UNIVERSITY OF MINNESOTA
BOARD OF REGENTS

Minutes of the Board of Regents Meetings
and Committee Meetings

December 9-10, 2010

I. Committee Meetings
   A. Finance & Operations Committee - December 9, 2010 ............................... 114
   B. Faculty, Staff & Student Affairs Committee - December 9, 2010 .................... 119
   C. Facilities Committee - December 9, 2010 .................................................. 123
   D. Educational Planning & Policy Committee - December 9, 2010 ....................... 129
   E. Litigation Review Committee - December 9, 2010 ........................................ 133
II. Board of Regents Meeting – December 10, 2010
    A. Recognition of Senior Vice President for Health Sciences & Dean of the Medical School-- 135
    B. Approval of Minutes ...................................................................................... 135
    C. Report of the President .................................................................................. 135
    D. Report of the Chair ....................................................................................... 136
    E. Receive and File Reports ................................................................................ 136
       1. Quarterly Report of Grant & Contract Activity
    F. Approval of Consent Report ........................................................................... 136
       1. Report of the All-University Honors Committee
       2. Gifts
       3. Summary of Expenditures
    G. Report of the Faculty Consultative Committee ............................................... 137
    H. Report of the Student Representatives to the Board of Regents ....................... 137
    I. Annual Report on the Status of University Research ....................................... 137
    K. Review 2011 State Capital Budget Request .................................................... 139
    L. Report of the Facilities Committee
       1. Approval of Consent Report ........................................................................ 139
       2. Approval of Real Estate Transaction ............................................................ 140
          A. 20-Year Lease of 1802 18th Street NE, Willmar, Mid-Central Research & Outreach Center
       3. Approval of Capital Budget Amendment ....................................................... 140
          A. Learning & Technical Media Laboratory, Twin Cities Campus
       4. Approval of Regents of the University of Minnesota Traffic Regulation Ordinances: Language Amendments and Resolution to Establish Hearing Date ................................. 140
       5. Review Amendments to Board of Regents Policy: Campus Health and Safety ................................................. 141
       6. Review Amendments to Board of Regents Policy: Campus and Facility Usage ............................................. 141
       7. Review Real Estate Transactions .................................................................. 141
          A. Agreements for Use of University Facilities & Services for Walden University's Summer Session Residency Program, July 13-August 1, 2011, Twin Cities Campus
          B. Conveyance of 27.479 Acres in Dakota County to City of Rosemount, UMore Park
       8. Issues Related to: Space Utilization ............................................................... 141
       9. Issues Related to: University Services Response to Financial Challenges – Strategic Business Planning ................................................................. 141
    10. Information Items ............................................................................................ 141
M. Report of the Faculty, Staff & Student Affairs Committee
    1. Approval of Consent Report ........................................................................... 141
    2. Adopt Amendments to Board of Regents Policy: Conflict Resolution Process for Employees .............................................................................................................. 141
    3. Retirement Programs: Trends, Issues & Benchmarks ....................................... 142
    4. Impact of Activities of the Office for Equity & Diversity .................................. 142
    5. Information Items ............................................................................................ 142
<table>
<thead>
<tr>
<th>Section</th>
<th>Pages</th>
</tr>
</thead>
<tbody>
<tr>
<td>N. Report of the Finance &amp; Operations Committee</td>
<td></td>
</tr>
<tr>
<td>1. Approval of Consent Report</td>
<td>142</td>
</tr>
<tr>
<td>2. Approval of Resolution Related to Issuance of Debt</td>
<td>142</td>
</tr>
<tr>
<td>3. Update on Long-Range Financial Planning</td>
<td>145</td>
</tr>
<tr>
<td>4. Issues Related to: State of Minnesota Economic Update</td>
<td>145</td>
</tr>
<tr>
<td>6. Issues Related to: Long Range Enterprise Technology Plan</td>
<td>145</td>
</tr>
<tr>
<td>7. Information Items</td>
<td>145</td>
</tr>
<tr>
<td>O. Report of the Audit Committee</td>
<td></td>
</tr>
<tr>
<td>1. No meeting this month</td>
<td>146</td>
</tr>
<tr>
<td>P. Report of the Educational Planning &amp; Policy Committee</td>
<td></td>
</tr>
<tr>
<td>1. Approval of Consent Report</td>
<td>146</td>
</tr>
<tr>
<td>3. Interim Report of Enrollment Management Committee</td>
<td>150</td>
</tr>
<tr>
<td>4. Fall 2010 Undergraduate Education Update</td>
<td>150</td>
</tr>
<tr>
<td>5. Information Items</td>
<td>150</td>
</tr>
<tr>
<td>Q. Report of the Litigation Review Committee</td>
<td></td>
</tr>
<tr>
<td>1. Resolution to Conduct Non-Public Meeting of the Litigation Review Committee to Discuss Attorney-Client Privileged Matters</td>
<td>150</td>
</tr>
</tbody>
</table>
A meeting of the Finance & Operations Committee of the Board of Regents was held on Thursday, December 9, 2010 at 9:30 a.m. in the East Committee Room, 600 McNamara Alumni Center.

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

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

Student Representatives present: Martin Chorzempa and Matt Privratsky.

UPDATE ON LONG-RANGE FINANCIAL PLANNING

Vice President Pfutzenreuter reported that the University is engaging in a long-range financial planning effort with the goal of creating a six-year financial forecast model to support the institution’s strategic plan. He observed that this approach to the University budget process will help estimate the long-range implications of annual and biennial academic and financial decisions and identify long-range challenges and opportunities.

Pfutzenreuter introduced Lincoln Kallsen, Director of Financial Analysis, to provide information on the guiding principles of the planning process, as detailed in the docket and associated materials distributed at the meeting and on file in the Board Office. Kallsen explained the following guiding principles:

- Align and drive forward the University’s strategic plan;
- Emphasize the importance of an all-funds budget framework and peer comparisons;
- Be rigorous in process, ensuring both ongoing administrative management as well as policy level Board oversight;
- Forward the institutional enrollment management plan;
- Support the ability of students and families to pay;
- Drive increased research funding;
- Encourage institutional entrepreneurial strategies;
- Reward faculty and staff;
- Manage overall benefit costs;
• Prudently invest in capital and facilities; and
• Implement and maintain new technologies.

Kallsen observed that the guiding principles document is organized to align each principle with strategic decision elements and Board activities. For example, he noted that the guiding principle related to the institutional enrollment plan is aligned with: (a) strategic decision elements such as freshmen enrollment targets and retention and graduation assumptions; and (b) Board activities such as reports on undergraduate education and enrollment management strategies.

Pfutzenreuter reported that the next phase of the process will be to utilize the guiding principles to begin laying out six-year financial projections. Several committee members commended the report and the guiding principles and expressed support for continuing the long-range financial planning process.

**ISSUES RELATED TO: STATE OF MINNESOTA ECONOMIC UPDATE**

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

Stinson reported that the Minnesota budget forecast, which was released on December 2, 2011, projects a $6.2 billion shortfall for the FY2012-13 biennium, which is 16 percent of all general fund spending. He explained that while revenues are projected to grow 5.0 percent from the 2010-11 biennium, expenditures are projected to far exceed revenues with a 27.5 percent growth. Stinson attributed the expenditure growth to the replacement of federal stimulus funds, one-time shifts in K-12 education, and other one-time reductions made in the previous biennium.

Stinson reported that while the Minnesota employment rate is recovering faster than the national average, unemployment in the state is expected to remain at 8 percent or above through 2013. He commented that without significant structural changes to the state budget, the budget gaps will continue, with a projected long-term shortfall of over $5 billion for the FY2014-15 biennium.

In response to a question from Regent Allen, Stinson explained that the current shortfall would be approximately $3 billion with all of the one-time fixes removed. In response to questions from the committee, Stinson observed that a strategic priority of the State should be maintaining a well-educated workforce.

**ISSUES RELATED TO: ANNUAL FINANCIAL REPORT**

Vice President Pfutzenreuter introduced Associate Vice President Volna to present the Annual Financial Report for FY2010, as detailed in the docket and associated materials distributed at the meeting and on file in the Board Office. Volna reviewed details from the report and highlighted the following:

- The University’s net assets increased by $171.5 million during FY2010.
- Investments increased $160.9 million due to realized and unrealized gains.
• Although an additional $61 million in long-term debt was issued in FY2010, the total outstanding long-term debt increased only marginally due to debt service payments.

Volna provided details on the breakdown of total University revenues and expenses, institutional cash flow, and new reporting requirements from the Governmental Accounting Standards Board.

In response to a question from Regent Beeson, Pfutzenreuter explained that the University is working to provide a greater level of detail on expenditures within the categories cited in the report, including facility and utility costs. Regent Frobenius added that it would be particularly helpful to provide better information on the cost of education per student.

ISSUES RELATED TO: LONG RANGE ENTERPRISE TECHNOLOGY PLAN

Regent Frobenius explained that this report is part of a series of presentations to Board of Regents committees on University cost drivers as part of the long range financial planning process. Vice President Pfutzenreuter introduced Vice President Cawley to present information on the long range enterprise technology plan, as detailed in the docket and associated materials distributed at the meeting and on file in the Board Office.

Cawley reported that technology spending accounted for nearly 7 percent of all institutional expenses in FY2010, of which 33 percent was attributed to the Office of Information Technology (OIT), 32 percent to administrative units, 27 percent to colleges, and 7 percent to the coordinate campuses. He explained the goals and investment principles of OIT and discussed the consultative groups of faculty and staff that contribute to the decision-making process.

Cawley discussed the process by which OIT selects projects to implement, utilizing a metric that weighs cost effectiveness, service enhancement, and risk mitigation of different projects. He noted several recently completed projects, including the Enterprise Financial System and upgrades to campus wireless networks. Cawley also reported on several current and future projects, including the in-progress conversion of all email and scheduling programs to a Google platform and upgrades to the PeopleSoft human resources system.

In response to a question from Regent Allen, Cawley reported that the University compares favorably to many institutional peers in research technology, particularly in the area of super-computer capacity. In response to a question from Regent Frobenius, Cawley observed that the percentage of institutional spending devoted to information technology is very much in line with other public research universities.

In response to a question from Regent Beeson, Cawley explained that the provision of laptop computers to students is a college decision and provides the benefits of standardization while also limiting student choice. Student Representative Chorzempa noted that he has been very satisfied with the performance of and technology support for a laptop issued by the Carlson School of Management. Cawley added that all students are able to purchase discounted laptops, regardless of whether they are associated with a collegiate laptop program.
RESOLUTION RELATED TO THE ISSUANCE OF DEBT

Vice President Pfutzenreuter reported that a resolution related to the issuance of debt was being added to the committee agenda. He introduced Carole Fleck, Director of Debt Management, to explain the resolution, as detailed in the materials distributed at the meeting and on file in the Board Office. Fleck reported that the resolution authorizes: (a) the issuance and sale of fixed rate bonds to refinance the current outstanding 1999A, 2001C, and 2003A variable rate demand bonds; and (b) the approval of Barclays Capital to act as underwriter for the refinancing, should it be deemed beneficial to include the refinancing in the next issuance of bonds currently planned for first quarter 2011.

The committee unanimously recommended approval of the Resolution Related to the Issuance of Debt.

CONSENT REPORT

Vice President Pfutzenreuter presented the Consent Report, which included the following:

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

- To Amano McGann, Inc. for $1,288,518 for Automated Payment Machines and related system hardware and software for the period of January 3, 2011, through December 31, 2013, with one renewal option for Parking and Transportation Services.

- To multiple vendors for $9,870,000 for the National Trade Adjustment Assistance for Farmers (TAAF) Training Coordination Center Project for the period of January 1, 2011, through August 31, 2013, for the Center of Farm Financial Management.

- To Siemens Medical Solutions USA, Inc. for $1,500,000 for a five year service contract on the 10.5T magnet electronics for the Center for Magnetic Resonance Research, Department of Radiology, to begin after the two year warranty period.

Commercial Transactions or Other Matters Subject to Board Approval

- The President recommends that the appropriate administrative officers receive authorization to execute documents relating to the Power Purchase Agreement (PPA) with Otter Tail Power (OTP) for the energy generated by the existing wind turbine #1 and the new wind turbine #2 at the University of Minnesota Morris.

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

Vice President Pfuntenreuter referred committee members to the Information Items, including:

- Quarterly Purchasing Report;
- Quarterly Investment Management & Debt Report;
- Quarterly Debt Management Advisory Committee Update; and
- Liquidity Update.

The meeting adjourned at 11:30 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, December 9, 2010 at 9:30 a.m. in the West Committee Room, 600 McNamara Alumni Center.

Regents present: Dallas Bohnsack, presiding; Anthony Baraga, Linda Cohen, David Larson, and Maureen Ramirez.

Staff present: Chancellor Charles Casey; Vice President Carol Carrier; Executive Director Ann Cieslak; and Associate Vice President Kristin Lockhart.

Student Representatives present: Chelsey Doepner and Lauren Snively.

**BOARD OF REGENTS POLICY: CONFLICT RESOLUTION PROCESS FOR EMPLOYEES**

Vice President Carrier invited Carolyn Chalmers, Director, Office for Conflict Resolution, to present for action amendments to Board of Regents Policy: Conflict Resolution Process for Employees, as detailed in the docket materials.

Chalmers noted the policy had been reviewed at a previous committee meeting. The amendments remove the requirement for policy review every five years; add a prohibition on retaliation for using the conflict resolution process; and provide clarity for administrative policy and administrative procedures to implement the Board policy.

The committee voted unanimously to recommend adoption of amendments to Board of Regents Policy: Conflict Resolution Process for Employees.

**RETIREMENT PROGRAMS: TRENDS, ISSUES, AND BENCHMARKS**

Vice President Carrier invited Jackie Singer, Director, Retirement Programs, and David Bergstrom, Executive Director for the State of Minnesota and Director of the Minnesota State Retirement System (MSRS), to present information on the University’s retirement plan for civil service and represented staff, as detailed in the docket and associated materials distributed at the meeting and on file in the Board Office.

Singer reviewed the MSRS defined benefit retirement program for civil service and represented staff at the University, noting that University contributions are 100 percent vested after 3 years of service, or 5 years of service if hired after June 30, 2010. She explained that both the employee and University contribute 5 percent of earnings each pay period into MSRS. The University’s program compares favorably with the top 10 public university staff comparison group. Bergstrom described MSRS investments,
which total 66 percent of revenue for the MSRS program. Legislative changes to the MSRS program in 2010 included:

- Reduction of the annual adjustment from 2.5 percent to 2 percent until the program is at least 90 percent funded;
- Extended amortization to 30 years with modified actuarial assumptions; and
- Reduced selective active and former member benefits such as reducing the interest rate on refunds, deferred interest, and increasing vesting to five years.

A lengthy discussion followed. In response to questions from the committee, Singer noted that by state law the University is not allowed to change the retirement contribution percentage to MSRS, and she clarified that the state does not offer retiree health care benefit subsidies. Bergstrom described the role of the MSRS Board and its governance structure. The state is currently conducting a study of 401k, defined benefit, defined contribution, and hybrid benefit plans and will submit a final report to the Legislative Commission on Pensions and Retirement by June 1, 2011.

Carrier commented that a similar presentation on Professional and Administrative staff retirement benefits would be presented at a future committee meeting.

**IMPACT OF ACTIVITIES OF THE OFFICE FOR EQUITY AND DIVERSITY**

Vice President Carrier invited Associate Vice President Lockhart, Kimberly Boyd, Director of the Office of Equal Opportunity and Affirmative Action, and Anne Phibbs, Director of the Gay, Lesbian, Bisexual, Transgender, and Ally Programs Office to present information on the impact of activities of the Office for Equity and Diversity (OED), as detailed in the docket and associated materials distributed at the meeting and on file in the Board Office.

Lockhart described key elements of the OED vision implementation, including broadening the understanding of equity and diversity work; building capacity system-wide; and achieving excellence and demonstrating leadership. She observed how the vision aligns with university-wide goals, including:

- Extraordinary Education: support matriculating students to enhance their academic success, maintain confidence within and as part of the diverse and multicultural University community; and positively impact students' satisfaction, engagement, and retention.
- Breakthrough Research: support faculty research on diversity, equity and advocacy through grants; sponsor symposia and lectures; and create an expertise database that fosters University-community collaboration and engaged scholarship.
- Dynamic Outreach and Service: create spaces for communities to engage the University in partnerships that are reciprocal.
- World-Class Faculty and Staff: support research that enriches curriculum; co-sponsor workshops that promote excellence in teaching; host forums for faculty and staff to align advising, support, and teaching of students; and support innovative recruitment and retention.
• Outstanding Organization: engage in training and critical reflection around processes and outcomes, reimagining with members of the university community ways in which diversity drives discovery.

Boyd and Gibbs described OED programs and initiatives that support student programming, including grants for faculty and student travel opportunities that help to broaden their understanding of other cultures and broad social justice. Lockhart outlined OED implementation outcomes: 1) to transform the institutional culture; 2) to engage allies; and 3) to develop community and corporate leaders.

In response to questions from the committee, Lockhart reported that 45 percent of students who register with the Twin Cities Office of Disabilities Services list psychiatric disabilities as their primary disability. She clarified that the use of the term “equity and diversity” is changing on college campuses, and is now more commonly referred to as “compliance and diversity.”

Regent Baraga commented that throughout his service on the Board he has developed a much broader sense of the complexity and importance of equity and diversity, and he expressed appreciation to the presenters for improving his and others awareness of the issues.

CONSENT REPORT

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

• Granting the title of Faculty Emeritus
• Conferral of tenure.

Carrier observed that granting Faculty Emeritus status is customary for tenured faculty upon retirement. This request is for conferral of the title Faculty Emeritus to a highly respected non-tenured faculty member who will retire July 1, 2011.

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

INFORMATION ITEMS

Vice President Carrier referred the committee to the information items contained in the docket materials, which included:
• Personnel highlights;
• University highlights;
• Faculty and staff activities and awards; and
• Student activities and awards.

The meeting adjourned at 11:26 a.m.

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

A. 20-Year Lease of 1802 18th Street NE, Willmar (Mid-Central Research & Outreach Center)

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

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

Twenty-Year Sublease, 1802 18th Street NE, Willmar (Mid-Central Research and Outreach Center)
Basis for request: Property includes office, teaching, and meeting spaces to be used to advance the bio-business collaboration between public and private institutions in Minnesota
Details of transaction: The owner will lease the building to the City of Willmar who will sublease it to the University
Purchase price: Rent will be $1.00. The University will pay for all leased equipment, annual operating and maintenance costs, and insurance, estimated at $135,000 per year
Source of funds: University funds

O’Brien noted that the 20-year lease agreement had been reviewed at a previous committee meeting.
The committee voted unanimously to recommend approval of the Twenty-Year Sublease, 1802 18th Street NE, Willmar (Mid-Central Research and Outreach Center).

**CAPITAL BUDGET AMENDMENT**

**A. Learning and Technical Media Laboratory, Twin Cities Campus**

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

On the recommendation of the President and the Vice President for University Services, the FY2011 Capital Budget is amended to increase the budget for the following project:

Learning and Technical Media Laboratory, Twin Cities Campus  
Scope of Project: Renovate approximately 5,600 gross square feet within the VoTech Building, St. Paul campus, to include 28-seat and 12-seat multi-media interactive teaching classrooms, 7 faculty offices, 14 graduate student work stations, and a conference room  
Master Plan: No impact to the Campus Master Plan  
Cost estimate: $825,000.00  
Capital funding: College of Education and Human Development Dean's Office

Vice President O’Brien noted the item was being submitted for both review and action, as detailed in the docket and associated materials distributed at the meeting and on file in the Board Office.

In response to questions from the committee, Associate Vice President Perkins explained the classrooms would allow faculty to enhance teaching through the use of educational applications for the iPhone and iPad. O’Brien noted that the project fits within the teaching and research support component of the University’s Technology Six-Year Plan.

The committee voted unanimously to recommend approval of the Capital Budget Amendment for the Learning and Technical Media Laboratory, Twin Cities Campus.

**REGENTS OF THE UNIVERSITY OF MINNESOTA TRAFFIC REGULATION ORDINANCES: LANGUAGE AMENDMENTS AND RESOLUTION TO ESTABLISH HEARING DATE**

Vice President O’Brien noted the Traffic Regulation Ordinance Amendments and Resolution to Establish Hearing Date (Resolution) were being submitted for both review and action, as detailed in the docket. She explained that the Ordinance approved by the Board of Regents in June 2010, was published in all required jurisdictions except for St. Louis County. The amended ordinance is currently in effect at the Twin Cities, Morris, Rochester, and Crookston campuses, but is not yet effective on the Duluth campus.
The Resolution sets the date of a public hearing which will be published in St. Louis County, as required by state law. The public hearing and consideration of the amendments will be scheduled for the February 2011 committee meeting.

The committee voted unanimously to recommend approval of the Regents of the University of Minnesota Traffic Regulation Ordinances: Language Amendments and Resolution to Establish Hearing Date.

**BOARD OF REGENTS POLICY: CAMPUS HEALTH AND SAFETY**

Vice President O'Brien introduced J.P. Hagerty, Assistant to the Vice President of University Services, to present for review amendments to Board of Regents Policy: Campus Health and Safety, as detailed in the docket and associated materials distributed at the meeting and on file in the Board Office. Hagerty clarified that the policy amendments include a title change to Board of Regents Policy: Health and Safety.

Hagerty reported that the proposed policy changes conform to other Board of Regents policies by adding guiding principles and a section regarding delegation of authority. The policy preserves a statement on the importance of mutual responsibility and makes clear that the University will comply with applicable health, safety and environment laws, regulations and requirements.

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

**BOARD OF REGENTS POLICY: CAMPUS AND FACILITY USAGE**

Vice President O'Brien invited J.P. Hagerty, Assistant to the Vice President of University Services, to present for review Board of Regents Policy: Campus and Facility Usage, as detailed in the docket and associated materials distributed at the meeting and on file in the Board Office. Hagerty clarified that the policy amendments include a title change to Board of Regents Policy: Property and Facility Usage.

Hagerty reported that the proposed policy conforms to other Board of Regents policies by adding guiding principles and a section relating to delegation of authority. The policy directs the President or designee to maintain administrative procedures to guide decision-making; emphasizes the significance of Campus Master Plans; and identifies conditions for the use of University property and facilities by non-University entities.

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

**REAL ESTATE TRANSACTIONS**

**A. Agreements for Use of University Facilities and Services for Walden University’s Summer Session Residency Program, July 13-August 1, 2011, Twin Cities Campus**

The committee reviewed agreements for the use of University facilities and services for the Walden University Summer Residency Program, July 13 – August 1, 2011, Twin Cities campus, as detailed in the docket materials. Vice President
Pfutzenreuter summarized the agreement relating to facilities and services that will be used and the fees that will be paid to the University, as detailed in the docket materials. He noted that if approved, this would be the fifth consecutive year that Walden has held the Summer Residency Program on the Twin Cities campus.

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

B. Conveyance of 27.479 Acres in Dakota County to City of Rosemount (UMore Park)

The committee reviewed a proposal for the conveyance of land at UMore Park to the City of Rosemount, as detailed in the docket materials. Vice President Pfutzenreuter reported that the land would be sold to the City of Rosemount for $1.00 in exchange for credit against future University obligations to dedicate land or make cash contributions in connection with approval by the City of Rosemount of one or more future subdivisions of land at UMore Park. He stated the land would be developed as a public park and is expected to increase the value of adjacent University land.

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

ISSUES RELATED TO: SPACE UTILIZATION

Vice President O’Brien introduced Brian Swanson, Budget Officer, to present details regarding the Space Utilization initiative, as detailed in the docket and associated materials distributed at the meeting and on file in the Board Office.

Swanson described space management guiding principles, including:

- Sustainability: the University should not have more space than it can afford to operate, maintain, and support;
- Alignment: the University should provide the correct type, quality, and quantity of space required for programs to function effectively; and
- Management: the University should provide tools and incentives for maximizing the efficiency and effectiveness of its space resources.

Swanson reviewed initiatives to reduce the demand for space, constrain growth, and to decommission high cost and obsolete buildings. He suggested that for the initiatives to be successful it will require a broad cultural change and some funding, and will not be fast, easy, or anything new. He observed that the current space utilization planning complements the University Services business planning and energy efficiency efforts.

In response to questions from the committee, Swanson stated that, depending on the type of building, there are different opportunities to reduce space usage. He reported that some University departments are looking to secure space within their college for faculty and staff who are currently working in external, leased spaces.
ISSUES RELATED TO: UNIVERSITY SERVICES RESPONSE TO FINANCIAL CHALLENGES – STRATEGIC BUSINESS PLANNING

Vice President O'Brien invited Leslie Krueger, Chief of Staff, University Services, to present the University Services response to financial challenges, as detailed in the docket and associated materials distributed at the meeting and on file in the Board Office.

Krueger reviewed the University Services Business Plan, developed in response to key questions from the Board of Regents. She described the core purpose, mission, and values of University Services and outlined goals, including:

- Provide the right services, at the right level, at the right time, at the right cost through continuous improvement and innovation;
- Provide a well-maintained, attractive, and highly functional campus;
- Promote and advance a safe and secure environment for the University community;
- Engage and partner with the units and people served;
- Maximize opportunities for the people of the University to develop and contribute; and
- Foster a University Services enterprise culture.

Krueger reported that departments within University Services were challenged to develop business plans that identified alternative models for providing services assuming twenty percent fewer resources within four years. She outlined several units' strategic initiatives and their projected impact on the University budget. The plans will be used to develop the FY2012 budget.

Krueger confirmed that University Services is moving forward with a clear definition of its mission, vision, and goals, and will continue to be nimble and recalibrate services as academic decisions are made.

CONSENT REPORT

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

- Five-Year lease to US Bank Association for 743 Square Feet, West Bank Skyway, 219 19th Avenue South, Minneapolis, Twin Cities campus.

INFORMATION ITEMS

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

The meeting adjourned at 3:27 p.m.

ANN D. CIESLAK
Executive Director and
Corporate Secretary
A meeting of the Educational Planning & Policy Committee of the Board of Regents was held on Thursday, December 9, 2010 at 1:30 p.m. in the East Committee Room, 600 McNamara Alumni Center.

Regents present: Patricia Simmons, presiding; Richard Beeson, Linda Cohen, John Frobenius, David Larson, and Maureen Ramirez.

Staff present: Chancellors Jacqueline Johnson and Stephen Lehmkuhle; Senior Vice President & Provost E. Thomas Sullivan; Vice Presidents Karen Himle and R. Timothy Mulcahy; Executive Director Ann Cieslak, and Associate Vice Presidents Gail Klatt, Sharon Reich Paulsen and Donna Peterson.

Student Representatives present: Abdul Omari and Chantal Wilson.

BOARD OF REGENTS POLICY: COMMERCIALIZATION OF INTELLECTUAL PROPERTY RIGHTS

Vice President Mulcahy briefly explained that Board of Regents Policy: Commercialization of Intellectual Property Rights was being revised to provide for recovery of the administrative costs associated with operating the Office for Technology Commercialization (OTC). This policy change will authorize implementation of a 15 percent service fee to fund OTC.

In response to questions from several Regents, Mulcahy confirmed that OTC does not directly finance commercial ventures. Instead, it works to attract private investments in commercialization of University discoveries. In some cases, start-up companies provide the University with an equity stake in the company instead of a license fee. The service fee will apply to proceeds from these equity positions as well as license fees.

A motion was made and seconded, and the committee voted unanimously to recommend adoption of proposed amendments to Board of Regents Policy: Commercialization of Intellectual Property Rights.

INTERIM REPORT OF ENROLLMENT MANAGEMENT COMMITTEE

Senior Vice President & Provost Sullivan explained that the work of the Enrollment Management Committee is ongoing and this interim report marks the beginning of a robust conversation with the Board of Regents on this topic. He then introduced Robert McMaster, Vice Provost & Dean of Undergraduate Education and
Henning Schroeder, Vice Provost & Dean of Graduate Education to present on the work of the committee to date. The committee’s final report is scheduled for completion in May 2011.

McMaster reported that the committee began meeting in June 2010 with a charge to answer a series of strategic questions related to enrollment management. To help answer these questions, the committee developed a set of overarching enrollment management principles:

1. Admit for success.
2. Support student success.
3. Incorporate ethnic, social, economic and geographic diversity.
4. Provide a high-quality education and student experience.
5. Emphasize signature strengths.
7. Give highest priority to degree-seeking students.
8. Consider state, national, and global workforce needs.

McMaster outlined some of the preliminary discussion questions the committee is considering related to undergraduate education. These include factors such as the number and mix of undergraduate students, facilities and infrastructure to support the student body, and future demand for growth disciplines.

Schroeder highlighted some of the graduate and professional education topics being discussed by the committee. Topics include the number and breadth of program offerings, how professional programs fit with the mission of a research university, measuring program quality, market demand for graduates and opportunities in emerging fields, availability of resources, and the need for programs to support the University’s teaching and research mission.

Regent Simmons stated that the purpose of bringing this presentation before the Board at this stage was to begin a dialogue that starts to integrate the parallel discussions on resources and enrollment. Regents provided a number of comments for the administration to consider, including the need to better understand the cost of instruction, continued diligence in evaluating the costs and benefits of adding programs, and the need to think more creatively about tuition in the future.

FALL 2010 UNDERGRADUATE EDUCATION UPDATE

Senior Vice President & Provost Sullivan invited Robert McMaster, Vice Provost & Dean of Undergraduate Education, to lead the discussion. McMaster outlined some of the national trends affecting undergraduate education and the strategic questions the University of Minnesota is trying to answer as it seeks to position itself for future success.

Freshman applications at the Twin Cities Campus reached an all-time high of 36,860 in 2010, a 98.8 percent increase since 2004. The 5,323 students who enrolled had an average ACT score of 27.2, which is the highest on record. In the future, there will be growing competition to attract top academic performers as the number of graduating high school students declines across the Midwest. This will require a continued focus on national recruitment by the University.
McMaster reviewed progress toward the goal of achieving a 60 percent four-year graduation rate at the Twin Cities Campus. Steady improvements have been made, resulting in a 50.2 percent four-year graduation rate in 2010. This is up from 37.0 percent in 2005. Statistics were also presented showing four-year graduation rate trends by college.

Several efforts were highlighted for their role in supporting undergraduate achievement and helping students make timely progress toward graduation. These include: the University Honors Program, which has an academic profile that places it in the top tier of colleges and universities nationwide; the University Research Opportunities Program (UROP); the Access to Success Program (ATS); implementation of a writing-enriched curriculum and revised liberal education requirements; and enhancements to student support and advising. All of these changes reinforce the University’s expectation that undergraduate students should plan for a four-year graduation from the first day they matriculate on campus.

In response to a question from Regent Cohen, McMaster stated that the University of Minnesota has a dual recruiting strategy to retain the best students from Minnesota while also attracting a broader pool of students from across the country and internationally.

In response to questions from Regents Larson and Ramirez, McMaster explained that ATS assists students whose experiences and high school records indicate potential for success, but whose high school rank and test scores alone may not. These students received intensive advising and mentoring along with curriculum integration and networking opportunities. There are virtually no remedial courses offered at the Twin Cities Campus, in part because more selective admissions standards have reduced demand.

**CONSENT REPORT**

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

- **New Academic Programs**
  - School of Public Health (Twin Cities Campus) – Create certificate in Clinical Research

- **Changed Academic Programs**
  - Law School (Twin Cities Campus) – Create Health Law and Bioethics, Human Rights Law, and Labor and Employment Law concentrations in LL.M. degree.
INFORMATION ITEMS

There were no information items this month.

The meeting adjourned at 3:32 p.m.

ANN D. CIESLAK
Executive Director and
Corporate Secretary
A meeting of the Litigation Review Committee of the Board of Regents was held on Thursday, December 9, 2010 at 3:48 p.m. in the William R. Peterson Conference Room, 600 McNamara Alumni Center.

Regents present: Anthony Baraga, presiding, Clyde Allen, Richard Beeson, and Venora Hung.

Staff present: President Robert Bruininks; General Counsel Mark Rotenberg; and Executive Director Ann Cieslak.

Others present: Kathryn Brown and William Donohue.

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

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

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

NOW, THEREFORE, BE IT RESOLVED, that in accordance with Minn. Stat. § 13D.01, Subd. 3 and 13D.05 Subd. 3[b], a non-public meeting of the Board of Regents Litigation Review Committee be held on Thursday, December 9, 2010 at 3:30 p.m. in the William R. Peterson Conference Room, 600 McNamara Alumni Center, for the purpose of discussing attorney-client privileged matters including the following:

I. Potential Litigation to Recover Environmental Remediation Costs associated with TCF Bank Stadium;

II. Mayo Foundation and Regents of the University of Minnesota v. United States of America (United States Supreme Court medical residence FICA case)
The committee voted unanimously to approve the resolution. The public portion of the meeting adjourned at 3:50 p.m.

The non-public portion of the meeting adjourned at 4:43 p.m.

ANN D. CIESLAK
Executive Director and
Corporate Secretary
A meeting of the Board of Regents of the University of Minnesota was held on Friday, December 10, 2010 at 9:00 a.m. in the Boardroom, 600 McNamara Alumni Center.

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

Staff present: President Robert Bruininks; Chancellor Charles Casey; Senior Vice President and Provost Thomas Sullivan; Senior Vice President Frank Cerra; Vice Presidents Kathryn Brown, Steve Cawley, Karen Himle, Kathleen O’Brien, Richard Pfutzenreuter, and Steven Rosenstone; General Counsel Mark Rotenberg; Executive Director Ann Cieslak; and Associate Vice Presidents Gail Klatt, Sharon Reich Paulsen, Donna Peterson, and Michael Volna.

RECOGNITION OF SENIOR VICE PRESIDENT FOR HEALTH SCIENCES & DEAN OF THE MEDICAL SCHOOL

Recognition was given to Senior Vice President for Health Sciences and Dean of the Medical School Frank Cerra, upon his retirement from the positions on December 31, 2010. Cerra 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 – November 11, 2010
- Finance & Operations Committee – November 11, 2010
- Faculty, Staff & Student Affairs Committee – November 11, 2010
- Educational Planning & Policy Committee – November 11, 2010
- Facilities Committee – November 11, 2010
- Board of Regents Work Session – November 11, 2010
- Board of Regents – November 12, 2010
- Board of Regents – November 18, 2010

REPORT OF THE PRESIDENT

President Bruininks announced that Vice President Karen Himle, University Relations, intends to step down from her position in early January 2011.
President Bruininks reported on the State of Minnesota budget outlook and some implications for the University, noting that state budget resources for the University have been reduced from $703 million in 2010 to $591 million for 2011. He discussed financial planning and cost reduction strategies the institution has undertaken, and outcomes of some those initiatives. Bruininks stressed the importance of protecting and advancing the excellence and productivity of the institution while ensuring long-term financial vitality. He highlighted a number of budget planning and balancing principles developed to help to achieve these goals.

President Bruininks discussed the institution’s major cost drivers: human resources, facilities and energy, and information technology, and highlighted ways to increase administrative effectiveness and decrease costs in these areas. He stressed that a strategic approach to long-term financial planning has resulted in minimized involuntary job losses, upward trends in a number of key areas, and a balanced budget for the past eight years despite deep state revenue reductions.

President Bruininks extended his best wishes for a joyous holiday season.

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

REPORT OF THE CHAIR

Chair Allen commended President Bruininks for his support in beginning a smooth transition for President-Designate Eric Kaler, who will assume his duties July 1, 2011. Allen noted that the President and Dr. Kaler have met a number of times and have had several phone conversations. He recognized Bruininks for handling this phase of his presidency with professionalism and an attention to doing what is best for the University of Minnesota.

Allen highlighted a number of noteworthy events that Regents have attended in recent weeks, including the annual Equity and Diversity breakfast, the University of Minnesota Duluth Chancellor’s benefit dinner, and a gala honoring President Bruininks and Dr. Susan Hagstrum. Allen also announced that Student Representative Martin Chorzempa will step down this month to study abroad in Paris for the spring semester. He thanked him for his service to the Board.

Chair Allen announced that the next regular meeting of the Board of Regents will be held on February 10-11, 2011 on the Twin Cities campus.

RECEIVE AND FILE REPORTS


CONSENT REPORT

Chair Allen presented the Consent Report, as described in the docket materials, including:
• Report of the All-University Honors Committee recommendation forwarded in a letter from President Bruininks dated November 30, 2010;
• Summary of Gifts through October 2010; and
• Summary of Expenditures.

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

REPORT OF THE FACULTY CONSULTATIVE COMMITTEE

Professor Kathryn VandenBosch, chair of the Faculty Consultative Committee (FCC), reported on the activities of the committee since its last report to the Board of Regents. Issues the FCC is working on include: revisions to administrative policies; the Compact process; concerns surrounding the release of the film Troubled Waters; and implementation of the Financial Enterprise System. VandenBosch also discussed the FCC’s involvement during the public phase of the selection of the next University president.

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

REPORT OF THE STUDENT REPRESENTATIVES TO THE BOARD OF REGENTS

Matthew Privratsky, Chair of the Student Representatives to the Board of Regents, presented their semi-annual report. The report reflected the student perspective on issues and concerns facing University students and included items from each student assembly detailing goals, accomplishments, and obstacles. Privratsky addressed two key issues: shared governance and student needs (learning outcomes/non-financial needs/career services).

Regent Simmons acknowledged student participation in the selection of President-Designate Kaler and the importance of student voice in the search process.

ANNUAL REPORT ON THE STATUS OF UNIVERSITY RESEARCH

Vice President Mulcahy presented the Annual Report on the Status of University Research programs, as included in the docket and associated materials distributed at the meeting and on file in the Board Office. Included in the report were research statistics for FY 2010; trend analysis for the University of Minnesota; comparative analyses with other public research institutions; and the impact of faculty research and scholarly work.

Key highlights of the FY2010 report include:

• Grants and contracts awarded to University faculty totaled $823 million, a 36 percent increase over the FY2009 total. After excluding the contribution of the American Recovery and Reinvestment Act (ARRA) funding, the FY2010 sponsored awards total increased 23 percent.
Faculty have submitted 963 applications for ARRA funds; 348 awards totaling $208 million have been received to date.

Every unit across the University posted an increase.

Sponsored research expenditures grew to $654 million, which is a 6.5 percent increase over FY2009.

National research and development expenditures published recently by the National Science Foundation indicate that in 2009, the University ranked 10th among the nation’s top public and private research universities. The reported expenditures of $741 million represents an increase of 8.5 percent over the 2008 total, improves the University ranking among its public research peers from ninth to eighth, and demonstrates a steady improvement in University performance. Mulcahy noted that much of the improvement is attributable to changes over the last several years related to strategic positioning decisions and initiatives.

Mulcahy suggested that the University’s growth rate relative to its peers was greater than many others in the group. Since 2004, the University’s research profile has increased 41 percent, while the average for the top 20 universities was 27 percent. The University’s growth rate was the third largest of any research institution in the country and second largest among public research universities. He noted that this is an indication of how successful faculty and leadership have been in advancing the research agenda.

Mulcahy summarized some of the major investments made from technology transfer revenue in the previous six years. He indicated that, although this revenue does not replace state funding or provide a significant portion of the operating budget, it does provide the margin of excellence to support the University’s mission. Mulcahy described a number of initiatives illustrating that the University’s research enterprise remains healthy and productive despite many financial challenges.

In response to a question from Regent Cohen, Mulcahy indicated that in order to best position the University, the institution has been strategic in identifying areas of comparative advantage and anticipating where research trends will be five to ten years from now. He added that the institution has been deliberate in selecting investments and leveraging resources, and cautioned that the future support for research at the national level could have a negative impact on the University and across the country.

President Bruininks reported that many critical decisions and investments have been made to advance the institution’s research portfolio, and he stressed the importance of continuing to build relationships with the business community to leverage these investments. Bruininks indicated that these activities create 35,000 to 45,000 jobs in the private economy.

**ANNUAL FINANCIAL REPORT**

Vice President Pfutzenreuter and Associate Vice President Volna presented an overview of the 2010 Annual Financial Report (year ending June 30, 2010), as detailed in the docket materials.

Volna reported that the University’s balance sheet continues to be strong, with a $171.5 million increase in net assets during FY2010 compared with a net decrease of $342.1 million for FY2009. He noted that many of the gains came primarily from the
University’s investment portfolio. He indicated that there has been an extraordinary effort to control expenses, which had a positive effect.

Volna reviewed details of the balance sheet, the statement of revenue and expenses, and changes in net assets. He indicated that total assets, investments, and property, plant and equipment all increased in FY2010. He provided information related to total revenue, revenue sources, liabilities, and cash flows. He also discussed component units of the University and provided a brief financial overview of those entities.

2011 STATE CAPITAL BUDGET REQUEST

President Bruininks stated that the 2011 State Capital Request (Request) includes funds to support the required Light Rail Transit mitigation projects, a Physics and Nanotechnology building, and a number of projects vetoed at the end of the 2010 legislative session. He introduced Vice President O’Brien to lead the discussion.

O’Brien stated that the development of the Request conforms to the principles used in the development of the most recent six-year capital plan, and include:

• Aligning the capital plan with established academic strategic positioning goals;
• Maintaining continuity of priorities from previous legislative requests, including the restoration of funding for vetoed projects included in the University’s long-term capital plan;
• Protecting the University’s financial position by keeping capital expenditures within projected debt capacity limits and controlling operating costs; and
• Investing in facilities and infrastructure that advance life safety, renewal, and preservation goals, and also optimize space utilization.

O’Brien briefly described several projects included in the request, as outlined in the materials distributed at the meeting and on file in the Board Office. She noted that the Request includes programmatic renovation, improvements, and new construction. She stressed that the institution is rigorous in following the debt capacity limits and in controlling costs, and that the Request emphasizes the maintenance of existing facilities.

Vice President Pfutzenreuter presented financial information related to the Request. The $149.5 million Request is built upon a combination of funds to be appropriated by the State of Minnesota ($107.2 million) and resources committed by the University ($42.3 million). He briefly discussed operating costs for the projects.

The 2011 State Capital Request will return for action at a future meeting of the Board of Regents.

REPORT OF THE FACILITIES COMMITTEE

Regent Hunter, Chair of the committee, reported that the committee voted unanimously to recommend:
a) Approval of the Consent Report for the Facilities Committee as presented to the committee and described in the December 9, 2010 minutes.

b) Approval of the following Real Estate transaction as presented to the committee and described in the December 9, 2010 committee minutes.

1. 20-year lease of 1802 – 18th Street NE, Willmar (Mid-Central Research & Outreach Center).

c) Approval of an amendment to the FY2010 Capital Budget by:

1. $825,000 to fund the Learning Technologies Media Lab Remodeling Project in the Vocational Technical Education Building on the St. Paul campus.

d) Approval of a Resolution to Establish a Hearing Date on Proposed Amendments to the Regents of the University of Minnesota Traffic Regulation Ordinances, as follows:

    WHEREAS, in accordance with Minnesota Statutes 1979, Chapter 169.965 and Chapter 137.12 the Regents of the University of Minnesota have adopted Traffic Regulation Ordinances; and

    WHEREAS, the Regents of the University of Minnesota reserve the right to amend and update their Traffic Regulation Ordinances from time to time as recommended by the administration; and

    WHEREAS, the administration is in the process of updating the Twin Cities Campus Parking and Transportation Policies which requires the Regents Traffic Regulation Ordinances be amended accordingly; and

    WHEREAS, amending the Regents Traffic Regulation Ordinances require a public hearing on the proposed amendment.

    NOW, THEREFORE, BE IT RESOLVED, that the Regents of the University of Minnesota shall conduct a public hearing on the proposed amendment to the Regents Traffic Regulation Ordinances on the 10th day of February, 2011, at 1:30 p.m., in the West Committee Room, on the 6th floor of the McNamara Alumni Center, located at 200 Oak Street Southeast, Minneapolis, Minnesota.

    BE IT FURTHER RESOLVED, that the notice of said hearing shall be published in the Mesabi Daily News, Virginia, St. Louis County, Minnesota;

    BE IT FURTHER RESOLVED, that said notice shall read as follows:
NOTICE OF HEARING:

The Regents of the University of Minnesota does hereby give notice to the public that on the 10th day of February, 2011, at 1:30 p.m., in the West Committee Room, on the 6th Floor of the McNamara Alumni Center located at 200 Oak Street Southeast, Minneapolis, Minnesota on the University of Minnesota Twin Cities/Minneapolis/East Bank Campus it will conduct a public hearing on a proposed amendment to Regents Traffic Regulation Ordinances. The proposed amendment to Regents Traffic Regulation Ordinances is as follows.

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

Hunter reported that the committee also reviewed proposed amendments to Board of Regents Policy: Campus Health and Safety and Board of Regents Policy: Campus and Facility Usage; reviewed the following real estate transactions: 1) agreements for use of University facilities and services for Walden University summer session residency program July 13-August 1, 2011 (Twin Cities campus); and 2) conveyance of 27.479 acres in Dakota County to the City of Rosemount; discussed issues related to space utilization and issues related to University Services response to financial challenges. He reported that the committee also discussed a number of information items included in the docket materials.

REPORT OF THE FACULTY, STAFF & STUDENT AFFAIRS COMMITTEE

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

a) Approval of the Consent Report for the Faculty, Staff & Student Affairs Committee as presented to the committee and described in the December 9, 2010 committee minutes.

b) Adoption of proposed amendments to Board of Regents Policy: Conflict Resolution Process for Employees, as follows:

Conflict Resolution Process for Employees

The University of Minnesota shall have an internal process for the good faith review and resolution of employment-related conflicts.

Subd. 1. Scope. The conflict resolution process shall apply to the employment conflicts of faculty, academic professional and administrative staff, civil service staff, and student employees, including graduate student teaching and research assistants. The process also shall apply to complaints of faculty emeriti in accordance with the terms of the administrative procedures implementing the policy. This process shall not otherwise apply to non-employees or to employees represented by labor organizations.

Subd. 2. Delegation of Authority. The following delegations shall govern the administration of this policy:
(a) Except as provided in subd. 2 (b), the Board of Regents (Board) delegates to the president authority to administer this policy. The president, after consultation with the University Senate and the Conflict Resolution Advisory Committee, is authorized to adopt and amend administrative procedures to implement this policy; and

(b) Complaints alleging that the president personally engaged in a challenged action shall be referred to the chair of the Board, who shall determine whether the conflict resolution process must be adjusted to ensure fair consideration of the matter.

Subd. 3. No Retaliation. Retaliation against any person for using the conflict resolution process is prohibited.

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

Bohnsack reported that the committee received a report on retirement programs; discussed the impact of activities of the Office for Equity and Diversity; and reviewed a number of information items included in the docket materials.

REPORT OF THE FINANCE & OPERATIONS COMMITTEE

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

a) Approval of the Consent Report for the Finance & Operations Committee as presented to the committee and described in the December 9, 2010 committee minutes.

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

WHEREAS, the University has outstanding the following variable rate debt: its general obligation bonds, Series 1999A, in the approximate amount of $107,150,000 (the Series 1999A Bonds); its general obligation refunding bonds, Series 2003A, in the approximate principal amount of $60,900,000 (the Series 2003A Bonds); and its general obligation bonds, Series 2001C, in the approximate amount of $114,850,000 (the Series 2001C Bonds, and collectively with the Series 1999A Bonds and the Series 2003A Bonds, the Outstanding Variable Rate Bonds);

WHEREAS, it has been proposed that the University refinance all or a portion of the Outstanding Variable Rate Bonds by the issuance and sale of fixed rate indebtedness (such indebtedness, whether issued in the form of bonds, notes or such other form of indebtedness as may be designated by the University, the “Refinancing Bonds”);

WHEREAS, the Refinancing Bonds would 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;
WHEREAS, the Indenture of Trust or Order pursuant to which Refinancing Bonds would be issued would contain the terms of such Refinancing 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;

WHEREAS, the principal amount of the Refinancing Bonds authorized would be the amount of the Bonds outstanding at any time, and not an aggregate principal amount;

WHEREAS, in November 2010 the Board authorized the issuance and sale of general obligation indebtedness in the principal amount of up to $878,000,000 for the purpose of financing University purchases of land and buildings, construction and remodeling projects, the acquisition and installation of equipment and costs of issuance thereof (the November 2010 Authorized Bonds);

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

1. To provide funds to refinance all or a portion of the Outstanding Variable Rate Bonds the Board hereby authorizes the sale and issuance of bonds in one or more additional series in the principal amount, including costs of issuance, of up to $285,900,000 plus the aggregate amount, if any, not to exceed $25,000,000, required to terminate the existing interest rate swaps related to the Outstanding Variable Rate Bonds, such that the total amount of indebtedness now authorized for issuance, including the November 2010 Authorized Bonds and the Bonds, is $388,900,000. The Refinancing Bonds shall be issued in one or more series and shall mature not later than the date that is 30 years after the date of issuance of each series. The Refinancing Bonds shall be general obligations of the University if the Treasurer determines that the Refinancing Bonds shall be issued as general obligations of the University. Interest on the Refinancing Bonds may or may not be excludable from gross income under Section 103 of the Internal Revenue Code of 1986, as amended.

2. The Outstanding Variable Rate Bonds to be refinanced shall be those the refinancing of which is determined by the Treasurer to be in the best interest of the University.

3. The Treasurer is authorized to negotiate with one or more banks, investment banking firms or financial institutions to be engaged by the University as the underwriter for the Refinancing Bonds, the terms and conditions upon which the Refinancing Bonds shall be sold and issued, and to approve the terms of such sale and issuance, including whether the Refinancing Bonds shall be issued as general obligations of the University. The Treasurer is further authorized to negotiate with one or more commercial banks the terms and condition of the termination of any presently outstanding credit support or liquidity facility for any existing series of bonds and approve the terms of such termination, and to negotiate with the counterparty to such agreement the terms and condition of the termination of any interest rate swap agreement or other similar agreements that is related to any presently
outstanding series of bonds. 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.

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

5. The President and Treasurer are authorized to execute and deliver a purchase agreement with the initial purchaser or purchasers of any series of Refinancing 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.

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 to any purchaser or potential purchaser of a series of Refinancing Bonds, and the President is authorized to execute and deliver the final Official Statement or any supplements or amendments thereto.

7. 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 Refinancing Bonds.

8. The Secretary and other officials of the University are authorized and directed to prepare and furnish to any purchasers of the Refinancing Bonds 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 Refinancing Bonds 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.

9. The execution of any document by the appropriate University officers 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, final Official Statement, purchase agreement or any other document to be executed by the President or Treasurer in connection with the
Refinancing Bonds 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.

Frobenius reported that the committee also received a state of Minnesota economic update; discussed issues related to the Annual Financial Report and the long range enterprise technology plan; and reviewed a number of information items included in the docket materials.

REPORT OF THE AUDIT COMMITTEE

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

REPORT OF THE EDUCATIONAL PLANNING & POLICY COMMITTEE

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

a) Approval of the Consent Report of the Educational Planning & Policy Committee as presented to the committee and described in the December 9, 2010 committee minutes.

b) Adoption of amendments to Board of Regents Policy: *Commercialization of Intellectual Property Rights*, as follows:

    **Commercialization of Intellectual Property Rights**

    **SECTION I. SCOPE.**

    This policy governs patents and the ownership, commercialization, and dissemination of intellectual property rights in technology created at the University of Minnesota (University).

    **SECTION II. EXCLUSIONS.**

    Subd. 1. Copyright. With the exception of the commercialization of intellectual property rights in software owned by the University, this policy shall not apply to the ownership or use of copyrighted works that are governed by other Board of Regents (Board) or administrative policies.

    Subd. 2. Trademarks. With the exception of intellectual property rights in University trademarks that identify University-owned plant varieties or that are commercialized in conjunction with other technology covered by this policy, this policy shall not apply to the use of University-owned or licensed names, trademarks, or service marks.

    Subd. 3. Equity Interests. This policy shall not apply (a) to the University’s acquisition of equity securities in a publicly held company or
appointment of a voting member to the governing body of a publicly held company or (b) to the acquisition of equity securities of a publicly held company by a University employee.

SECTION III. DEFINITIONS.

Subd. 1. Inventor. Inventor shall mean a University employee, student, or post-doctoral or other fellow who invents technology.

Subd. 2. Technology. Technology shall mean the following items and their related intellectual property rights:

(a) a discovery or invention, patentable or not;
(b) software owned by the University; and
(c) trademarks owned by the University that identify University-owned or University-licensed plant varieties or that are commercialized in conjunction with other technology covered by this policy.

Subd. 3. University Official. University official shall mean a person defined as a University official in Board of Regents Policy: Institutional Conflict of Interest and any person covered by administrative policies or procedures implementing that policy.

Subd. 4. Controlling Equity Interest. Controlling equity interest shall mean the University’s ownership of equity securities of a licensee sufficient to grant the University the power to direct the licensee’s management. The University shall be considered to have a controlling equity interest in a licensee under this policy if:

(a) the University owns a majority of the voting equity interest in the licensee; or
(b) the University has the power to appoint a majority of the voting members of the governing body of the licensee.

Subd. 5. Licensee. Licensee shall mean a for-profit, privately held company to which the University licenses or assigns intellectual property rights in University-owned technology.

Subd. 6. Net Income. Net income shall mean the gross monetary payments the University receives in consideration for granting rights in the technology less (a) the University’s out-of-pocket expenditures (including legal fees) directly attributable to protecting, developing, and transferring that technology and (b) a fifteen percent administrative fee of the gross monetary payments to help defray the costs associated with operating the Office of Technology Commercialization. Fees, charges, and other monetary payments made to the University to compensate it for administering intellectual property agreements or seeking and maintaining intellectual property protection for technology shall not be considered monetary payments under this policy.
SECTION IV. GUIDING PRINCIPLES.

The following principles shall guide the University in commercializing technology:

(a) The primary mission of University research is the generation and dissemination of knowledge, and academic freedom requires that faculty, staff, and students be free to pursue areas of research and study without regard to the potential for the creation of inventions.

(b) The development and dissemination of new knowledge, technology, or scientific procedures resulting in innovative products, practices, and ideas is a valued supplement to scholarly publications.

(c) University commercialization activities shall not inhibit the ability of University researchers to pursue research of their choosing, to publish results of their work in a timely manner, and otherwise to exercise their rights of academic freedom.

(d) Licensing University-owned technology to private companies promotes the University’s interest in successful commercial development of University-owned intellectual property. In some circumstances, a non-commercial method of distribution, such as open source sharing of technology or licensing for humanitarian needs, may be the preferred method of providing public access to, and use of, University discoveries.

(e) The University may own a controlling equity interest and assert control over the direction and management of a licensee only when doing so (1) enhances the potential for the licensee to successfully develop and make available to the public useful products and services and (2) increases the potential value of the University’s investment.

SECTION V. OWNERSHIP OF TECHNOLOGY.

Subd. 1. Ownership. The University shall be the sole owner of all rights, titles, and interests (including intellectual property rights) in and to technology:

(a) created by University employees in the course of their employment;

(b) created by students or post-doctoral or other fellows in the course of their academic duties or appointments; or

(c) created by individuals, including employees, students, or post-doctoral or other fellows, using substantial University resources.
Subd. 2. Assignment of Intellectual Property Rights. Inventors assign to the University all rights, titles, and interests, if any, in and to technology owned by the University.

Subd. 3. Ownership Under Third Party Agreements. Ownership of and rights in technology are subject to the terms of written agreements between the University and third parties under which the University, solely or in collaboration, conducts research or other activities. Under these agreements, the University may claim, disclaim, or otherwise grant or accept rights in technology as appropriate and desirable.

Subd. 4. Waiver of University Rights. Consistent with administrative policies and procedures, the president or delegate is authorized to waive or otherwise assign to an inventor all or part of the University’s rights, titles, or interests in or to a technology created by the inventor.

Subd. 5. Rights to Publish. At the University’s request, inventors shall delay the publication or public disclosure of any descriptions of technology for a brief period of time to permit the registration, application for, and protection of the intellectual property rights in the technology.

Subd. 6. Rights to Third Parties. The president or delegate may assign, license, or otherwise grant a third party the right to use technology royalty-free or in exchange for cash, stock or other securities, or other tangible or intangible property.

SECTION VI. DISTRIBUTION OF INCOME FROM COMMERCIALIZATION OF TECHNOLOGY.

The University shall share with inventors the net income from the commercialization of technology as follows:

(a) thirty-three and one-third percent to the inventors;
(b) twenty-five and one-third percent to the department, division, or center that supported the creation of the technology, to be spent in support of the inventor’s research or directly related University work;
(c) eight percent to the collegiate unit that supported the creation of the technology; and
(d) thirty-three and one-third percent to the Office of the Vice President for Research, to be spent in support of the University’s technology commercialization activities and to fund University research and scholarly activity.

The president or delegate may change the distribution to collegiate units or to departments, divisions, or centers if such amounts become disproportionate compared to their budgets or if there have been administrative organizational changes, including an inventor’s movement among units or departments. The president or delegate also may distribute to inventors a portion of the net income
from commercialization of technology in the form of a bonus or salary supplement.

SECTION VII. EQUITY, CONTROLLING INTERESTS, AND ASSISTANCE WITH COMMERCIALIZATION.

Subd. 1. Disposition of Equity Securities. The University shall sell the equity securities acquired under this policy as soon as prudent and in strict compliance with all applicable federal and state laws. The cash proceeds derived from the sale of equity securities shall be distributed in the same proportions as income derived from technology.

Subd. 2. Acquiring a Controlling Equity Interest in the Commercialization of Technology. In acquiring, as part of a transaction to commercialize technology, a majority or other equity interest in a company that grants the University the power to direct the company’s management or the power to appoint a majority of the voting members of the governing body of the company, the following prohibitions shall apply:

(a) Except as permitted under other applicable Board policies, the University shall not make a cash investment in, lend money to, or guarantee the obligations of the company; and

(b) University officials shall not purchase or invest, directly or indirectly, in the equity securities of a licensee as long as the licensee is privately held, except that University employees who are not University officials may purchase or invest, directly or indirectly, in such equity securities if permitted under Board of Regents Policy: Individual Business or Financial Conflict of Interest and other applicable Board policies.

Subd. 3. Appointment of Voting Members to Governing Bodies as Part of the Commercialization of Technology. The president shall appoint voting members to the governing bodies of privately held companies commercializing technology. A University-appointed member shall:

(a) be a University employee with demonstrated experience and competence in technology commercialization and in the creation, management, and capitalization of privately held companies; and

(b) be reasonably insured against liability arising from service on the governing bodies of such companies.

A University-appointed member:

(a) shall not accept compensation for service as a member of the governing body of the company, but may accept reasonable reimbursement for service-related expenses;

(b) shall comply with University policies and
procedures;

(c) shall discharge fiduciary and contractual responsibilities to the company, subject to the performance of University duties as provided in Board and other University policy and procedures; and

(d) shall resign as a voting member of the governing body of the company prior to the company’s becoming publicly held, unless the president or delegate approves an extension of the appointment.

Subd. 4. Use of Technology Commercialization Income to Assist Commercialization by Non-University Entities. The president or delegate may authorize non-University entities to use income the University earns from technology commercialization to directly encourage, promote, or assist with the commercialization and development of University intellectual property. The commitment of financial support for particular projects shall not exceed $250,000, consistent with Board of Regents Policy: Reservation and Delegation of Authority.

SECTION VIII. REPORTING.

The president or delegate shall report annually to the Board on University activities under this policy.

SECTION IX. IMPLEMENTATION.

The president or delegate shall implement this policy and maintain appropriate policies and procedures to administer it.

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

Simmons reported that the committee also received an interim report of the Enrollment Management Committee and an undergraduate education update for Fall 2010.

REPORT OF THE LITIGATION REVIEW COMMITTEE

Regent Baraga reported that the committee met in closed session on December 9, 2010 and that no actions were taken.

The meeting adjourned at 11:12 a.m.

ANN D. CIESLAK
Executive Director and
Corporate Secretary

Board of Regents
December 10, 2010