received to date and the remaining $30,000,000 is to be paid in equal annual payments of $1,429,000 on or before March 15th of each contract year over a period of 20 years beginning in March 2009, with a final payment of $1,420,000 due on March 15, 2029 (collectively, the “TCF Payments”); and

WHEREAS, it has been proposed that the University issue bonds to finance that portion of the cost of the Stadium to be covered by the TCF Payments; and
WHEREAS, the bonds will be issued in one or more series 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 any series of bonds will be issued will contain the terms of such bonds and agreements and covenants of the University with respect to the payment of the principal of, premium, if any, and interest on such bonds;

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

1. To provide financing for the TCF Payments and to pay costs of issuance thereof, the University hereby authorizes the issuance of bonds in one or more series in the principal amount of up to $20,000,000 (the “Bonds”). The Bonds shall mature no later than May 1, 2029. The Bonds shall be general obligations of the University if the Treasurer determines that the Bonds shall be issued as general obligations of the University.

2. The Treasurer is authorized to negotiate with one or more banks, investment banking firms or financial institutions engaged by the University as the underwriter for the Bonds, the terms and conditions upon which the Bonds shall be sold and issued, and to approve the terms of such sale and issuance, including the extent to which, if any, the debt evidenced by the Bonds shall be supported by the full faith and credit of the University.

3. In connection with the issuance of any series of the Bonds, 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 Bonds are 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 Bonds 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 Bonds may be by facsimile.

4. The President and Treasurer are authorized to execute and deliver a purchase agreement with the initial purchaser or purchasers of any series of the Bonds in the form and containing such covenants, agreements, representations and warranties of the University as may be approved by the Treasurer and General Counsel.

5. In addition, the Treasurer is further authorized to negotiate with one or more commercial banks, insurers or other credit support providers the terms and conditions of any credit support for any series of the Bonds, 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. 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.

6. The Treasurer is authorized to approve the Preliminary Official
Statement and the final Official Statement or any supplements or
amendments thereto to be prepared and distributed by the University to
any purchaser or potential purchaser of any series of the Bonds, and the
President is authorized to execute and deliver the final Official Statement
or any supplements or amendments thereto.

Hunter reported that the committee also received an update on the Enterprise
Financial System Implementation; discussed issues related to the Annual Asset
Management Report; discussed the committee workplan for 2008-09; and reviewed a
number of information items contained in the docket materials.

REPORT OF THE LITIGATION REVIEW COMMITTEE

Regent Baraga, Chair of the committee, reported that the committee met in open
session to discuss the Office of the General Counsel's Annual Report on Legal Matters.
The committee then went into closed session to discuss attorney-client privileged
matters and no action was taken at the meeting.

The meeting adjourned at 11:41 a.m.

ANN D. CIESLAK
Executive Director and
Corporate Secretary