Board of Regents

October 2014

October 10, 2014

9:00 a.m. - 12:00 p.m.

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UNIVERSITY OF MINNESOTA

BOARD OF REGENTS

MINUTES

BOARD OF REGENTS MEETINGS

AND

COMMITTEE MEETINGS

September 11-12, 2014

Office of the Board of Regents

600 McNamara Alumni Center
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A meeting of the Audit Committee of the Board of Regents was held on Thursday, September 11, 2014 at 8:00 a.m. in the East Committee Room, 600 McNamara Alumni Center.

Regents present: Laura Brod, presiding; Clyde Allen, Peggy Lucas, and Abdul Omari.

Staff present: Senior Vice President and Provost Karen Hanson; Vice Presidents Richard Pfuntenreuter and Scott Studham; Executive Director Brian Steeves; and Associate Vice Presidents Gail Klatt and Michael Volna.

Student Representatives present: Aashka Joshi and Jesse Mara.

**2014-15 COMMITTEE WORK PLAN**

Regent Brod and Associate Vice President Klatt reviewed the 2014-15 work plan for the Audit Committee, as detailed in the docket. Regents discussed the proposed topics and by consensus agreed to the work plan.

**INFORMATION SECURITY RISK PRIMER**

Regent Brod introduced Vice President and Chief Information Officer Scott Studham and Chief Information Security Officer Brian Dahlin to present an information security risk primer, as detailed in the docket.

Studham explained that information security deals with the mitigation of risks from a range of adversaries. He defined the range of adversaries from amateur hackers motivated out of curiosity or a desire for personal fame, to hobbyists motivated by corporate or personal gain, to experts and specialists working on behalf of nation-states that act out of national interest. Studham noted that the vast majority of security incidents relate to errors or mistakes by legitimate users, and a comprehensive information security program involves dedicating resources to identifying and preventing those types of incidents as well. For FY 2013, the Office of Information Technology reported that 76 percent of breaches were from errors, 20 percent from amateurs, and 4 percent from hobbyist hackers.

Studham gave an overview of the types of incidents encountered at the University, a sample of higher profile incidents at peer institutions, and other well-publicized examples. Dahlin categorized those incidents along the spectrum of adversaries and motivations, putting incidents at the University in context.

In response to a question from Regent Lucas, Studham emphasized that responding to a specific breach was less effective than having a holistic approach to security. He noted that since the majority of issues come from user errors, a better approach is to have strong parameters to protect data and work to educate users to prevent errors.
In response to a question from Student Representative Mara, Dahlin agreed that mobile use has created significantly more user errors and made it far easier to take data outside of established parameters. Examples of recent breaches include unsecured and unencrypted laptops and back-up hard drives being stolen from the University. Dahlin emphasized that educating users on proper security procedures is the main way to combat that type of error.

In response to a question from Regent Omari, Studham explained that attacks can happen in as little as 30 minutes or over the course of many months. Attacks that are “fast and hard” are easier to detect, and operate under the assumption that the data can be removed before the organization being attacked can respond. A “low and slow” attack removes data one packet at a time to a random computer, requiring more coordination. This kind of attack is more difficult to detect since it often visible only within the standard noise of a network. Given the complexity of a low and slow attack and required skill and resources needed, they are fewer in number and carried out by experts.

Studham lead a discussion on how information security risk can be understood to be a function of both the skill of likely adversaries as well as the value of the information relative to other institutions of higher education, healthcare, and scientific research.

He indicated that future discussions in December and May will provide a comprehensive overview of the University’s information security framework and how it is positioned to mitigate the types of risks that are likely to be faced, as well as providing an overview and assessment of the maturity of the University’s policies and practices.

**INTERNAL AUDIT UPDATE**

Associate Vice President Klatt presented the Internal Audit Update, as detailed in the docket.

Klatt reported that since the last update to the committee in June 2014, University departments implemented 23 percent of outstanding recommendations rated as “essential,” below the expected implementation rate of 40 percent. Three units fully implemented all their remaining “essential” recommendations. Six audit reports containing three recommendations rated as essential were issued in the last three months.

Klatt noted that the Office of Internal Audit would be undergoing an independent review and assessment of its operations and practices. She added that a team of four external reviewers has been selected and will conduct the review in February 2015.

**OFFICE OF INTERNAL AUDIT: DEPARTMENT CHARTER**

Associate Vice President Klatt presented the Office of Internal Audit: Department Charter, as detailed in the docket.

Klatt noted that according to Board of Regents Policy: Audit Committee Charter, the Audit Committee is responsible for providing oversight of the internal audit function, including reviewing and approving any changes to the function’s charter. She explained that the proposed changes are intended to maintain alignment with professional standards and guidance. She also highlighted the addition of a section stating that the Office of Internal Audit would be free from undue influence in the selection of activities to be examined. The committee last reviewed the internal audit charter in July 2008.

A motion was made and seconded and the committee voted unanimously to recommend approval of the Office of Internal Audit: Department Charter.
CONSENT REPORT

Associate Vice President Klatt invited Associate Vice President Volna to present the Consent Report, as detailed in the docket. Volna reviewed the following non-audit engagements with external audit firms for the committee's consideration:

- The University's Health Information Privacy and Compliance Office proposes to engage Deloitte Consulting, LLP to provide advisory services to the University to demonstrate the University's compliance with HIPAA Security requirements and advise the University on areas that may require further analysis and investigation. The fees and expenses for this engagement are estimated to be $293,000.

- The University's Office of the Vice President for University Services proposes engaging Deloitte Consulting, LLP to provide advisory services to the University's Enterprise Asset Management (EAM) project. The EAM project will develop new business processes and systems for maintaining the University's physical plant and infrastructure assets. This engagement is for Phase 1 of the project. Deloitte will provide advice, leading practices, tools, templates, and recommendations to the University for use in designing a leading practice process model, collecting high level functional and reporting requirements, and preparation for selecting and implementing an enterprise EAM solution. The fees and expenses for this engagement are $1,744,000.

Volna reminded the committee that Deloitte is the external auditor for the University. He stated that his office had reviewed the scope, deliverables, and Deloitte's proposed role and concluded that this engagement would not impair the firm's independence with respect to its role as external auditor.

In response to a question from Regent Brod, Volna indicated that the appearance of independence is at the heart of the issue of retaining an external auditor for other auditing work. A main consideration is the economic tie between an audit firm and the client. While there is general guidance around how to examine non-audit engagements, there is no clear dollar amount or ratio of when that economic tie impacts a firm's independence. Volna agreed to report back with some general guidance for the committee at a later meeting.

A motion was made and seconded and the committee voted unanimously to recommend approval of the Consent Report.

INFORMATION ITEMS

Associate Vice President Klatt invited Associate Vice President Volna to present the information item, as detailed in the docket:

1. Emergency approval of non-audit engagement with external auditors.

The meeting adjourned at 9:29 a.m.

[Signature]
BRIAN R. STEEVES
Executive Director and
Corporate Secretary

Audit Committee
September 11, 2014
A meeting of the Litigation Review Committee of the Board of Regents was held on Thursday, September 11, 2014 at 8:00 a.m. in the W.R. Peterson Conference Room, 600 McNamara Alumni Center.

Regents present: Richard Beeson, presiding, and David McMillan.

Staff present: President Eric Kaler; General Counsel William Donohue and Executive Director Brian Steeves.

Others present: Brent Benrud, Amy Phenix, Brian Slovut, and Tracy Smith.

The meeting convened in public session at 8:05 a.m.

ANNUAL REPORT ON LEGAL MATTERS

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

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

At 8:17 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 Litigation Review Committee be held on Thursday, September 11, 2014 at 8:00 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. Patent infringement claims

II. *Minnesota Police and Peace Officers Association and Police Officers Federation of Minneapolis (MPPOA) v. National Football League, Minnesota Vikings Football, LLC, and Regents of the University of Minnesota*

III. West Bank ground contamination claims

IV. Prescription drug insurance claims
V. Kathryn Brenny v. University of Minnesota

VI. Potential threatened lawsuit

The committee voted unanimously to approve the resolution. The public portion of the meeting adjourned at 8:18 a.m.

The meeting adjourned at 9:30 a.m.

[Signature]

BRIAN R. STEEVES
Executive Director and
Corporate Secretary
A meeting of the Academic & Student Affairs Committee of the Board of Regents was held on Thursday, September 11, 2014 at 9:45 a.m. in the East Committee Room, 600 McNamara Alumni Center.

Regents present: Linda Cohen, presiding; Thomas Devine, Peggy Lucas, and Abdul Omari.

Staff present: Chancellors Lendley Black, Stephen Lehmkuhle and Fred Wood; Senior Vice President and Provost Karen Hanson; General Counsel Bill Donohue; Executive Director Brian Steeves; and Associate Vice President Bernard Gulachek.

Student Representatives present: Callie Livengood and Jesse Mara.

2014-15 COMMITTEE WORK PLAN DISCUSSION

Regent Cohen and Senior Vice President and Provost Hanson reviewed the 2014-15 work plan for the Academic and Student Affairs Committee, as detailed in the docket. Regents discussed the proposed topics and by consensus agreed to the work plan.

ANNUAL REPORT ON UNDERGRADUATE, GRADUATE & PROFESSIONAL ACADEMIC PROGRAM CHANGES

Senior Vice President and Provost Hanson invited Joseph Shultz, Deputy Chief of Staff, to present the annual report on academic program changes. Hanson commended the committee for undertaking an annual review of program changes to ensure they align with University goals.

Shultz briefly outlined the review process academic program changes undergo prior to recommendation to the Board. He emphasized that the process is highly consultative and engages participants at all levels. He explained that the University uses a standard set of criteria to review proposals and all criteria must be addressed, including a thorough understanding of cost. Recently a public review was added to the process for an additional opportunity to engage faculty in the discussion.

Shultz reported that over the last year eight new baccalaureate degrees, five undergraduate-level minors, and six graduate-level degrees were added. Six undergraduate degrees, three master’s degrees, one Ph.D. program and three minors were discontinued. He cautioned the committee not to compare the number of degrees added to the number of degrees discontinued as there may or may not be any cost implications associated with the changes.

He shared that in total the number of degree programs offered at each campus has remained relatively stable over the last four years. He noted one exception is the Duluth campus, which recently underwent a thorough review of all degree programs and eliminated or combined several programs.
Hanson identified joint degree programs as an emerging trend that allows students to combine programs and complete both degrees at the same time. She noted that the committee would likely see more cross-college and cross-disciplinary programs in the future, in alignment with the goals of the strategic plan. Hanson introduced a faculty member, a staff member and two students to report on joint degree programs.

Professor Hari Osofsky, Director of the Joint Degree Program in Law, Science & Technology, reviewed the joint and dual degree programs offered through the Law School. She explained that a dual degree saves a student a full year over gaining both degrees separately. Joint degrees offer the same opportunity of the condensed time-frame but go beyond the dual degree to offer a more integrated program. She asserted that students in the Law School’s dual and joint-degree programs benefit from having the substantive knowledge in a specific area combined with knowledge of the legal and regulatory options for addressing problems in those areas.

Keli Holzapfel, J.D./Ph.D. student in Molecular, Cellular, Developmental Biology and Genetics, shared that she chose the joint degree program in Law, Science & Technology because the scientific community will need lawyers with strong scientific backgrounds to address new and complex issues testing the current legal system. She added that an unexpected benefit of participating in the program was that students who held dual expertise in law and another area enriched the classroom experience for all students.

Katherine Waters, Director of Executive and Dual Degree Programs in the School of Public Health, reviewed the joint and dual degree programs offered through the school. She told the committee that dual degree students gain the ability to work across disciplines and gain a broader knowledge base that allows them to integrate public health issues into their future careers. She also listed benefits to employers, such as a more flexible and broadly educated workforce.

Anjoli Punjabi, a Pharm.D./M.P.H. student, shared that she chose to pursue a Masters of Public Health degree in addition to her pharmacy degree to address public health disparities in education and access to care. She stated that her dual expertise has already allowed her to be successful implementing a fitness and nutrition intervention program as a means of diabetes prevention.

In response to a question from Regent Omari, Provost Hanson indicated that joint programs and grand challenges have a natural synergy in that they form around the University’s strengths and areas of expertise.

In response to a question from Regent Devine, panelists offered that a joint degree gives students a competitive edge to compete in a saturated job market, offers the substantive knowledge necessary to work in many specialties, and offers students a broader array of career choices.

In response to a question from Regent Lucas, Osofsky and Waters addressed the debt loads incurred in pursuing a joint degree. Both explained that through efficiencies gained in the delivery model, the programs generally added only one additional year of study and tuition. Osofsky added that joint or dual degree students have the opportunity to seek scholarships in both schools to further offset the additional cost.
SEXUAL ASSAULT ON CAMPUS:
A NATIONAL PROBLEM AND UNIVERSITY STRATEGIES

Senior Vice President and Provost Hanson invited representatives from the Twin Cities, Duluth, Crookston and Morris campuses to share information on the national conversation about sexual assault on college campuses and the University’s efforts related to prevention, intervention and policy, as detailed in the docket.

Katie Eichele, Director of the Aurora Center for Advocacy & Education, shared that sexual assault on campus has gained national attention as reports show that one in five women will experience sexual assault on campus. She explained that Title IX requires schools to respond to sexual harassment and sexual violence, and outlines specific requirements for doing so in a document called the “Dear Colleague Letter” published by the Department of Education in 2011. She pointed out that the Aurora Center, which provides support and advocacy to victims as well as education programs on the University’s Twin Cities campus, is an award-winning model for college campuses.

Kimberly D. Hewitt, Director of the Office of Equal Opportunity and Affirmative Action, outlined the guidance included in the “Dear Colleague Letter,” explaining that the letter set a timeline for action, evidence standards, and recommended appeal options for the both the accused and accuser. It also expanded Clery reporting and additional requirements around education and prevention. Since then, the University’s Office of Equal Opportunity and Affirmative Action has assumed investigative responsibilities and turns its findings over to the Office for Student Affairs. New online tools also are used to educate students and employees on the topic and their responsibilities.

Lisa Ann Erwin, Vice Chancellor for Student Life and Dean of Students at the Duluth campus, reported that each campus shares the same four strategies related to sexual assault on campus: prevention, response & support, adjudicating reports, and providing training for students, faculty and staff.

Sandra Olson-Loy, Vice Chancellor for Student Affairs at the Morris campus, shared that each campus then focuses and tailors those strategies to fit their climate:

- Crookston has a strong focus on prevention beginning at Orientation and throughout the year. They will also be adding a student climate survey, to be conducted in November.
- Duluth provides training for faculty, staff and those who will participate in the adjudication process, and has built strong community partnerships to offer a collaborative response for victims.
- Morris has added a grant-funded, full-time violence prevention coordinator and has strengthened response efforts.
- Rochester addresses awareness and prevention in its University Experience course that is required for all undergraduate students.
- The Aurora Center serves the Twin Cities campus and as a resource for the entire system.

Crookston Chancellor Fred Wood conveyed the enormous impact incidences of sexual assault have – not only on the students involved but bystanders and the entire community. He praised the national attention the issue has received, noting that the heightened profile adds additional complexity to an already complicated issue.

In response to a question from Regent Lucas, Eichele explained that many institutions partner with community organizations to provide support services, so the Twin Cities is unique in
having the Aurora Center. She added that as a campus organization, the Aurora Center is better equipped to meet the needs of student victims who have unique experiences and needs.

In response to comments from Regents, Eichele emphasized that any institution could have been included in the federal inquiry into the handling of sexual assault cases on campus. While the University of Minnesota was not on the list, it would only take one complaint from one person who was unhappy with the process. She offered that in the event of an inquiry, the University has the ability to show all the things that are being done to comply with the law and advance awareness and prevention efforts.

In response to questions and comments from Regents, a discussion arose around the use of Clery Act data to understand the scope of the problem on an individual campus. The panel offered that the Clery numbers are limited and only a small part of understanding scope since a low number of Clery reports does not mean that a campus is safe. It may mean that the campus has a poor climate for reporting. Likewise, a higher number of reports may only mean that more people are reporting assaults.

**CONSENT REPORT**

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

- **Request for Approval of New Academic Programs**
  - Carlson School of Management (Twin Cities campus)—Create dual M.A./M.B.A. degree program in Human Resources Industrial Relations
  - Carlson School of Management (Twin Cities campus)—Create M.S. degree in Business Research
  - College of Food, Agricultural and Natural Resource Sciences (Twin Cities campus)—Create M.S. degree in Bioproducts and Biosystems Engineering and Management
  - Medical School (Twin Cities campus)—Create fellowship in Regional Anesthesiology and Acute Pain Medicine
  - Medical School (Twin Cities campus)—Create fellowship in Clinical Molecular Genetics
  - Medical School (Twin Cities campus)—Create fellowship in Pediatric Anesthesiology
  - School of Public Health (Twin Cities campus)—Create post-baccalaureate certificate in Global Health
  - College of Liberal Arts (Duluth campus)—Create a B.A. degree in Tribal Administration and Governance and deliver online

- **Request for Changes to Academic Programs**
  - College of Education and Human Development (Twin Cities campus)—Discontinue sub-plans in Mathematics Education and Science Education within the Ph.D. degree in Education, Curriculum, and Instruction
- College of Science and Engineering (Twin Cities campus)—Create sub-plans in Data Analysis Specialist, Professional Astronomer, and Secondary Education within the B.S. degree in Astrophysics

- Medical School (Twin Cities campus)—Change the name of the fellowship in Cardiovascular Anesthesiology to Adult Cardiothoracic Anesthesiology

- Crookston campus—Deliver the B.S. degree in Communication online

- **Request for Approval of Discontinued Academic Programs**

  - College of Education and Human Development (Twin Cities campus)—Discontinue the post-baccalaureate certificate in Applied Behavior Analysis

  - College of Education and Human Development (Twin Cities campus)—Discontinue the post-baccalaureate certificate in Educational Psychology Specialist: Education and Counseling

  - College of Liberal Arts (Twin Cities campus)—Discontinue the graduate minor in English as a Second Language

  - College of Food, Agricultural, and Natural Resource Sciences (Twin Cities campus)—Discontinue the M.S.B.B.S.E.M. Bioproducts and Biosystems Engineering and Management Master of Science Degree

  - College of Education and Human Service Professions (Duluth campus)—Discontinue the B.A.Sc. degree in Athletic Training

  - College of Liberal Arts (Duluth campus)—Discontinue the M.Spec.Ed degree in Special Education

  - Labovitz School of Business and Economics (Duluth campus)—Discontinue the graduate minor in Business Administration

The meeting adjourned at 11:45 a.m.

_Brian R. Steeves_
Executive Director and
Corporate Secretary
A meeting of the Finance Committee of the Board of Regents was held on Thursday, September 11, 2014 at 9:45 a.m. in the West Committee Room, 600 McNamara Alumni Center.

Regents present: David McMillan, presiding; Clyde Allen, Richard Beeson, Laura Brod, John Frobenius, and Dean Johnson.

Staff present: President Eric Kaler; Vice Presidents Richard Pfutzenreuter and Pamela Wheelock; General Counsel William Donohue; Executive Director Brian Steeves; and Associate Vice Presidents Stuart Mason, Julie Tonneson, and Michael Volna.

Student Representatives present: Tyler Ebert and Jordan Wente.

### 2014-15 COMMITTEE WORK PLAN

Regent McMillan and Vice President Pfutzenreuter reviewed the 2014-15 work plan for the Finance Committee, as detailed in the docket. Regents discussed the proposed topics and by consensus agreed to the work plan.

### UNIVERSITY TAX COMPLIANCE ACTIVITIES & PROGRAMS

Regent McMillan introduced University Tax Management Director Kelly Farmer to present an update on University tax compliance activities and programs, as detailed in the docket.

Farmer explained the role of the University Tax Management Office (Tax Management) and outlined key staff and their portfolios. He defined specific tax subject areas, delineating those areas where Tax Management has specific tasks and those where they partner with other areas of the University.

Farmer lead a discussion on tax implications using examples that included the Minnesota 4-H Organization, the new Twin Cities steam plant, the Minnesota Vikings use of TCF Bank Stadium, and the use of tax exempt debt for buildings that are used by both non-profit and for-profit organizations.

### ANNUAL ASSET MANAGEMENT REPORT

Regent McMillan invited Associate Vice President Mason to provide an overview of the Annual Asset Management Report, as detailed in the docket.

Mason reported that the invested assets of the University totaled approximately $2.5 billion on June 30, 2014.
The Consolidated Endowment Fund (CEF) value as of June 30, 2014, was $1,272.5 million, an increase of $192.8 million over last year after distributions of $45.5 million. The total investment return for CEF was 20.4 percent over the last 12 months compared to a benchmark return of 15.5 percent.

Mason explained that the investment return for CEF exceeded the benchmark through outperformance in all of the underlying asset classes except for Return Generating Fixed Income. The primary contributor to outperformance was the Private Capital portfolio, which was up 31.4 percent vs. its benchmark of 18.6 percent. This alone added 4.0 percent of outperformance vs. the CEF benchmark. Return Generating Fixed Income detracted from performance slightly, decreasing the outperformance by 0.2 percent.

The market value of the Temporary Investment Pool was $1,054.6 million as of June 30, 2014. This was an increase of $23.2 million over the year. The investment return on the portfolio over the last 12 months was 2.0 percent compared to a benchmark return of 0.6 percent, due largely to the effect of a longer duration in the portfolio. He indicated that the increase in value was largely due to timing of the receipt of tuition payments as part of the University’s normal business cycle.

Mason also discussed the Group Income Pool and Regents of the University of Minnesota Insurance Company (RUMINCO) fund performance.

In response to a question from Regent Allen, Mason explained that the Office of Investments and Banking (OIB) works with units to manage and plan for disbursements. OIB works to ensure a balance across good years and lean years, allowing units to see little change in their disbursement from year to year.

Mason detailed investment manager changes over the past year and stated that OIB had evaluated five investment managers and funds that meet the social responsibility criteria in Board of Regents Policy: Endowment Fund.

A discussion commenced around combined asset allocation between the University and the University of Minnesota Foundation, and coordination between the two funds.

**FINANCIAL COMPONENTS OF THE PRESIDENT’S RECOMMENDED FY 2016-17 BIENNIAL BUDGET REQUEST**

Vice President Pfutzenreuter and Associate Vice President Tonneson presented for review the financial components of the President’s recommended FY 2016-17 biennial budget request, as detailed in the docket.

Tonneson reviewed state appropriations to the University in FY 2014-15, including operations and maintenance funding, special appropriations, primary care education initiatives funding, and funding for the Academic Health Center. Using these numbers, Tonneson explained how the state would calculate the beginning base for funding in FY 2016-17. She also reviewed the timeline for the biennial budget request.

Tonneson outlined the goals of the biennial budget request as:

- Tuition freeze for all resident graduate and undergraduate students.
- Facility condition improvement strategy.
- Healthy Minnesota initiative.
- Vibrant economy through economic development opportunities through research.
The total request for all four programs for the biennium is $127.2M, a change from the base of 10.6 percent. Tonneson stated that this is a healthy request and by FY 2017 the request matches funding given to the University in FY 2008. President Kaler emphasized that it is important for the State of Minnesota to return the University, without accounting for inflation, to the FY 2008 funding level.

Regent McMillan commended the administration and voiced support for the new facility condition improvement strategy as a needed change for how the University requests asset preservation dollars from the state.

In response to a question from Regent Johnson, Kaler confirmed that there had been informal conversations with Minnesota House and Senate leaders, along with the governor’s office. All three expressed interest in freezing tuition and support for the other ideas. The addition of asset preservation dollars to the operations and maintenance budget and restructuring of the Higher Education Asset Preservation and Renovation (HEAPR) fund is of some interest. Kaler noted that if other ideas were presented to fund HEAPR or change how asset preservation dollars are allocated on the operating side or the bonding side, the University would be happy to engage in those conversations.

In response to a question from Regent Beeson, Pfutzenreuter noted that the Promise Scholarship, which is centrally funded, would not grow if the state provided a tuition freeze. Instead, the University would focus on increasing the scholarship pool through fundraising.

In response to a question from Regent Frobenius, Kaler responded that the University does not have enough merit-based aid to compete for the best students. It is a priority to increase that amount through private fundraising, while balancing it against need-based aid. Kaler agreed that the University has a strong story to tell and metrics that show the University is on an upward trend across multiple areas of performance.

In response to a question from Student Representative Wente, Kaler noted that the “vibrant economy” goal of the request would have a fundamental research component at the University, but implementation would be through partnerships with private industry.

**FINANCIAL COMPONENTS OF THE PRESIDENT’S RECOMMENDED SIX-YEAR CAPITAL PLAN AND 2015 STATE CAPITAL BUDGET REQUEST & UPDATE ON DEBT CAPACITY**

Vice President Pfutzenreuter and Debt Management Director Carol Fleck presented for review the financial components of the President’s Recommended Six-Year Capital Plan (Plan) and 2015 state capital budget request and update on debt capacity, as detailed in the docket.

Pfurtenreuter explained that the Plan includes major capital improvements planned for fiscal years 2015 through 2020. It includes projects to be funded with state capital support, as well as projects funded by the University through a combination of University debt obligations, local unit resources, fundraising, and public/private partnerships.

Year 1 of the Plan (2015) outlines the projects that the University will be submitting to the State of Minnesota for consideration during the 2015 legislative session. The 2015 state capital request totals $88,000,000 and contains three projects: Higher Education Asset Preservation and Replacement (HEAPR) funds, the replacement of the Veterinary Isolation Laboratory, and the replacement of a greenhouse on the St. Paul campus. All three projects were identified in the 2013 Six-Year Capital Plan. The greenhouse project was previously included in the University’s 2014 legislative capital request in the Laboratory Improvement fund line item but was not funded.
Fleck reviewed the University’s long-term debt as of June 30, 2014. The total amount of University supported debt was $866,205,000. State supported debt was $301,135,000. Fleck also noted new issued debt for the Ambulatory Care Center of $145,760,000 and debt for the Gateway Corporation of $51,217,000.

Fleck outlined the amortization structure, projected debt issuances over the Plan, reviewed the University’s credit quality, and key financial metrics and credit ratios. She offered a projection of the theoretical debt captivity of the university based on Moody’s Aa1 rating medians.

In response to Regent Brod, Pfutzenreuter observed that there are many projects that are being planned or fundraised for, but not all of them are included in the Plan. It is also true that all of the projects in the Plan will not be fully realized in the six-year time period. He noted that is why it is important for the University to maintain reserve capacity outside of the Plan to allow for changes in priorities or to capitalize on new opportunities. Regent Allen added that it is the goal to keep a third of the debt capacity as a cushion.

Regent Frobenius commented that the University has done a good job of keeping debt service to operating budget percentage low by finding partners to share the cost. Pfutzenreuter agreed that the University has plenty of debt capacity, but it is the ability to pay the debt service that is the issue. Finding partners to help pay the debt service allows the University to move forward with needed projects, while keeping the impact on the operating budget low.

CONSENT REPORT

Regent McMillan presented the Consent Report, as detailed in the docket:

General Contingency:

- To VP University Services, $500,000 for construction of two loading docks for use by UMarket;
- To VP University Services, $250,000 for remodeling of University Relations space on ground floor of Morrill Hall; and
- To the Office of Public Safety $271,300 for installation of new PSECC radio system.

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

- To Deloitte Consulting LLP for $1,744,000 for consultative services for the Enterprise Asset Management project for the period of September 16, 2014, through July 31, 2015, for University Services. The project will be purchased with University Enterprise Assessment funds. Vendor was selected through a competitive process.
- To Forsythe Solutions Group, Inc. for an estimated $2,160,000 and Dell Marketing for an estimated $500,000 for an application delivery solution for the period September 15, 2014, through September 14, 2019, for the Office of Information Technology (OIT). OIT will make this purchase with O&M funds. Vendor was selected through a competitive process.
- To Oracle Corporation for $1,066,149 to renew Oracle PeopleSoft Campus Solutions computer software licenses, updates, and maintenance support for the one-year period September 26, 2014, through September 25, 2015, for OIT. OIT funds these product support and software updates to ensure continuous operation of Oracle PeopleSoft Campus Solutions. The expense will be covered from OIT’s central O&M funds. The FY15 budget includes planning and funding for this expense.
A motion was made and seconded, and the committee voted unanimously to recommend approval of the Consent Report.

INFORMATION ITEMS

Vice President Pfutzenreuter referred the committee to the Information Items contained in the docket:

- Debt Management Advisory Committee Update
- Ambulatory Care Center Financing
- Quarterly Purchasing Report

The meeting adjourned at 11:43 a.m.

BRIAN R. STEEVES
Executive Director and Corporate Secretary
A meeting of the Facilities & Operations Committee of the Board of Regents was held on Thursday, September 11, 2014 at 2:00 p.m. in the West Committee Room, 600 McNamara Alumni Center.

Regents present: Clyde Allen, presiding; Linda Cohen, Thomas Devine, Dean Johnson, Peggy Lucas, and Abdul Omari.

Staff present: President Eric Kaler; Chancellor Stephen Lehmkuhle; Vice Presidents Richard Pfutzenreuter and Pamela Wheelock; Executive Director Brian Steeves; and Associate Vice President Michael Berthelsen.

Student Representatives present: Callie Livengood and Tyler Ebert.

**SCHEMATIC PLANS**

**A. Scholars Walk: “The Gallery” – Twin Cities Campus**

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

The schematic plans for Scholars Walk: “The Gallery,” Twin Cities Campus are approved and the appropriate administrative officers authorized to proceed with the award of contracts, the development of construction documents, and construction.

Vice President Wheelock invited Suzanne Smith, Assistant Vice President for Capital Planning & Project Management, and Larry Laukka, University Gateway Corporation Board Member, to present the schematic plans, as detailed in the docket.

Smith explained that the project would be coordinated with upgrades to the adjacent Mechanical Engineering building using the same contractor at risk for both projects.

In response to a question from Student Representative Ebert, Laukka explained that the current artwork on the Wall of Discovery would remain, and considerably more artwork based on discoveries made at the University would be added.

In response to a question from Regent Allen, Laukka shared that for the initial Wall of Discovery, a scholastic group was formed to generate ideas and select the featured discoveries. He suggested that a similar process would be used to determine new discoveries featured.

The committee voted unanimously to recommend approval of the schematic plans for Scholars Walk: “The Gallery” – Twin Cities Campus.
OPTIMIZING THE UNIVERSITY’S PHYSICAL ASSETS: FACILITIES CONDITION ASSESSMENT

Vice President Wheelock introduced Mike Berthelsen, Associate Vice President, and Andrew Chan, Program Manager, to provide the annual Facilities Condition Assessment (FCA), as detailed in the docket.

Chan noted that 35 percent of facilities are in good or excellent condition but that 50 percent are below average or worse. He reported that to bring all facilities to at least fair condition would require a $1 billion investment; to bring all facilities to excellent condition would require a $2 billion investment. An annual investment of $85 million would be required to maintain the current condition.

Berthelsen stated that the current approach to asset management is unsustainable and shared that facility operations account for a larger share of the University’s budget than 10 years ago. He explained that expenses have increased by 75 percent over the last 10 years, while other University revenues and expenses have grown by only 45 percent over the same period. He cited rising service costs and the addition of space as the reasons for the increase, despite a reduction in operations costs per square foot.

Wheelock presented the following policy questions to frame the discussion:

- What percent of University resources should be allocated to facilities?
- How does facility quality contribute to a place-based experience?
- Does the University have the right type and amount of space?
- What is an appropriate condition standard for each facility?
- What is the best approach to stop adding to the backlog?

In response to a question from Regent Allen, Wheelock suggested that one single strategy would not work to close the gap between current funding levels and the level necessary to maintain or improve the overall condition of the University’s facilities. She offered that priorities should align with the strategic plan with more emphasis on academics. She also cited changes in the use of space, such as the Work+ program, as a way to reduce overall space needs. Wheelock stressed that improving the reliability of repair and replacement funds is a priority for the University.

In response to questions from Regent Johnson, Wheelock commented that parking is not built for peak demand because event-parking fees are not a reliable option to pay the debt service. She noted that while surface parking is cheap it requires a significant allocation of space. Wheelock also reported that classroom space is centrally managed to gain greater utilization of the spaces and centralize use on evenings and weekends to cut back on other expenses such as security and HVAC.

PROJECT COMPONENTS OF THE PRESIDENT’S RECOMMENDED SIX-YEAR CAPITAL PLAN AND THE 2015 STATE CAPITAL BUDGET REQUEST

Vice President Wheelock outlined the President’s recommended Six-Year Capital Plan (Capital Plan) for fiscal years 2015-2020 and the 2015 State Capital Budget Request, as detailed in the docket. She began by presenting the objectives of the Capital Plan and noted its alignment with the strategic plan. Wheelock outlined several projects included in the Capital Plan and highlighted the programmatic outcomes for each project.
Wheelock shared several projects earmarked for renewal using HEAPR funds and described a new strategy to improve the consistency of funding for repair and renovation. She explained that as part of the biennial budget request, the University is proposing that the state provide an incremental $5 million in recurring operations and maintenance appropriation to the University for each of the next four years, and in return the University would decrease the HEAPR request by $5 million each year over the same period.

She also shared that up to 300,000 square feet of current space could be demolished if the project sequences outlined in the plan are completed. She also reviewed the three projects included in the President’s recommended 2015 State Capital Request.

President Kaler commented that this is Plan A to address the repair and replacement funding levels in the short to medium-term, as discussed in the presentation of the Facilities Condition Assessment.

**PLANNING AND VISION FOR THE ROCHESTER CAMPUS**

Vice President Wheelock introduced Monique MacKenzie, Director of Planning and Space, and Stephen Lehmkuhle, Chancellor, to outline the University of Minnesota Rochester (UMR) campus master plan, as detailed in the docket. MacKenzie reviewed the four principles of campus master planning adopted by the Board of Regents in 1993 and outlined the consultant-led planning process for developing the plan.

Lehmkuhle emphasized the community connection and described UMR as a campus knit into the community. He described the University’s role as the anchor of the education district in the City of Rochester’s vision for downtown. He shared that the University already owns the land needed to complete the first phase of the plan, and the second phase will not be considered until it is justified by increased enrollment. Lehmkuhle suggested that full development of the plan would take at least 20 years.

He added that more than half of the space envisioned in the master plan would house strategic community partners. By owning the land, UMR is positioned to shape the education district to include community organizations that will enhance the student experience.

In response to a question from Regent Johnson, Lehmkuhle pointed out that the University has started discussions with all property owners affected by the plan. He noted that attention is currently focused on Area B.

In response to several questions from the committee, Lehmkuhle commented that the plan is flexible depending on enrollment and financial realities. He offered that UMR could lease the planned space from a developer. He emphasized that the education district offers a richer learning environment by co-locating with strategic partners and added that much of UMR’s current space in downtown Rochester is envisioned as Destination Medical Center space in the future.

In response to a question from Regent Lucas, Lehmkuhle invited Jay Hesley, Assistant Vice Chancellor for Institutional Advancement, to respond. Hesley noted that the plan’s synergy with City of Rochester and Destination Medical Center plans will become clearer when those plans are released at the end of the year. He added that the education district is one of six core zones targeted for investment in those plans.
In response to a question from Regent Devine, Lehmkuhle indicated that density and proximity to the river and Broadway Avenue were important considerations for the city. He explained that the buildings closer to downtown will have four to eight floors while those closer to the park will have no more than four floors. He added that a building is planned for the river/Broadway Avenue side of the parking ramp so the ramp will not be visible from the street.

2014-15 COMMITTEE WORK PLAN DISCUSSION

Regent Allen and Vice President Wheelock reviewed the 2014-15 work plan for the Facilities and Operations Committee, as detailed in the docket. Regents discussed the proposed topics and by consensus agreed to the work plan.

INFORMATION ITEMS

Vice President Wheelock referred committee members to the following information items:

- Annual Report on Real Estate Transactions Over $250,000 and/or Over 10 Acres
- Amendment to 99-Year Lease and 20-Year Lease at 801 16th Avenue NE (Austin)

The meeting adjourned at 3:58 p.m.

BRIAN R. STEEVES
Executive Director and Corporate Secretary
A meeting of the Faculty & Staff Affairs Committee of the Board of Regents was held on Thursday, September 11, 2014 at 2:00 p.m. in the East Committee Room, 600 McNamara Alumni Center.

Regents present: John Frobenius, presiding; Richard Beeson, Laura Brod, and David McMillan.

Staff present: Senior Vice President and Provost Karen Hanson; Vice Presidents Kathryn Brown and Scott Studham; General Counsel William Donohue; and Executive Director Brian Steeves.

Student Representatives present: Emily Caldis and Damien Carrière.

**2014-15 COMMITTEE WORK PLAN**

Regent Frobenius and Vice President Brown reviewed the 2014-15 work plan for the Faculty & Staff Affairs Committee, as detailed in the docket. Regents discussed the proposed topics and by consensus agreed to the work plan.

**HOW HUMAN RESOURCES PROVIDES VALUE**

Vice President Brown presented how the human resources function (HR) provides value, as detailed in the docket.

Brown highlighted the important strategic role that HR must play to effectively support the University’s strategic goal of recruiting and retaining the faculty and staff who will further its mission and priorities. She outlined how HR is being realigned with the University’s strategic plan and goals.

Citing current workplace trends that are creating challenges for the University and HR, Brown explained that HR policies have not yet caught up with technology. She described how technology creates new flexibility that could allow more employees to work remotely. These advances and changes to how employees can engage their work are areas that will require further examination and policy review.

Brown explained how the Office of Human Resources (OHR) is building a human resource infrastructure to empower leaders and managers. She detailed how OHR can be an advisor, consultant, and catalyst for talent and leadership development and culture change. She stated that OHR would help the University deliver a return on its investment in people measured by increased productivity and innovation.

A discussion ensued around how to measure culture change, blending culture change into employee evaluations, the need for metrics to measure and ensure that progress is being made, and a clear definition of success.
UPDATE ON EMPLOYEE ENGAGEMENT

Vice President Brown invited Brandon Sullivan, Director of Leadership and Talent Development in the Office of Human Relations, to present an update on employee engagement, as detailed in the docket.

Sullivan updated the committee on the comprehensive employee engagement efforts launched in 2013 to measure and shape faculty and staff satisfaction with and connection to the University. Sullivan gave an overview of the science of engagement, and outlined accomplishments to date.

Sullivan introduced Dean Eric Schwartz of the Hubert H. Humphrey School of Public Affairs (Humphrey School). Schwartz offered examples related to employee engagement that the school has implemented. He described how the Humphrey School has focused on transparency and communication, while seeking to blend staff and faculty to create a more equal working environment.

In response to a question from Regent Beeson, Sullivan explained that employee satisfaction surveys and best practices are not standardized across the University. There is a struggle to require set practices since differences across units can require different specific methods. Regent Frobenius added that the better option would be to create desired outcomes and give units a selection of best practices. While not creating uniformity across the University, this method would ensure that the desired outcomes would be reached by using best practices tailored to each unit’s unique needs.

EMPLOYEE WELLBEING

Vice President Brown invited Professor Mary Jo Kreitzer, director of the Center for Spirituality and Healing, to present on employee wellbeing, as detailed in the docket.

Kreitzer explained that employee wellbeing is an emerging topic in higher education and the corporate sector. Through extensive work and research around integrative health and healing, the University’s Center for Spirituality and Healing has identified six dimensions that contribute to wellbeing:

1. Health
2. Purpose
3. Relationships
4. Community
5. Security
6. Environment

The six dimensions take into account an employee’s interconnectedness and interdependence with their friends, families, and communities. The dimensions also address the importance of security and purpose in an employee’s life. Kreitzer suggested that this model, with its research- and practice-based rigor, could be applied at both the individual and organizational level.

Kreitzer addressed the emerging interrelatedness between wellbeing and employee engagement. She explained that that the most successful, innovative organizations are built on cultures of engagement and wellbeing. She noted that by creating a culture of wellbeing, you give employees ownership of the community, tools and resources for capacity building, and empower employees to be engaged within their workplace.
CONSENT REPORT

Vice President Brown presented for review and action the Consent Report, which included the following item:

- Conferral of tenure for outside hires.

A motion was made and seconded and the committee voted unanimously to recommend approval of the Consent Report.

INFORMATION ITEMS

Vice President Brown referred the committee to the information items contained in the docket materials, which included:

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

The meeting adjourned at 3:53 p.m.

[Signature]

BRIAN R. STEEVES
Executive Director and
Corporate Secretary
UNIVERSITY OF MINNESOTA
BOARD OF REGENTS

Board of Regents
September 12, 2014

A meeting of the Board of Regents of the University of Minnesota was held on Friday, September 12, 2014 at 8:00 a.m. in the Boardroom, 600 McNamara Alumni Center.

Regents present: Richard Beeson, presiding; Clyde Allen, Laura Brod, Linda Cohen, Thomas Devine, John Frobenius, Dean Johnson, Peggy Lucas, David McMillan, and Abdul Omari. Patricia Simmons participated by phone.

Staff present: President Eric Kaler; Chancellors Lendley Black, Stephen Lehmkuhle, and Fred Wood; Senior Vice President and Provost Karen Hanson; Vice Presidents Kathryn Brown, Brian Herman, Brooks Jackson, Richard Pfutzenreuter, Scott Studham, and Pamela Wheelock; General Counsel William Donohue; Executive Director Brian Steeves; and Associate Vice Presidents Terry Bock, Gail Klatt, and Michael Volna.

RECOGNITION

Regents Professor

Recognition was given to newly appointed Regents Professor Ann Masten, Irving B. Harris Professor of Child Psychology in the Institute of Child Development. Regents Professorships are the highest honor that the University of Minnesota bestows on its faculty. The individual holds the title as long as he or she retains a full-time, tenured appointment as a faculty member of the University.

INTRODUCTIONS

Dean, College of Liberal Arts

President Kaler introduced John Coleman, Dean of the College of Liberal Arts. Coleman began his appointment on July 31, 2014. Coleman briefly addressed the Board.

Incoming Chair, Faculty Consultative Committee

President Kaler introduced Rebecca Ropers-Huilman, Professor, Department of Organizational Leadership, Policy, and Development in the College of Education and Human Development. Ropers-Huilman will serve as Faculty Consultative Committee chair for 2014-15.

APPROVAL OF MINUTES

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

Board of Regents - July 10, 2014
REPORT OF THE PRESIDENT

President Kaler distributed his work plan for the coming year.

President Kaler spoke about the recent pledge by Land O’Lakes to invest $25 million in University of Minnesota academics and Gopher Athletics. The commitment will advance the University’s teaching, student support, athletic programs and research mission, and will further position the institution as a leader in addressing society’s grand challenges.

President Kaler announced that the University of Minnesota Crookston was, for the second year running, selected by U.S. News & World Report as the best regional college in the Midwest. Kaler noted he would visit the Crookston campus later in the month to celebrate the groundbreaking of a new wellness center. He also reported on significant grants received, events, and student and staff activities and several outstanding achievements in colleges and departments system-wide.

President Kaler reported on his recent trip to Norway to meet leaders of four universities. While there he also meet with members of Norway’s Parliament and with leaders of Norway’s innovation and business communities. He also provided an update on campus safety efforts, particularly noting efforts related to the light rail trains on Washington Avenue.

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

REPORT OF THE CHAIR

Chair Beeson reported on the Board of Regents retreat held July 10-12, 2014 in St. Cloud, during which the following priorities were developed:

• Complete Twin Cities strategic plan and begin outcome-based implementation that reinforces a culture of excellence.

• Strengthen academic health sciences and University of Minnesota Health delivery partnerships.

• Support system-wide initiatives promoting excellence through resource prioritization, and continue progress toward meeting or exceeding a goal of $90 million in administrative costs savings by FY 2019.

• Deepen understanding of how demographic trends will impact tuition/financial aid/cost models and enrollment profiles across the system.

• Create guiding principles for long-range Twin Cities campus planning and neighborhood engagement.

These priorities are intended to assist the president and senior leaders in advancing their work and guide the Board’s agenda planning and development throughout the year.

A copy of the Report of the Chair is on file in the Board Office.
RECEIVE AND FILE REPORTS

Chair Beeson noted the receipt and filing of the Annual Report on Legal Matters, the Annual Asset Management Report, and the Quarterly Report of Grant and Contract Activity.

CONSENT REPORT

Chair Beeson presented for action the Consent Report as described in the docket materials, including:

- Summary of Gifts through July 31, 2014; and
- Appointment of UMore Development LLC University Governor
  - Brian Buhr, Dean, College of Food, Agricultural, and Natural Resource Sciences, as a University Governor and member of the UMore Development LLC Board of Governors for an indefinite term.

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

STRATEGIC PLAN FOR THE TWIN CITIES CAMPUS

President Kaler stated that the proposed Strategic Plan for the Twin Cities campus (Strategic Plan) is a roadmap for reinvigorating the University of Minnesota. He indicated the yearlong process to develop the Strategic Plan has been inclusive, argumentative, collaborative, and provocative. The result, the new “grand challenges” agenda, is ambitious, focused, and intended to improve lives, solve programs, renew the curriculum, touch local communities in new ways, and re-envision the work of the American land-grant research university. He introduced Senior Vice President and Provost Hanson to lead the discussion.

Hanson reported that, in 2013, President Kaler charged a work group with developing an inclusive campus-wide planning effort that would result in an aspirational and inspirational plan to advance the University’s reputation and impact. Hanson explained that the Strategic Plan has at its foundation the University’s three-fold mission of research and discovery, teaching and learning, and outreach and public service.

Hanson presented the foundational commitments and guiding principles the work group followed throughout the process, which, she noted, has been a multifaceted collaborative effort led by the work group and issue teams. She indicated that the Strategic Plan is dynamic and meant to recognize exceptional opportunities and strategic strengths that differentiate the University of Minnesota from other higher education institutions.

Hanson presented the vision and goals of the Strategic Plan:

“The University of Minnesota Twin Cities will be preeminent in solving the grand challenges of a diverse and changing world”

- Build an exceptional University where grand societal challenges are addressed;
- Support excellence and, with intention, reject complacency;
- Build a culture of reciprocal engagement, capitalizing on our unique location; and
- Aggressively recruit, retain, and promote field-shaping researchers and teachers.
Hanson introduced the following individuals who served as co-leads on the issue teams to present the transformational vision and summarize strategic action steps for each strategic goal.

Jakub Tolar, Professor, Medical School – Supporting Excellence/Rejecting Complacency

Vision: *We will build on our strengths to create an invigorated culture of ambition, challenge, exploration, and innovation*

Action steps:

- Better align time and money with strategic priorities;
- Implement a broad campus climate initiative that simultaneously pursues diversity, accountability, and civility;
- Remove obstacles – decrease administrative burdens, streamline processes; and
- Improve communication.

Joe Konstan, Professor, College of Science and Engineering – Grand Challenges, Research

Vision: *We will create a more coherent and coordinated cross-disciplinary approach to advance grand-challenges research*

Action steps:

- Jump-start institutional transformation and elevate and broaden areas of interdisciplinary focus around grand challenges where the institution has robust work;
- Provide bottom-up support for emerging interdisciplinary problems;
- Review policies and recognize interdisciplinary efforts in promotion-and-tenure and regular evaluation; and
- Ensure resources are in place to meet the research challenge goals.

Renee Cheng, Professor and Associate Dean, College of Design – Grand Challenges, Curriculum

Vision: *We will evolve Liberal Education Requirements to integrate grand challenges*

Action steps:

- Develop grand-challenges curriculum;
- Develop a grand challenges scholars program;
- Develop more university seminars focused on grand-challenge topics; and
- Develop undergraduate minors program focused on grand-challenges topics.

Liz Lightfoot, Professor, College of Education and Human Development – Reciprocal Engagement/Leveraging Our Location

Vision: *We will build a University culture of engagement that strongly supports community-engaged scholarship and dynamic campus-community partnerships*

Action steps:

- Develop criteria for evaluating engaged scholarship and other campus-community collaborations;
- Enhance training in reciprocal engagement for faculty, students, and staff;
• Strengthen reciprocal practices and strategic focus in current engagement with community partners;
• Convene community, governmental and corporate partners around grand-challenges priorities; and
• Make engagement opportunities more visible.

Timothy Kehoe, Professor, College of Liberal Arts – Field-Shaping Researchers and Teachers

Vision: *We will create a “university of transformational opportunity” in which there is flexibility as well as responsibility and accountability*

Action steps:

• Invigorate the process for recruiting the best researchers and teachers; and
• Improve the University environment and culture so there is support for transformational scholarship.

Meghan Mason, Ph.D. candidate, Epidemiology – Student Perspectives

Mason discussed student involvement throughout development of the Strategic Plan. She provided the student perspective on each of the grand challenges and discussed potential opportunities, challenges, and outcomes.

In response to a question from Regent Johnson, Hanson indicated that throughout the process the work group has been thinking about implementation steps. She added that there has been ongoing involvement with the university community, external stakeholders, and others during the process, which has helped to build enthusiasm for the Strategic Plan.

In response to comments from Regent Devine, Hanson reported that elements of the plan will create pathways designed to help students make linkages to local companies, and see the world beyond the confines of campus.

Regent Omari commended the work group for a Strategic Plan that embraces diversity in many forms, including diversity in thought, and that encourages critical thinking to solve the world’s problems.

Regent Cohen noted that transformation of the University depends on implementation, and expressed appreciation for the “quick wins” identified as a positive way to move implementation forward.

Regent Frobenius commented on the timeliness of the Strategic Plan, and its focus on evolving values and culture change to make the University more relevant while continuing to raise its level of excellence.

Regent Brod stated her belief that this plan focuses on a culture of progress rather than a place of progress, which will create sustainability to execute and implement the Strategic Plan. She added the Strategic Plan is timely, encourages engagement, and offers what is needed in higher education.

In response to comments from Regent McMillan, President Kaler noted that each system campus has a strategic plan in place or in a stage of development, and there will be future conversations on alignment and leveraging each plan to achieve optimal results for the University system as a whole.

Regents Lucas and Simmons expressed their enthusiasm and support for the Strategic Plan.
The Strategic Plan for the Twin Cities Campus will return for action at the October 2014 Board of Regents meeting.

**PRESIDENT’S RECOMMENDED FY 2016-17 BIENNIAL BUDGET REQUEST**

Chair Beeson invited President Kaler to present the President’s Recommended FY 2016-17 Biennial Budget Request (Budget Request) as detailed in the docket materials.

The Budget Request is designed to continue the University’s partnership with the state to:

1. Deliver on the University’s threefold mission of research and discovery, teaching and learning, and outreach and public service;
2. Advance initiatives and programs that will leverage the University’s expertise in areas that will benefit the state’s economy and its citizens; and
3. Better support financial access and affordability to post-secondary education for students and families.

President Kaler detailed the $1.3 billion request, which focuses on four specific goals:

- A tuition freeze;
- Improved facilities;
- Improved health; and
- Economic development.

President Kaler noted that, for the second consecutive biennium, a tuition freeze for Minnesota residents is a top priority in the Budget Request. The administration is proposing a guaranteed two-year tuition freeze for all resident students. President Kaler summarized the funding strategy, tuition impact on each campus, and how the funds would be invested in essential faculty, facilities, and operations.

President Kaler reported that facility utilization is changing and will continue to change, but the need for high-quality research and teaching spaces will not. He stressed the importance of a predictable source of funding for facility repair and renovation. While Higher Education Asset Preservation and Renovation (HEAPR) funds are the primary source of this funding, for many years the allocation to the institution has been less than the request and insufficient to meet facilities needs. The administration is proposing that the state provide an incremental $5 million in recurring operations and maintenance appropriation to the University for each of the next four years, and in return the University would decrease the HEAPR request by $5 million annually over the same period.

President Kaler described a proposal to revamp curriculum and clinical training programs to incorporate new models of health promotion and care, such as inter-professional education and training, team care, and prevention and wellness. He shared ways to promote economic development through two targeted initiatives – one focused on statewide industry, one on community vitality. He described the proposed investments in prevention and treatment of environmental problems associated with mineral extraction, and on reducing health, educational, and social disparities among Minnesota’s diverse and changing communities. He summarized each initiative and the associated appropriation request for each for the next two years.
The President’s Recommended FY 2016-17 Biennial Budget Request will return for action at the October 2014 Board of Regents meeting.

**PRESIDENT’S RECOMMENDED SIX-YEAR CAPITAL PLAN**

**AND**

**PRESIDENT’S RECOMMENDED 2015 STATE CAPITAL BUDGET REQUEST**

Chair Beeson invited Vice Presidents Richard Pfutzenreuter and Pamela Wheelock to join President Kaler in presenting the President’s Recommended Six-Year Capital Plan (Capital Plan) and 2015 State Capital Budget Request as detailed in the docket materials. President Kaler introduced the items.

The Capital Plan establishes the next three University capital requests to be submitted to the state for consideration; sets priorities and direction for continued capital project and academic planning efforts; identifies the impact of additional University debt; assigns responsibility for capital fundraising; and forecasts additional building operational costs. The President’s Recommended Six-Year Capital Plan includes major capital improvements planned for FY 2015-2020 and includes projects to be funded with state capital support as well as projects funded by the University through a combination of University debt obligations, local unit resources, fundraising, and public/private partnerships. Year 1 of the Capital Plan (2015) outlines the projects that the University will be submitting to the state for consideration during the 2015 legislative session.

Wheelock presented the Capital Plan objectives, which are to:

- Advance strategic plan priorities;
- Enhance the campus-based experience;
- Align projects with available revenue sources;
- Increase utilization and functionality of physical assets;
- Complete capital investment sequences; and
- Reduce total campus square footage.

In addition, the Capital Plan aligns with the 2014 Strategic Plan to:

- Build an exceptional University where grand societal challenges are addressed;
- Support excellence, and, with intention, reject complacency;
- Establish a culture of reciprocal engagement, capitalizing on the institution’s unique location; and
- Aggressively recruit, retain, and promote field-shaping researchers and teachers.

Wheelock summarized several system-wide projects included in the Capital Plan and anticipated programmatic outcomes for each project. She discussed facility renewal, and the importance of the Higher Education Asset Preservation and Renovation (HEAPR) request as well as projects that are proposed for renewal using HEAPR funds. Wheelock also discussed potential decommissioning and demolition of space no longer useful or too expensive to repurpose or repair.

Pfutzenreuter presented financial planning parameters underlying the Capital Plan, which takes into consideration state bonding bills during even and odd numbered years. It assumes $176 million in even numbered years and $81 million in odd-numbered years, plus a
University contribution of 25 percent, to reach the total of just over $1 billion for the total Capital Plan.

Wheelock reported that the President’s Recommended 2015 State Capital Request contains three projects: HEAPR funds, the replacement of the Veterinary Isolation Laboratory, and the replacement of a greenhouse in the St. Paul area of the Twin Cities campus.

In response to questions from Regent Simmons, President Kaler indicated that the space impacts of the proposed Strategic Plan for the Twin Cities Campus will be around the research and curriculum-related grand challenges, but that it is premature to identify space needs at this time. He added that it is likely that a grand challenge will emerge around food and food safety, and current planned facility upgrades are consistent with that possibility.

The President’s Recommended Six-Year Capital Plan and the President’s Recommended 2015 State Capital Request will return for action at the October 2014 Board of Regents meeting.

**REPORT OF THE FACILITIES & OPERATIONS COMMITTEE**

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

a) Approval of schematic plans for the following project as presented to the committee and described in the September 11, 2014 committee minutes:

1. Scholars Walk, Twin Cities Campus.

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

Allen reported that the committee also discussed the 2014-15 committee work plan; received a report on optimizing the University’s physical assets: facilities condition assessment; reviewed project components of the President’s recommended six-year capital plan and 2015 state capital budget request; discussed planning and vision for the Rochester campus; and discussed a number of information items included in the docket materials.

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

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

a) Approval of the Consent Report for the Faculty & Staff Affairs Committee as presented to the committee and described in the September 11, 2014 committee minutes.

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

Frobenius reported that the committee also discussed the 2014-15 committee work plan; received reports on how human resources provides value and on employee wellbeing; received an update on employee engagement; and reviewed a number of information items outlined in the docket materials.
REPORT OF THE FINANCE COMMITTEE

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

a) Approval of the Consent Report for the Finance Committee as presented to the committee and described in the September 11, 2014 committee minutes.

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

McMillan reported that the committee also discussed the 2014-15 committee work plan; received an update on University tax compliance activities and programs; discussed the Annual Asset Management Report; reviewed financial components of the President’s recommended FY 2016-17 biennial budget request and the President’s recommended six-year capital plan and 2015 state capital request; received an update on debt capacity; and discussed a number of information items included in the docket materials.

REPORT OF THE ACADEMIC & STUDENT AFFAIRS COMMITTEE

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

a) Approval of the Consent Report for the Academic & Student Affairs Committee as presented to the committee and described in the September 11, 2014 committee minutes.

The Board of Regents voted unanimously to approve the recommendation of the Academic & Student Affairs Committee.

Cohen reported that the committee also discussed the 2014-15 committee work plan; received the annual report on undergraduate, graduate and professional academic program changes; and received a report on sexual assault.

REPORT OF THE AUDIT COMMITTEE

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

a) Approval of the Consent Report for the Audit Committee as presented to the committee and described in the September 11, 2014 committee minutes.

b) Adoption of proposed amendments to the Office of Internal Audit: Department Charter as presented to the committee and described in the September 11, 2014 committee minutes.

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

Brod reported that the committee also discussed the 2014-15 committee work plan; received and discussed an information security risk primer; received an internal audit update; and discussed several information items contained in the docket materials.
REPORT OF THE LITIGATION REVIEW COMMITTEE

Chair Beeson reported that, pursuant to notice sent by the University, the Litigation Review Committee met on September 11, 2014. The committee met in public session to discuss the Annual Report on Legal Matters. A resolution was then considered and passed that authorized the closing of the meeting. In the closed meeting a discussion was held of matters subject to the attorney-client privilege.

REPORT OF THE SPECIAL COMMITTEE ON ACADEMIC MEDICINE

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

The meeting adjourned at 11:10 a.m.

[Brian R. Steeves]

BRIAN R. STEEVES
Executive Director
and Corporate Secretary
Agenda Item: Report of the President

☑ Review  ☑ Review + Action  ☐ Action  ☒ Discussion

This is a report required by Board policy.

Presenters: President Eric W. Kaler

Purpose & Key Points

It is customary for the President to report on topical items of interest to the University community at each Board of Regents meeting.
Agenda Item: Report of the Chair

☐ Review ☐ Review + Action ☐ Action ☒ Discussion

☐ This is a report required by Board policy.

Presenters: Regent Richard Beeson

Purpose & Key Points

It is customary for the Board of Regents Chair to report on topical items of interest to the University community at each Board of Regents meeting.
Agenda Item: Consent Report

- Review
- Review + Action
- Action
- Discussion

This is a report required by Board policy.

Presenters: Regent Richard Beeson

Purpose & Key Points

To seek Board of Regents approval of items in the Consent Report, as required in Board of Regents Policy: Reservation and Delegation of Authority.

Items for consideration:

A. Report of the University Naming Committee
   The President recommends approval of the Naming Committee recommendation forwarded to the Board of Regents in a letter dated October 2, 2014.

B. Summary of Expenditures
   The President recommends approval of the Summary of Expenditures Report (attached).

C. Gifts
   The President recommends approval of the Summary Report of Gifts to the University of Minnesota through August 31, 2014 (attached).

D. Appointments to University of Minnesota Foundation Board of Trustees
   In accordance with Board of Regents Policy: Appointments to Organizations and Boards, the Board of Regents Chair, in consultation with the President, recommends nominees for Board-appointed seats on the University of Minnesota Foundation Board of Trustees.

President’s Recommendation

The President recommends approval of the Consent Report.
<table>
<thead>
<tr>
<th>FY 2014</th>
<th>FY 2013</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Budgeted</strong> Revenues / Expenditures</td>
<td><strong>Actual</strong> Revenues / Expenditures</td>
</tr>
<tr>
<td>Beginning Balance</td>
<td>$ 291,768 $ 313,134</td>
</tr>
<tr>
<td>(Prior Year Carryforward)</td>
<td></td>
</tr>
<tr>
<td><strong>Revenues</strong></td>
<td></td>
</tr>
<tr>
<td>Total Allocation</td>
<td>$ 849,567 $ 849,567</td>
</tr>
<tr>
<td>Net Transfers</td>
<td>$ - $ -</td>
</tr>
<tr>
<td><strong>Total Resources</strong></td>
<td>$ 1,141,335 $ 1,162,701</td>
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<td><strong>Expenditures</strong></td>
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<tr>
<td>Salaries</td>
<td>$ 502,238 $ 497,530</td>
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<td>Fringe Benefits</td>
<td>$ 174,200 $ 169,800</td>
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<tr>
<td>Supplies, Equipment,</td>
<td>$ 180,889 $ 176,323</td>
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<tr>
<td>Board Expenses, etc.</td>
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<td><strong>Total Expenditures</strong></td>
<td>$ 857,327 $ 843,654</td>
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<td>Ending Balance</td>
<td>$ 284,008 $ 319,047</td>
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<tr>
<td></td>
<td>CURRENT YEAR</td>
</tr>
<tr>
<td>--------------------------</td>
<td>--------------</td>
</tr>
<tr>
<td><strong>Revenues</strong></td>
<td></td>
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<tr>
<td>Total Year Allocation</td>
<td>$3,278,256</td>
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<td>Transfers In</td>
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<tr>
<td>Total Resources</td>
<td>$3,933,004</td>
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<tr>
<td><strong>Expenditures</strong></td>
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</tr>
<tr>
<td>President’s Office Salaries</td>
<td>$1,640,247</td>
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<tr>
<td>President’s Office Fringe Benefits</td>
<td>$654,796</td>
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<tr>
<td>Supplies, Expense, Equipment</td>
<td></td>
</tr>
<tr>
<td>Ofc of the President-General Operations</td>
<td>$173,604</td>
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<tr>
<td>President’s Travel</td>
<td>$23,800</td>
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<tr>
<td>Academic/Programmatic Initiatives</td>
<td>$431,851</td>
</tr>
<tr>
<td>University Wide Memberships</td>
<td>$334,212</td>
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<tr>
<td>Earned retirement benefit payment*</td>
<td></td>
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<tr>
<td><strong>Sub Total Expenditures-President's Ofc</strong></td>
<td>$3,258,510</td>
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<tr>
<td>Eastcliff Management Office Salaries</td>
<td>$51,575</td>
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<td>Eastcliff Management Office Fringe Benefits</td>
<td>$11,145</td>
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<td>Supplies, Expense, Equipment</td>
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<td>Eastcliff Management Ofc-General Operations</td>
<td>$8,299</td>
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<td><strong>Sub Total Expenditures-Eastcliff</strong></td>
<td>$71,019</td>
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<td><strong>Total Expenditures</strong></td>
<td>$3,329,529</td>
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<tr>
<td><strong>Ending Balance</strong></td>
<td>$603,475</td>
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</table>

*Contractual obligation to Mark Yudof; transferred to OHR
### University of Minnesota

Facilities Management and President’s Office Summary of Expenditures for Eastcliff

**General Operations and Maintenance Fund**

12 Months Ending June 30, 2014

(unaudited)

<table>
<thead>
<tr>
<th></th>
<th>CURRENT YEAR</th>
<th>PRIOR YEAR</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>FM Eastcliff Management 2013/14</td>
<td>Eastcliff event Management 2013/14</td>
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<tr>
<td>Beginning Balance (Prior Year Carry forward)</td>
<td>$181,662</td>
<td>$8,268</td>
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<tr>
<td><strong>Revenues</strong></td>
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<tr>
<td>Total Year Allocation</td>
<td>$258,945</td>
<td>$87,847</td>
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<tr>
<td>Transfer from Office of the President</td>
<td>$0</td>
<td>$28,000</td>
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<tr>
<td>Transfer from Facilities Management</td>
<td>$54,396</td>
<td>$21,363</td>
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<tr>
<td>Transfer from the general contingency fund</td>
<td>$0</td>
<td>$0</td>
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<tr>
<td>Transfer from Central Reserves</td>
<td>$0</td>
<td>$69,852</td>
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<tr>
<td>Total Resources</td>
<td>$313,341</td>
<td>$269,509</td>
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<tr>
<td><strong>Expenditures</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Salaries and Fringe Benefits</td>
<td>$63,525</td>
<td>$26,141</td>
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<tr>
<td>Supplies, Expense, Equipment</td>
<td>$249,816</td>
<td>$5,307</td>
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<tr>
<td>Transfer to FM</td>
<td>$0</td>
<td>$28,000</td>
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<tr>
<td>Transfer to/(from) the Eastcliff Project Reserve</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td>Total Expenditures</td>
<td>$313,341</td>
<td>$31,448</td>
</tr>
<tr>
<td><strong>Ending Balance</strong></td>
<td>($0)</td>
<td>$238,061</td>
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</table>
### October 2014 Regents Meeting

<table>
<thead>
<tr>
<th></th>
<th>August</th>
<th>Year-to-Date</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2014</td>
<td>2013</td>
<td>07/01/14</td>
<td>07/01/13</td>
</tr>
<tr>
<td>U of M Gift Receiving</td>
<td>$25,361</td>
<td>$78,858</td>
<td>$46,204</td>
<td>$121,762</td>
</tr>
<tr>
<td>4-H Foundation</td>
<td>37,241</td>
<td>45,872</td>
<td>207,473</td>
<td>62,431</td>
</tr>
<tr>
<td>Arboretum Foundation</td>
<td>3,071,304</td>
<td>401,774</td>
<td>3,402,595</td>
<td>2,615,583</td>
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<tr>
<td>Univ of MN Foundation</td>
<td>10,659,551</td>
<td>24,334,617</td>
<td>19,386,198</td>
<td>34,928,378</td>
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<tr>
<td>Total Gift Activity</td>
<td>$13,793,457</td>
<td>$24,861,121</td>
<td>$23,042,470</td>
<td>$37,728,154</td>
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</tbody>
</table>

*Detail on gifts of $5,000 and over is attached.

Pledges are recorded when they are received. To avoid double reporting, any receipts which are payments on pledges are excluded from the report amount.
## Gifts to benefit the University of Minnesota

### Gifts received in August 2014

<table>
<thead>
<tr>
<th>Donor</th>
<th>Rec’ed by</th>
<th>Gift/Pledge</th>
<th>Purpose of gift</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>$1 Million and Over</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Whitney and Betty MacMillan</td>
<td>UM</td>
<td>Pledge</td>
<td>Minnesota Landscape Arboretum</td>
</tr>
<tr>
<td>Leland N. and Louise C. Sundet</td>
<td>UMF</td>
<td>Pledge</td>
<td>Intercollegiate Athletics</td>
</tr>
<tr>
<td>Anonymous</td>
<td>UMF</td>
<td>Pledge</td>
<td>Law School</td>
</tr>
<tr>
<td>Dale E. and Jeri L. Peterson</td>
<td>UMF</td>
<td>Pledge</td>
<td>Intercollegiate Athletics</td>
</tr>
<tr>
<td><strong>$500,000 - $1,000,000</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Charles L. Matsch Estate</td>
<td>UMF</td>
<td>Gift</td>
<td>University of Minnesota Duluth</td>
</tr>
<tr>
<td>Russell J. Penrose</td>
<td>UMF</td>
<td>Gift</td>
<td>College of Science and Engineering</td>
</tr>
<tr>
<td>Alfred M. Cady III and Toni M. Cady</td>
<td>UMF</td>
<td>Pledge</td>
<td>Intercollegiate Athletics</td>
</tr>
<tr>
<td>Gregory R. Page</td>
<td>UM</td>
<td>Pledge</td>
<td>Minnesota Landscape Arboretum</td>
</tr>
<tr>
<td><strong>$250,000 - $500,000</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Evan and Betty Merz</td>
<td>UMF</td>
<td>Gift</td>
<td>Various Colleges</td>
</tr>
<tr>
<td>Betty Schwittek Estate</td>
<td>UMF</td>
<td>Gift</td>
<td>College of Science and Engineering</td>
</tr>
<tr>
<td>John A. Billman Estate</td>
<td>UMF</td>
<td>Gift</td>
<td>Various Colleges</td>
</tr>
<tr>
<td>Mary Lou Hoeft Estate</td>
<td>UMF</td>
<td>Gift</td>
<td>Minnesota Landscape Arboretum</td>
</tr>
<tr>
<td>Richard L. and Nancy Knowlton</td>
<td>UMF</td>
<td>Gift</td>
<td>Hormel Institute</td>
</tr>
<tr>
<td>Tawani Foundation</td>
<td>UMF</td>
<td>Pledge</td>
<td>Libraries</td>
</tr>
<tr>
<td><strong>$100,000 - $250,000</strong></td>
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<tr>
<td>Monsanto Company</td>
<td>UMF</td>
<td>Gift</td>
<td>College of Food, Agricultural and Natural</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Resource Sciences</td>
</tr>
<tr>
<td>Childrens Cancer Research Fund</td>
<td>UMF</td>
<td>Gift/Pledge</td>
<td>Academic Health Center</td>
</tr>
<tr>
<td>Natalie E. Cremer Estate</td>
<td>UMF</td>
<td>Gift</td>
<td>Financial Aid</td>
</tr>
<tr>
<td>William H. and Jane Dudley</td>
<td>UMF</td>
<td>Gift</td>
<td>Carlson School of Management, College</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>of Liberal Arts, College of Veterinary</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Medicine</td>
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<tr>
<td>Dr. Norman D. Olson Estate</td>
<td>UMF</td>
<td>Gift</td>
<td>Medical School</td>
</tr>
<tr>
<td>Hormel Foundation</td>
<td>UMF</td>
<td>Gift</td>
<td>Hormel Institute</td>
</tr>
<tr>
<td>Ronald D. Olson</td>
<td>UM</td>
<td>Pledge</td>
<td>Minnesota Landscape Arboretum</td>
</tr>
<tr>
<td>S. Bartley Osborn Family Charitable Trust</td>
<td>UM</td>
<td>Pledge</td>
<td>Minnesota Landscape Arboretum</td>
</tr>
</tbody>
</table>
### $50,000 - $100,000

<table>
<thead>
<tr>
<th>Name</th>
<th>Institution</th>
<th>Type</th>
<th>Department/Program</th>
</tr>
</thead>
<tbody>
<tr>
<td>Thomas P. Schnettler</td>
<td>UMF</td>
<td>Gift</td>
<td>Medical School</td>
</tr>
<tr>
<td>Anonymous</td>
<td>UMF/UM</td>
<td>Gift</td>
<td>College of Education and Human Development, Minnesota Landscape Arboretum</td>
</tr>
<tr>
<td>Dr. Daniel McFadden and Beverlee Simboli</td>
<td>UMF</td>
<td>Pledge</td>
<td>College of Liberal Arts, Weisman Art Museum</td>
</tr>
<tr>
<td>Dr. Ned W. and Christine E. Windmiller</td>
<td>UMF</td>
<td>Pledge</td>
<td>Intercollegiate Athletics</td>
</tr>
<tr>
<td>Janet J. Sinner Estate</td>
<td>UM</td>
<td>Gift</td>
<td>Minnesota Landscape Arboretum</td>
</tr>
<tr>
<td>Mary Lee Dayton Estate</td>
<td>UMF</td>
<td>Gift</td>
<td>Bell Museum of Natural History</td>
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<tr>
<td>Karl Potach Foundation</td>
<td>UMF</td>
<td>Gift</td>
<td>Hormel Institute</td>
</tr>
<tr>
<td>Dr. Dana J. and M. Katherine Harms</td>
<td>UMF</td>
<td>Pledge</td>
<td>Intercollegiate Athletics</td>
</tr>
<tr>
<td>Glyndon Farms Company</td>
<td>UMF</td>
<td>Pledge</td>
<td>University of Minnesota Extension</td>
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<tr>
<td>MeadWestvaco</td>
<td>UMF</td>
<td>Gift</td>
<td>College of Science and Engineering</td>
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<tr>
<td>Seiberlich Family Foundation</td>
<td>UMF</td>
<td>Gift</td>
<td>Medical School</td>
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### $25,000 - $50,000

<table>
<thead>
<tr>
<th>Name</th>
<th>Institution</th>
<th>Type</th>
<th>Department/Program</th>
</tr>
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<tbody>
<tr>
<td>Wells Fargo Wealth Management</td>
<td>UMF</td>
<td>Gift</td>
<td>Intercollegiate Athletics</td>
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<tr>
<td>Donald E. Larson Estate</td>
<td>UMF</td>
<td>Gift</td>
<td>Medical School</td>
</tr>
<tr>
<td>Shirley A. Berglund Estate</td>
<td>UMF</td>
<td>Gift</td>
<td>School of Nursing</td>
</tr>
<tr>
<td>J. J. Taylor Distributing of Minnesota</td>
<td>UMF</td>
<td>Gift</td>
<td>Intercollegiate Athletics</td>
</tr>
<tr>
<td>Factory Motor Parts Company</td>
<td>UMF</td>
<td>Gift</td>
<td>Intercollegiate Athletics</td>
</tr>
<tr>
<td>The Karlson Family Foundation</td>
<td>UMF</td>
<td>Gift</td>
<td>Medical School</td>
</tr>
<tr>
<td>Minnesota Natural Resources Foundation</td>
<td>UMF</td>
<td>Gift</td>
<td>College of Food, Agricultural and Natural Resource Sciences</td>
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<tr>
<td>Helen S. Henton Trust</td>
<td>UMF</td>
<td>Gift</td>
<td>Unrestricted</td>
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<tr>
<td>Russell Sage Foundation</td>
<td>UMF</td>
<td>Gift</td>
<td>Humphrey School of Public Affairs</td>
</tr>
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<td>Wendell and Judith Hung</td>
<td>UMF</td>
<td>Gift</td>
<td>College of Science and Engineering</td>
</tr>
<tr>
<td>eBioscience</td>
<td>UMF</td>
<td>Gift</td>
<td>Medical School</td>
</tr>
<tr>
<td>Ephraim M. Sparrow</td>
<td>UMF</td>
<td>Gift</td>
<td>College of Science and Engineering</td>
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<td>Medtronic Incorporated</td>
<td>UMF</td>
<td>Gift</td>
<td>Medical School</td>
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<tr>
<td>Ruth A. Cardinal Estate</td>
<td>UMF</td>
<td>Gift</td>
<td>Academic Health Center</td>
</tr>
<tr>
<td>Dr. Kenneth J. and Kathryn Valentas</td>
<td>UMF</td>
<td>Gift</td>
<td>College of Science and Engineering</td>
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<td>Ajinomoto Heartland Incorporated</td>
<td>UMF</td>
<td>Gift</td>
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<td>Dr. Jolene M. Koester</td>
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<td>Gift</td>
<td>Global Programs and Strategy Alliance</td>
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<td>Ecolab Incorporated</td>
<td>UMF</td>
<td>Gift</td>
<td>College of Science and Engineering</td>
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<tr>
<td>Lockheed Martin Corporation</td>
<td>UMF</td>
<td>Gift</td>
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### University of Minnesota Duluth
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### School of Dentistry
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Board of Regents Meeting

Agenda Item: Strategic Plan for the Twin Cities Campus

☐ Review  ☐ Review + Action  ✗ Action  ☐ Discussion

☐ This is a report required by Board policy.

Presenters: Eric W. Kaler, President
Karen Hanson, Senior Vice President for Academic Affairs and Provost

Purpose & Key Points

The strategic plan for the Twin Cities campus returns to the Board in October for action. Following discussion of a completed draft plan at the September 12, 2014 meeting, comments were invited from September 15–25, with discussions of the plan also taking place at meetings of the University Senate, Operational Excellence Team, Faculty Consultative Committee, Twin Cities Deans, System Council, and President’s Senior Leadership Group. We have continued to share updates and progress with the campus community, solicited feedback from stakeholders, and worked to make sure the plan reflects diverse voices and perspectives. The plan being presented to the Board has been informed by the broad array of comments during this phase of the feedback process, including from members of the Board.

The University of Minnesota-Twin Cities will be preeminent in solving the grand challenges of a diverse and changing world. With that overarching vision, the strategic plan will chart a strong course for the future as a dynamic 21st-century land-grant research institution. The plan articulates a vision and priorities for the next decade that build on the campus’ exceptional strengths and opportunities as one of the country’s most comprehensive research universities and one of the few located in a large metropolitan area. It aims to create new 21st-century learning and career pathways for students, build more campus-community-industry partnerships, and combine University strengths more broadly and deeply to address “grand challenges”—the most pressing and complex problems facing the state, nation, and world.

The plan calls on the University to:

- Harness and leverage the depth and breadth of our research and curricular strengths to address grand societal challenges;
- Develop and maintain a culture that supports excellence and explicitly rejects complacency at all levels of the institution;
- Foster reciprocal engagement with our various communities and industry partnerships and capitalize on our unique location; and
- Aggressively recruit, retain, and promote field-shaping researchers and teachers.
The plan articulates a 10-year vision to guide strategic decision-making and includes specific action steps for the next 3–5 years. The 30-member Strategic Planning Workgroup broadened to include five issue teams, which met over the summer on key issues related to the vision and implementation of each of the goals. These teams included about 150 faculty, staff, and students, drawn from over 500 nominations; each team was co-chaired by members of the Strategic Planning Workgroup. (Information is posted on the Strategic Planning Blog.) Listening sessions with updates from each of the five issue teams were held in July and August, and a Campus Conversation with the president and provost was held in early September. This comprehensive and inclusive planning process informed the development of a strategic planning framework to advance the vision and to create a better, stronger, more vitally engaged University.

The plan will recognize exceptional opportunities and strategic strengths that differentiate the University of Minnesota-Twin Cities (UMTC) from other higher education institutions. The plan builds on the many things we already do exceptionally well, and sets the stage for newly focused excellence and impact through several directions that leverage the breadth and depth of assets at UMTC. The plan is not meant to be a prescriptive framework or definitive set of criteria for everything we do across or within all colleges, programs and disciplines. Instead, the plan is focused on a specific set of strategic goals. It is intended to be dynamic, to be constantly subjected to reexamination and possible revision, and to be adaptive to our changing institution and changing environment.

We are committed to a strategic plan that is bold but also achievable; one that builds on the innumerable things the University already does well; and one that will be continually discussed and refined as a campus community, even as it is implemented.

**Background Information**

President Kaler outlined the goals for the strategic plan and planning process at the September 2013 Board meeting, embracing an overall goal of increasing the University’s impact and reputation. This plan will be a Twin Cities campus plan, but one that intersects with those of the other campuses and aligns with current collegiate/unit strategic plans and major current initiatives. The plan will be bold, inspirational and aspirational, articulating a 10-year vision and specific action steps for the next 3-5 years. The campus community must own and advocate for the plan, and it must reflect the broad diversity of our institution, our state, and our students.

President Kaler and Provost Hanson provided updates to the Board in October, December, March, and September. An update was also provided to the Academic and Student Affairs Committee in June.

During the Board’s work session in October 2013, the Board reviewed internal and external trends and data, and identified challenges and opportunities facing the University. The work session engaged the Board in response to two questions: (1) What are our exceptional opportunities at the University, our strategic assets that differentiate us from other higher education institutions; and (2) What are the areas of change (demographics, technology, government regulations, social expectations, etc.) that will have crucial impacts on our University in the next 5–10 years, and what are their effects likely to be. Input from this Board meeting helped shape the foundation for the strategic plan. President Kaler and Provost Hanson also led a Campus Conversation on strategic planning in early November.
At the December 13, 2013 Board meeting, Provost Hanson presented the draft vision, values, foundational commitments, and guiding principles language to obtain input and feedback; vision language was subsequently enhanced and presented again at the March 2014 meeting. The vision, mission and core values statements informed key objectives and strategies for the strategic plan.

At the March 28, 2014 Board meeting, the strategic planning vision and goals were discussed with the Board by the President and provost along with two faculty members of the workgroup, professors Reuben Harris and Joe Konstan, to obtain feedback and advice. The goals informed the primary action steps that moved the University’s strategic plan forward. President Kaler highlighted the goal areas in his State of the University address March 6, and the vision and goals were also discussed at a Campus Conversation in early April. (Links were posted on the blog.)

On June 12, 2014, the provost and six members of the Strategic Planning Workgroup provided a progress report to the Academic and Student Affairs Committee. The discussion included a recapitulation of the March Board meeting presentation (mission, values, vision, goals that support the vision); and updates from the five issue teams:

1. Grand Challenges—Curriculum: what does it take for the University to build a curriculum focusing on solving society’s grand challenges?
2. Grand Challenges—Research: how does the University apply its research toward solving grand societal challenges?
3. Reject Complacency: how does the University change the culture in ways that support excellence and, with intention, reject complacency?
4. Field-Shaping Researchers and Teachers: how do we go about aggressively recruiting and retaining field-shaping faculty and researchers; how does transdisciplinarity shape our institutional planning in the area of faculty responsibilities?
5. Reciprocal Engagement: how does the University better leverage its location and establish a culture of reciprocal engagement for the mutual benefit of the University and community?

Team leads provided an update of their work to “build out” the vision and to identify both incremental reforms and institutional transformations that will serve as a framework for specific action steps to be taken over the first 3–5 years. Student foci and interests within the plan were also presented and discussed.

At the September 12, 2014 Board meeting, President Kaler and Provost Hanson presented the strategic plan to the Board for review and discussion, prior to final review and action at the October meeting. They provided an introduction and overview, followed by brief updates from five faculty Strategic Planning Workgroup members and Issue Team co-leads (Professors Jakub Tolar, Joe Konstan, Renee Cheng, Liz Lightfoot, Timothy Kehoe) and from a student representative on the workgroup (Ph.D. Candidate Meghan Mason). A question and answer period followed, with strong support conveyed by the Board during the discussion. We have drawn on constructive feedback from the Board and from the campus community to fine-tune the plan ahead of the October Board meeting.

In addition to Board input, surveys and consultation with a broad array of internal and external constituents have enriched and informed the planning process. These stakeholders have included faculty, staff, and students; deans and other senior leaders; University of Minnesota Foundation and University of Minnesota Alumni Association boards; and our many partners in community, business, and the philanthropic, public, and non-profit sectors.
The plan as approved by the Board will be a framework for a more detailed set of specific goals, outcomes, and implementation steps. Beginning in fall 2014, resources and work plans will be aligned with the plan, which will be incorporated into ongoing academic planning by the provost to:

- Develop meaningful indicators for excellence;
- Integrate into compact planning;
- Connect the Twin Cities campus plan with plans of academic and administrative units;
- Advance action plans to achieve goals derived from the compact planning; and
- Share successes and report outcomes.

A Strategic Planning Continuity Team (to include representatives of the Strategic Planning Workgroup) will advise the president and provost on implementation priorities and next steps, including benchmarks to measure progress; a discussion of plan metrics will come to the Board of Regents for discussion in March 2015. A Budget Resource Group will be charged with identifying optimal funding strategies.

Concurrently, the Provost’s Office will coordinate an ongoing process of communication and engagement with the campus community and external stakeholders to continue to refine the plan as a dynamic framework—one that advances the mission of the University of Minnesota, reflects shared aspirations, and meets the challenges and contingencies of a diverse and changing world.
Board of Regents

October 10, 2014

Agenda Item: President’s Recommended FY 2016-17 Biennial Budget Request

☐ Review  ☐ Review + Action  ☒ Action  ☐ Discussion

☐ This is a report required by Board policy.

Presenters: Eric Kaler, President
Richard Pfutzenreuter, Vice President & Chief Financial Officer

Purpose & Key Points

The purpose of this item is to review the University’s biennial Budget Request to the State of Minnesota for FY 2016-17.

As the state’s only land grant and research institution, the University of Minnesota has a responsibility to better the lives of Minnesotans through education, research and public engagement. As one of the state’s most important economic and intellectual assets, and one of the nation’s top research institutions, the University is a venue where human talent, ideas and innovations, and discoveries and services converge to advance Minnesota’s economy and quality of life. These imperatives have guided the development of this biennial budget request.

The University’s biennial budget request to the state for fiscal years 2016 and 2017 leverages faculty, research and disciplinary strength to move the University and the State of Minnesota to the next level in key competitive areas of discovery that are important to Minnesota’s economy and citizens; acknowledges the University’s stewardship responsibilities for important public assets; seeks to restore state funding of the University to the level received in FY2008, and continues to focus on reducing the cost of higher education to students and families.

The request is designed to continue in partnership with the state to:

1) Deliver on the University’s threefold mission of research and discovery, teaching and learning, and outreach and public service;

2) Advance initiatives and programs that will leverage the University’s expertise in areas that will benefit the state’s economy and its citizens; and

3) Better support financial access and affordability to post-secondary education for students and families.
Background Information

Board of Regents Policy: *Reservation and Delegation of Authority* requires that the Board of Regents approve all requests for appropriation from the State of Minnesota.

President’s Recommendation

The President recommends approval of the resolution requesting the State of Minnesota to support full funding of the University of Minnesota’s FY 2016-2017 biennial budget request.
REGENTS OF THE UNIVERSITY OF MINNESOTA

RESOLUTION RELATED TO

STATE BIENNIAL BUDGET REQUEST FOR FY2016-17

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

WHEREAS, the University and the State of Minnesota play a critical role in supporting and strengthening economic and community vitality and advancing the health and wellness of Minnesota’s citizens by advancing research initiatives and programs that benefit the state, business and industry and its citizens; and

WHEREAS, the University in partnership with the State of Minnesota can reduce tuition increases and better support financial access and affordability to post-secondary education for students and families; and

WHEREAS, the University proposes a more stable and predictable funding model for maintaining important public assets on each of the University’s campuses; and

WHEREAS, the University is committed to achieving operational excellence and greater efficiency through internal actions to reduce administrative and operational costs; and

WHEREAS, by FY2017 the University proposes to restore state funding levels to those of FY2008, the year in which the University received its highest appropriation;

NOW, THEREFORE, BE IT RESOLVED that the biennial budget request for the 2016-2017 biennium be adopted by the Board of Regents for presentation to the State of Minnesota. The request is for a general fund appropriation of $640,400,000 in fiscal year 2016 and $684,600,000 in fiscal year 2017 for a biennial total of $1,325,000,000 in the form of general operations and maintenance and state
specials appropriations. The Board of Regents further requests continuation of fiscal year 2013 base funding levels for the Primary Care Education Initiatives totaling $2,157,000 and for the Academic Health Center funding under Minnesota Statutes 297F.10 totaling $22,250,000 for fiscal years 2016 and 2017.
Agenda Item: President’s Recommended Six-Year Capital Plan

Review Review + Action Action Discussion

This is a report required by Board policy.

Presenters: President Eric Kaler
Vice President Pamela Wheelock
Vice President and CFO Richard Pfutzenreuter

Purpose & Key Points

The President’s recommended Six-Year Capital Plan (Plan) includes major capital improvements planned for fiscal years 2015 through 2020. The Plan includes projects to be funded with state capital support as well as projects funded by the University through a combination of University debt obligations, local unit resources, fundraising, and public/private partnerships.

Year 1 of the Plan (2015) outlines the projects that the University will be submitting to the State of Minnesota for consideration during the 2015 legislative session.

Background Information

Board of Regents policy requires a Plan that sets priorities and direction for ongoing academic and capital planning efforts. Board of Regents Policy: Board Operations and Agenda Guidelines directs the administration to conduct capital planning with a “six-year time horizon, updated annually.”

The Board approved the 2013 Six-Year Capital Improvements Plan in June 2013.

President’s Recommendation

The President recommends that the Board approve the University of Minnesota Six-Year Capital Plan for Fiscal Years 2015–2020.
REGENTS OF THE UNIVERSITY OF MINNESOTA

RESOLUTION RELATED TO

THE PRESIDENT'S SIX-YEAR CAPITAL IMPROVEMENT PLAN

WHEREAS, preserving the University campuses through stewardship of public investments that have been made over 150 years is a commitment the Board has made to the State; and

WHEREAS, advancing key academic priorities is critical for the University to achieve and maintain excellence; and

WHEREAS, continuing investment in research infrastructure is essential for the future competitiveness of the University and the State of Minnesota; and

WHEREAS, enhancing the student experience for both undergraduate education and graduate and professional education is required as the core of its mission in order to generate and disseminate knowledge; and

WHEREAS, improving outreach and engagement is necessary in order to transform State communities, fuel the State economy, address State social issues, and improve the State’s health; and

WHEREAS, the administration has developed a capital-planning framework designed to focus its capital planning efforts toward projects that support the University's institutional priorities within a financial strategy that is responsible.

NOW, THEREFORE, BE IT RESOLVED that the Board of Regents approves the President's Six-Year Capital Improvement Plan in order to create and maintain facilities that serve as tools in accomplishing the University's education, research and outreach objectives.
2014 SIX-YEAR CAPITAL PLAN FOR FY2015 – FY2020
University of Minnesota

Overview
The 2014 Six-Year Capital Plan for the University of Minnesota establishes the next three University capital requests to be submitted to the State for consideration; sets priorities and direction for continued capital project and academic planning efforts; identifies the impact of additional University debt; assigns responsibility for capital fundraising; and forecasts additional building operational costs. The plan is updated on an annual basis, and approved by the Board of Regents.

The President's recommended 2014 Six-Year Capital Plan includes:
- 2015 state capital request
- Future state capital requests for 2016 through 2020
- Projects proposed to be financed with University resources during the period FY2015 through FY2019

Planning Process
Capital planning at the University of Minnesota begins with the academic planning process. In the spring of each year Vice Presidents, Chancellors, and Deans are asked to identify their most important program priorities and the facility improvements necessary to support those programs. Through the academic planning process, academic leadership establishes the priorities for each college and campus. Facilities Management simultaneously evaluates the current condition of the buildings and infrastructure that support all academic programs. The capital planning process merges the academic priorities, available financial resources, facility needs, and facility conditions into specific project proposals.

Although many projects have both academic and organizational value, the projects that demonstrated both a programmatic urgency and implementation readiness were advanced for further analysis in this six-year timeframe. Other factors analyzed before projects were placed in the capital plan include:

- **Projected size of future bonding bills** – The University reviews state economic forecasts, Minnesota Management and Budget debt capacity estimates and financial reports, past trends, and budget instruction documents to help shape the size of the overall capital plan.

- **Debt and operating cost impact** – The University projects debt capacity annually and builds the capital plan in adherence to the debt guidelines expressed in Board of Regents policy.

- **Private fundraising capacity** – The University evaluates its capacity to fundraise for specific projects.

- **Timing and sequencing of projects** – Many capital projects depend upon other capital project “dominoes.” For example, Pillsbury Hall, a future home for College of Liberal Arts programs, cannot be renovated until Earth Sciences are moved out of the building and into a
renovated Tate Lab, which in turn had to wait until Physics & Nanotechnology was completed.

- **Impact on academic programs (both research and instructional)** – The University manages the level of disruption that can be absorbed while still maintaining the operation of its research and teaching. Because the University does not close, renovations require “swing space” for programs to continue to operate and the institution needs to maintain a level of functional classrooms.

- **Health, safety, and regulatory requirements** – The University needs to maintain the health and safety of all its students, faculty, and staff, regardless of the program. These issues require some projects to be included in the capital plan.

- **Geographic Distribution** – The University is a system with programs and facilities across the State of Minnesota.

The resulting plan, shown in tabular form on Attachment 2, advances the University’s highest capital priorities while retaining flexibility in support of emerging strategic initiatives. In the case of the Six-Year Capital Plan, it is important to note that many of the investments in later years are targeted to programs with academic strategic value. Specific programmatic details remain to be determined as the project is developed.

The capital improvement plan is built around four primary stages of project development, including a) Proposal/Project Definition; b) Planning and Feasibility; c) Resource Acquisition; and d) Implementation (Design and Construction). Projects included in the Six-Year Capital Plan are eligible to begin Predesign, an exploratory process rooted in design and cost estimating that results in physical solutions to space and facility problems. Projects in the Six-Year Capital Plan that require legislative funding are submitted to the Minnesota Legislature on a biennial basis. Projects are eligible to begin fundraising once the predesign process is substantially complete.

Fully funded projects with signed predesign documents are approved by the Board of Regents in the Annual Capital Improvement Budget. Approved projects are then implemented by Capital Planning and Project Management with other key partners such as Facilities Management.

**Project Costs**
Project costs included in the Six-Year Capital Plan are order-of-magnitude estimates only because programming and predesign studies for each project have not been completed. Projections are based on square foot costs recently experienced with comparable building and space types at the University, applied to the estimated square footage of each project. Project costs are represented in 2014 dollars; the 2015 projects have been escalated to midpoint of construction as required for submission to the legislature as part of the University’s capital request. Beyond the 2015 year, cost escalation for inflation has not been included because of the uncertainty of construction inflation. When programming is completed and predesign studies are prepared for projects at the appropriate time, based on their position within the Six-Year Plan, more accurate cost figures will be inserted into the plan when it is updated annually.
Areas of Focus for the 2014 Six-Year Plan

The 2014 Six-Year Plan is largely a continuation of previously expressed priorities updated to reflect the outcome of the 2014 Capital Request to the MN Legislature. The plan also includes changes based on updated facility condition assessment data, new priorities emerging from the Twin Cities Campus strategic planning process, and a biennial operating budget proposal to the 2015 legislature that places a greater emphasis on repair and replacement (R & R) funds in lieu of capital request-based HEAPR funds.

The 2014 Six Year Plan was designed to further the following objectives:

- Advance strategic plan priorities
- Enhance the campus-based experience
- Align projects with available revenue sources
- Increase utilization and functionality of physical assets
- Complete capital investment sequences
- Reduce total campus square footage

The University is finalizing a strategic plan for the Twin Cities campus. This plan will be aligned with existing plans for the system campuses and will provide a roadmap for advancing the University’s mission over the next three to five years. The Board of Regents is expected to act on adopting the new strategic plan at its October 2014 meeting. The plan articulates a new, inspirational vision: “[t]o be preeminent in solving the grand challenges of a diverse and changing world.” In pursuit of this vision, the University will:

- Leverage its breadth and depth to capitalize on its exceptional students, faculty, staff and location to generate and disseminate new knowledge and insights
- Create an educated populace able to identify, understand and solve demanding problems
- Leverage divergent paths of knowledge and creativity to address grand challenges
- Partner with communities and the people of the State of Minnesota to benefit the common good

To this end, the University is advancing four broad goals, each with related strategies and tactics:

- **Goal 1 - Build an exceptional University where grand societal challenges are addressed.** Strategies - Educate, cultivate, and empower leaders to foster institutional and societal change; target resources that will build capacity to harness the University’s depth and breadth to address these grand challenges; prepare students who can uniquely contribute to solving grant societal challenges; transform curricula in a way that combines grand challenges with disciplines; and coordinate and leverage research in institutionally cross-cutting areas of strength

- **Goal 2 - Support excellence and, with intention, reject complacency.** Strategies - Establish incentives for creative disruption and accept productive tension; increase efforts to empower individual initiatives; streamline rules and regulations; and measure and set goals for meaningful diversifying experiences

- **Goal 3 - Establish a culture of reciprocal engagement, capitalizing on our unique location.** Strategies - Better leverage our location for the mutual benefit of the University
and the community to contribute to and benefit from a vibrant and enriching economic, creative, social, and intellectual environment; and clearly define and embrace what it means to be a land-grant research university in the 21st century.

- **Goal 4 - Aggressively recruit, retain and promote field shaping researchers and teachers.**
  
  **Strategies** - Build a pipeline to recruit and retain the best and brightest field shaping teachers and researchers; support their work with needed infrastructure and a culture of high expectations; reduce barriers to productive transdisciplinarity and advance transinstitutional partnerships; and accelerate transfer of knowledge for the public good.

The final plan will include short and long term actions in each of these goal areas and each campus will align its unique goals that meet the needs of the students and regions they serve.

These objectives are the foundation of a long term capital plan that balances programmatic needs against facility condition related investments distributes opportunity geographically throughout the UMN system and completes in-process capital investment sequences.

**Project Descriptions**

Project Descriptions for each year of the plan can be found in Attachment 3.

Also included in Attachment 2 is a list of *Other Projects Under Consideration*. These needs were identified through the Six-Year Capital Planning process as important investments based on collegiate and academic priorities. The potential projects identified on the list are not sufficiently developed in terms of their programmatic needs and the strategic value of their investment to be placed into the Six Year Plan, but are expected to further refine their planning over the near term. Some of the unresolved issues may include project scope, location or funding source. The list of *Other Projects Under Consideration* gives an indication of the potential next tier of capital projects, while allowing some flexibility to respond to changing trends as well as emerging academic priorities.
Six Year Plan - Project Funding Report
### State Funded Projects

<table>
<thead>
<tr>
<th>File</th>
<th>Project Title</th>
<th>Campus</th>
<th>Total</th>
<th>State Funds</th>
<th>University Funds</th>
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### University of Minnesota

**Six Year Plan - Project Funding Report**

**2016**

**Stage:** Planning & Feasibility

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**FY Total:** $254,000  $186,000  $68,000

**Running Total:** $342,000  $263,000  $79,000
## University of Minnesota

Six Year Plan - Project Funding Report

### 2017

**Stage:** Planning & Feasibility

### State Funded Projects

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**FY Total:** $103,000  $83,700  $19,300

**Running Total:** $445,000  $346,700  $98,300
## State Funded Projects

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|          |                                            |              | **$233,000** | **$168,700** | **$64,300**      |

**FY Total:** $233,000 | $168,700 | $64,300  
**Running Total:** $678,000 | $515,400 | $162,600
### State Funded Projects

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**FY Total:**

- Total: $70,000
- State Funds: $60,000
- University Funds: $10,000

**Running Total:**

- Total: $748,000
- State Funds: $575,400
- University Funds: $172,600
### State Funded Projects

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**FY Total:**

|                  | $259,000 | $186,000 | $73,000 |

**Running Total:**

|                  | $1,007,000 | $761,400 | $245,600 |
**University of Minnesota**

Six Year Plan - Project Funding Report

*Under Consideration / Evaluation*

**Stage:** Proposal

### State Funded Projects

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### University Funded Projects

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<td>462</td>
<td>Public Space Reinvestments</td>
<td>UMTC</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
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<td>431</td>
<td>Recreational Sports Project</td>
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<td>416</td>
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<td>Superblock Dining Replacement</td>
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<td>$0</td>
<td>$0</td>
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<tr>
<td>425</td>
<td>Washington Ave Bridge and Plaza</td>
<td>UMTC</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
</tr>
</tbody>
</table>

**FY Total:**  
$0  
$0  
$0

Running Total:  
$1,007,000  
$761,400  
$245,600
Definitions

Proposal: Projects in this stage represent preliminary conceptual ideas regarding program need and related capital requirements. Local units normally identify these ideas as part of the compact process. Projects do not have permission to begin predesign or fundraising without administrative approval from the Capital Oversight Group.

Planning and Feasibility: Projects in this stage have been determined to be an institutional priority and have been approved to begin predesign activities. Financial feasibility, including the completion of a fundraising feasibility study with the University of Minnesota Foundation, is assessed at this stage.

Resource Acquisition: Projects in this stage have an approved pre-design document and have been approved to actively seek funds.
Six Year Plan - Project Description Report

400  HEAPR
Vice President: Systemwide  RAC: Systemwide
Campus: Systemwide  RRC Contact: Systemwide
Facility: Systemwide  Year: 2015
Total Cost: $55,000  Stage: Resource Acquisition
Description: This request is for funds used system-wide to maximize and extend the life of the University’s existing physical plant. Individual projects will fall into one of four broad categories – Health and Safety, Building Systems, Energy Efficiency, and Utility Infrastructure. The system-wide HEAPR advisory committee makes recommendations on individual projects to the Vice President for University Services using data from the Facility Condition Assessment and Building Code Deficiency Report. HEAPR funds do not require a one-third University funding match. Funding for the HEAPR program is included each year in the legislative request.

403  St. Paul Interdisciplinary Laboratory
Vice President: Academic Affairs  RRC: Academic Affairs
Campus: UMTC  RRC Contact: Hanson, K.
Total Cost: $46,000  Stage: Planning & Feasibility
Description: This project will construct a new interdisciplinary research laboratory building for the College of Biological Sciences (CBS), College of Food, Agricultural, and Natural Resource Sciences (CFANS), and College of Veterinary Medicine (CVM). The new facility will accommodate principal investigators in fields such as plant pathology, animal infectious diseases, microbial systems, synthetic biology, and fungal evolution. This project was included in the University's 2014 capital request.

405  Veterinary Isolation Facility Replacement
Vice President: Health Sciences  RRC: College of Veterinary Medicine
Campus: UMTC  RRC Contact: Ames, T.
Facility: New Facility  Year: 2015
Total Cost: $27,000  Stage: Resource Acquisition
Description: This project will create a biocontainment facility for the College of Veterinary Medicine to house and perform research with large animals and pathogenic agents. The initial program definition, which will be confirmed in predesign, has suggested a 38,500 gross square feet (GSF) facility comprised of biocontainment laboratories, large animal isolation space and a small animal vivarium. The existing Veterinary Isolation Buildings will be demolished following the construction of this project.
**Biological Sciences Active Learning Classrooms**

*Description:* This project will convert existing classroom space on the fourth floor of Biological Sciences Center into active learning classrooms for laboratory based Biological Sciences coursework.

*Campus:* UMTC

*Total Cost:* $0

*Stage:* Proposal

**Health Science Facility Repurposing**

*Description:* This project will renovate office, clinic, and lab space in the Phillips Wangensteen Building and other AHC spaces that will be vacated by groups that will relocate to the Ambulatory Care Clinic and research buildings in the Biomedical Discovery District. The renovated spaces will be a mixture of office, classroom, and laboratory space and will allow the Academic Health Center to undertake a multi-phased process of consolidating space assignments and decommissioning obsolete facilities.

*Campus:* UMTC

*Total Cost:* $65,000

*Year:* 2016

*Stage:* Planning & Feasibility

**St. Paul Research Laboratory Renovation**

*Description:* This investment will renovate laboratories in one or more research buildings on the St. Paul Campus. Renovation of space will be prioritized to achieve collegiate goals of synergy among researchers and to allow for the demolition of obsolete St. Paul campus research space.

*Campus:* UMTC

*Total Cost:* $24,000

*Year:* 2018

*Stage:* Proposal
**Chemical Sciences and Advanced Materials Building**

**Vice President:** Duluth Campus  
**Campus:** UMD  
**Facility:** New Facility  
**Total Cost:** $36,000  
**Description:** The project will construct a new building on the Duluth campus to support faculty and students in the Departments of Chemistry and Biochemistry, and advance an emergent Material Science and Engineering program. The building will be comprised of research and undergraduate instructional laboratories, a research center dedicated to industrial/academic partnerships with direct connections to industry in northeast Minnesota, and medium-sized general purpose classrooms that are in short supply on the campus. This project was included in the University’s 2014 capital request.

**Pillsbury Hall Renovation**

**Vice President:** Academic Affairs  
**Campus:** UMTC  
**Facility:** Pillsbury Hall  
**Total Cost:** $27,000  
**Description:** This project will preserve and enhance Pillsbury Hall after the current occupants move into the renovated Tate Laboratory. New teaching and learning spaces will replace outdated and inefficient laboratories that no longer support modern scientific study and research. Mechanical and electrical systems, restrooms and accessibility will be updated with this historically sensitive renovation. Funding for Tate Laboratory was approved in the University’s 2014 capital request.

**Academic Priority**

**Vice President:** Rochester Campus  
**Campus:** UMR  
**Facility:** New Facility  
**Total Cost:** $45,000  
**Description:** The project will create academic space for the growing UMR student community. Master plan projections indicate that the campus is expected to be outgrown its existing facilities by 2020 prompting the need for additional dedicated academic space. The proposed building will include space to support active, collaborative, and adaptive learning environments, space for student laboratories, space for faculty/student interaction, and space that is open and adaptable.
Six Year Plan - Project Description Report

**415 Collections and Contemporary Learning**

- **Vice President:** Academic Affairs
- **Campus:** UMTC
- **Facility:** TC Campus
- **Total Cost:** $40,000
- **RAC:** Hanson, K.
- **Year:** 2017
- **Stage:** Planning & Feasibility

**Description:** This project will address the collections needs of multiple colleges and the University Libraries by providing space for storage, preservation, regeneration, and characterization of essential resources that support research across the University system. Project planning will include an analysis of options to reconfigure stack space into areas that will engage faculty and students and support contemporary learning and scholarship.

---

**416 Space Utilization Program**

- **Vice President:** University Services
- **Campus:** UMTC
- **Facility:** TC Campus
- **Total Cost:** $0
- **RAC:** Swanson, B.
- **Year:** Under Consideration / Evaluation
- **Stage:** Proposal

**Description:** This project will support a variety of efforts directed at improving the utilization of existing campus space. Near term efforts are focused on implementing pilot projects to match work styles, technology and organizational structure with an overall reduction in space that better suits work methods. Decommissioning and demolition will be an equally important element of this strategy.

---

**418 Superblock Dining Replacement**

- **Vice President:** University Services
- **Campus:** UMTC
- **Facility:** New Facility
- **Total Cost:** $0
- **RAC:** Scheich, L.
- **Year:** Under Consideration / Evaluation
- **Stage:** Proposal

**Description:** This project will construct a new consolidated dining facility for the four residence halls in the superblock. The two existing facilities are under-sized and not capable of providing the level of food service expected by today’s students. A consolidated facility will result in additional operational efficiencies.
### University of Minnesota
Six Year Plan - Project Description Report

<table>
<thead>
<tr>
<th>Project</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Bolstad Golf Course Renovation</strong></td>
<td>This project will renew the existing golf course through investments in the course, clubhouse, and maintenance/storage facilities. Project timing is dependent on fundraising.</td>
</tr>
<tr>
<td><strong>Washington Ave Bridge and Plaza</strong></td>
<td>This project will restore or replace the Washington Avenue Bridge pedestrian enclosure and address circulation, sightlines, aesthetics and functionality of the Washington Avenue Bridge plaza area as a gathering place and event space.</td>
</tr>
<tr>
<td><strong>Recreational Sports Project</strong></td>
<td>This project is the final component of the Recreational Sports improvement plan funded by the Twin Cities campus student capital enhancement fee. Remaining identified needs include a satellite West Bank facility and outdoor recreation fields.</td>
</tr>
</tbody>
</table>
**University of Minnesota**

Six Year Plan - Project Description Report

**441 AHC Interprofessional Education Center**

<table>
<thead>
<tr>
<th>Vice President:</th>
<th>Health Sciences</th>
</tr>
</thead>
<tbody>
<tr>
<td>Campus:</td>
<td>UMTC</td>
</tr>
<tr>
<td>Facility:</td>
<td>New Facility</td>
</tr>
<tr>
<td>Total Cost:</td>
<td>$100,000</td>
</tr>
<tr>
<td>Description:</td>
<td>This project will address fundamental changes in health sciences education and training programs driven by accreditation requirements and faculty and student expectations. The new facility will consolidate and expand current learning environments and may include simulation centers, clinical care skills labs, multimedia learning labs, technology enhanced library and study spaces and interactive learning environments for connecting with the Duluth and Rochester campuses. The specific program will be determined following a strategic review of curriculum changes across the AHC schools.</td>
</tr>
</tbody>
</table>

**444 Athletics Facilities Phase 1 Projects**

<table>
<thead>
<tr>
<th>Vice President:</th>
<th>Athletics</th>
</tr>
</thead>
<tbody>
<tr>
<td>Campus:</td>
<td>UMTC</td>
</tr>
<tr>
<td>Facility:</td>
<td>TC Campus</td>
</tr>
<tr>
<td>Total Cost:</td>
<td>$0</td>
</tr>
<tr>
<td>Description:</td>
<td>This project will invest in athletic practice and academic facilities to provide University of Minnesota student athletes with the best opportunity to succeed and ensure the University remains competitive with other Big Ten schools. Top priorities for investment include a new football practice facility, academic support and training table facilities. This project is dependent on fundraising efforts.</td>
</tr>
</tbody>
</table>

**447 St. Paul Greenhouse Replacement**

<table>
<thead>
<tr>
<th>Vice President:</th>
<th>Academic Affairs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Campus:</td>
<td>UMTC</td>
</tr>
<tr>
<td>Facility:</td>
<td>Plant Growth Facilities-West</td>
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<tr>
<td>Total Cost:</td>
<td>$6,000</td>
</tr>
<tr>
<td>Description:</td>
<td>This project will renovate or replace collections and teaching greenhouse space on the St. Paul Campus. The greenhouse will be furnished with modern temperature, humidity and lighting controls and monitored via the master greenhouse campus control system. This project was included in the University's 2014 capital request.</td>
</tr>
</tbody>
</table>
### 10 Church Street SE Repurposing

<table>
<thead>
<tr>
<th>Vice President:</th>
<th>Academic Affairs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Campus:</td>
<td>UMTC</td>
</tr>
<tr>
<td>Facility:</td>
<td>10 Church Street SE</td>
</tr>
<tr>
<td>Total Cost:</td>
<td>$30,000</td>
</tr>
<tr>
<td>Description:</td>
<td>This project will renovate the existing Bell Museum for the College of Design following the completion of the new Bell Museum on the St. Paul Campus.</td>
</tr>
</tbody>
</table>

### Programmatic Renewal (UMD, UMM, UMC)

<table>
<thead>
<tr>
<th>Vice President:</th>
<th>Systemwide</th>
</tr>
</thead>
<tbody>
<tr>
<td>Campus:</td>
<td>Systemwide</td>
</tr>
<tr>
<td>Facility:</td>
<td>System Campuses</td>
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<tr>
<td>Total Cost:</td>
<td>$18,000</td>
</tr>
<tr>
<td>Description:</td>
<td>This program will fund facility improvements that support academic and student-focused programmatic needs in existing facilities on the Duluth, Morris and Crookston campuses.</td>
</tr>
</tbody>
</table>

### McNeal Hall Renovation

<table>
<thead>
<tr>
<th>Vice President:</th>
<th>Academic Affairs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Campus:</td>
<td>UMTC</td>
</tr>
<tr>
<td>Facility:</td>
<td>McNeal Hall</td>
</tr>
<tr>
<td>Total Cost:</td>
<td>$24,000</td>
</tr>
<tr>
<td>Description:</td>
<td>This project will bring Minneapolis based CEHD departments together on the St. Paul campus in space that will be vacated by the College of Design. The research-driven focus of these units is in alignment with recent efforts by CEHD to establish a vibrant, research community in St. Paul and allows for the demolition of Peik Hall in Minneapolis.</td>
</tr>
</tbody>
</table>
### Six Year Plan - Project Description Report

#### 451 Undergraduate Teaching Laboratory Facility

<table>
<thead>
<tr>
<th>Description:</th>
<th>This project will provide state-of-the-art, energy efficient teaching laboratories, student collaboration spaces, and classrooms for teaching undergraduate chemistry laboratory courses. The new laboratories will replace and improve upon outdated facilities currently spread throughout multiple locations (including faculty research laboratories) in Smith and Kolthoff Halls. Adequate laboratory space is a limiting factor in the University's ability to meet the demand for STEM related programs.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Vice President:</td>
<td>Academic Affairs</td>
</tr>
<tr>
<td>Campus:</td>
<td>UMTC</td>
</tr>
<tr>
<td>Facility:</td>
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<td>Stage:</td>
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<td>Year:</td>
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<tr>
<td>RRC Contact:</td>
<td>Hanson, K.</td>
</tr>
<tr>
<td>RRC:</td>
<td>Academic Affairs</td>
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#### 452 Research and Outreach Center Investments

<table>
<thead>
<tr>
<th>Description:</th>
<th>This program will fund a variety of projects at the Research and Outreach Centers across the state.</th>
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</thead>
<tbody>
<tr>
<td>Vice President:</td>
<td>Systemwide</td>
</tr>
<tr>
<td>Campus:</td>
<td>ROCs &amp; Stations</td>
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<tr>
<td>Facility:</td>
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<td>Total Cost:</td>
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<td>Stage:</td>
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<td>Year:</td>
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<tr>
<td>RRC Contact:</td>
<td>Buhr, B.</td>
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<tr>
<td>RRC:</td>
<td>Systemwide</td>
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</table>

#### 453 West Bank Classrooms Replacement

<table>
<thead>
<tr>
<th>Description:</th>
<th>This project will replace existing traditional learning space on the Minneapolis West Bank Campus with active learning classrooms.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Vice President:</td>
<td>Academic Affairs</td>
</tr>
<tr>
<td>Campus:</td>
<td>UMTC</td>
</tr>
<tr>
<td>Facility:</td>
<td>New Facility</td>
</tr>
<tr>
<td>Total Cost:</td>
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<td>Stage:</td>
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<tr>
<td>Year:</td>
<td>2019</td>
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<tr>
<td>RRC Contact:</td>
<td>Hanson, K.</td>
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<td>RRC:</td>
<td>Academic Affairs</td>
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Six Year Plan - Project Description Report

454 AHC Strategic Investment

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<tr>
<th>Description</th>
<th>UMTC</th>
<th>Total Cost</th>
<th>RRC Contact</th>
<th>Vice President</th>
<th>Stage</th>
<th>Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>This project will address needs identified by Academic Health Center strategic facility planning.</td>
<td>UMTC</td>
<td>$70,000</td>
<td>Jackson, B.</td>
<td>Health Sciences</td>
<td>Proposal</td>
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455 Child Development Replacement

<table>
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<tr>
<th>Description</th>
<th>UMTC</th>
<th>Total Cost</th>
<th>RRC Contact</th>
<th>Vice President</th>
<th>Stage</th>
<th>Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>This project will replace the functionally obsolete Child Development building with new offices, seminar rooms, and research facilities for the Institute of Child Development, as well as state-of-the-art facilities for the Shirley G. Moore Laboratory School. The new building will provide a modern, adaptable environment to support innovative programmatic applications, translating current research and theory into best practices.</td>
<td>UMTC</td>
<td>$21,000</td>
<td>Quam, J.</td>
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456 Chemistry Research Laboratory Investment

<table>
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<tr>
<th>Description</th>
<th>UMTC</th>
<th>Total Cost</th>
<th>RRC Contact</th>
<th>Vice President</th>
<th>Stage</th>
<th>Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>This project will renovate the antiquated teaching labs in Smith and Kolthoff Halls to state-of-the-art energy efficient research space needed for new faculty in the chemistry department. The project will improve lab bench, equipment and research support spaces and create opportunity for more specialized research experimentation. It will accommodate a greater number of faculty and graduate assistants needed to support the growing undergraduate enrollment in Chemistry.</td>
<td>UMTC</td>
<td>$30,000</td>
<td>Crouch, S.</td>
<td>Academic Affairs</td>
<td>Proposal</td>
<td>2020</td>
</tr>
</tbody>
</table>
Six Year Plan - Project Description Report

**457 Biosystems & Ag Engineering Laboratory Renovation**

- **Vice President:** Academic Affairs
- **RRC:** College of Food, Agricultural and Natural Resource Sciences
- **Campus:** UMTC
- **RRC Contact:** Buhr, B.
- **Facility:** Biosystems & Ag Engineering
- **Year:** 2020
- **Stage:** Proposal
- **Total Cost:** $50,000

**Description:** This project will provide new research laboratories to meet growing demands and satisfy requirements of federal grant proposals for CFANS. It will consolidate CFANS departments by grouping users in functionally appropriate space. Computational labs will be constructed in BAE and wet lab or volumetric research in Engineering Fisheries Laboratory. A new second floor will be added to Engineering and Fisheries Laboratory, maximizing the usable space for research.

**459 Pioneer Hall Renovation or Replacement**

- **Vice President:** University Services
- **RRC:** Housing & Residential Life
- **Campus:** UMTC
- **RRC Contact:** Scheich, L.
- **Facility:** TC Campus
- **Year:** Under Consideration / Evaluation
- **Stage:** Proposal
- **Total Cost:** $0

**Description:** This project will explore options meeting the facility renewal needs of Pioneer Hall.

**460 Field House Renovation**

- **Vice President:** Academic Affairs
- **RRC:** Recreational Sports
- **Campus:** UMTC
- **RRC Contact:** Brown, D.
- **Facility:** TC Campus
- **Year:** Under Consideration / Evaluation
- **Stage:** Proposal
- **Total Cost:** $0

**Description:** This project will make necessary improvements to the exterior of the Field House facility originally relocated to the University from Washington in 1949.
### Admissions Welcome Center

<table>
<thead>
<tr>
<th>Vice President:</th>
<th>Academic Affairs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Campus:</td>
<td>UMTC</td>
</tr>
<tr>
<td>Facility:</td>
<td>TC Campus</td>
</tr>
<tr>
<td>Total Cost:</td>
<td>$0</td>
</tr>
<tr>
<td>Description:</td>
<td>This project will explore options for consolidating freshman, transfer and international student admissions into a single more publicly accessible location.</td>
</tr>
</tbody>
</table>

**RRC:** Academic Affairs  
**Vice President:** Academic Affairs  
**Facility:** TC Campus  
**Stage:** Proposal  
**Year:** Under Consideration / Evaluation

---

### Public Space Reinvestments

<table>
<thead>
<tr>
<th>Vice President:</th>
<th>University Services</th>
</tr>
</thead>
<tbody>
<tr>
<td>Campus:</td>
<td>UMTC</td>
</tr>
<tr>
<td>Facility:</td>
<td>TC Campus</td>
</tr>
<tr>
<td>Total Cost:</td>
<td>$0</td>
</tr>
<tr>
<td>Description:</td>
<td>This program will fund a variety of small physical enhancements intended to improve the campus experience for students, employees and visitors.</td>
</tr>
</tbody>
</table>

**RRC:** Facilities Management  
**Vice President:** University Services  
**Facility:** TC Campus  
**Stage:** Proposal  
**Year:** Under Consideration / Evaluation

---

### UMD Academic Priority

<table>
<thead>
<tr>
<th>Vice President:</th>
<th>Duluth Campus</th>
</tr>
</thead>
<tbody>
<tr>
<td>Campus:</td>
<td>UMD</td>
</tr>
<tr>
<td>Facility:</td>
<td>UMD Campus</td>
</tr>
<tr>
<td>Total Cost:</td>
<td>$0</td>
</tr>
<tr>
<td>Description:</td>
<td>This project will address academic facility needs on the Duluth campus. Academic, financial and physical planning processes on the Duluth campus will identify the campus’s priorities for its next major investment.</td>
</tr>
</tbody>
</table>

**RRC:** Academic Affairs  
**Vice President:** Duluth Campus  
**Facility:** UMD Campus  
**Stage:** Proposal  
**Year:** Under Consideration / Evaluation
Definitions

Proposal: Projects in this stage represent preliminary conceptual ideas regarding program need and related capital requirements. Local units normally identify these ideas as part of the compact process. Projects do not have permission to begin pre-design or fundraising without administrative approval from the Capital Oversight Group.

Planning and Feasibility: Projects in this stage have been determined to be an institutional priority and have been approved to begin pre-design activities. Financial feasibility, including the completion of a fundraising feasibility study with the University of Minnesota Foundation, is assessed at this stage.

Resource Acquisition: Projects in this stage have an approved pre-design document and have been approved to actively seek funds.
Agenda Item: President’s Recommended 2015 State Capital Budget Request

☐ Review  ☐ Review + Action  ☑ Action  ☐ Discussion

☒ This is a report required by Board policy.

Presenters: President Eric Kaler
Vice President Pamela Wheelock
Vice President and CFO Richard Pfutzenreuter

Purpose & Key Points

Board policy requires the Board to approve the University's legislative capital request before it is submitted for consideration by the Governor and the Legislature.

The 2015 request contains three projects: Higher Education Asset Preservation and Replacement (HEAPR) funds, the replacement of the Veterinary Isolation Laboratory, and the replacement of a greenhouse on the St. Paul campus. All three projects were identified in the 2013 Six-Year Capital plan. The greenhouse project was previously included in the University's 2014 legislative capital request in the Laboratory Improvement fund line item but was not funded.

Additional project information can be found in the Six Year Capital Plan docket information.

Background Information

In September 2013, the Board approved the 2014 State Capital Budget Request.

President’s Recommendation

The President recommends approval of the 2015 State Capital Budget Request.
WHEREAS, the Board of Regents has directed the administration to annually submit a capital improvement budget and a six-year capital improvement plan in support of the University’s strategic priorities; and

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

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

NOW, THEREFORE, BE IT RESOLVED, that the Board of Regents approves the University’s 2015 State Capital Request to the Minnesota Legislature in the amount of $88,000,000 consisting of $77,000,000 from the State of Minnesota and $11,000,000 from the University of Minnesota.
2015 Capital Request

Request Summary (Prioritized):

<table>
<thead>
<tr>
<th>Location</th>
<th>Project</th>
<th>Total</th>
<th>State</th>
<th>UMN</th>
</tr>
</thead>
<tbody>
<tr>
<td>SYSTEM</td>
<td>HEAPR</td>
<td>$ 55,000</td>
<td>$ 55,000</td>
<td>$ 0</td>
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<tr>
<td>UMTC</td>
<td>Veterinary Isolation Facility Replacement</td>
<td>$ 27,000</td>
<td>$ 18,000</td>
<td>$ 9,000</td>
</tr>
<tr>
<td>UMTC</td>
<td>St. Paul Greenhouse Replacement</td>
<td>$ 6,000</td>
<td>$ 4,000</td>
<td>$ 2,000</td>
</tr>
<tr>
<td></td>
<td><strong>Total:</strong></td>
<td><strong>$ 88,000</strong></td>
<td><strong>$ 77,000</strong></td>
<td><strong>$ 11,000</strong></td>
</tr>
</tbody>
</table>

dollars in thousands

Project Summaries:

1. **Higher Education Asset Preservation and Replacement (HEAPR)** - This request is for funds used system-wide to maximize and extend the life of the University’s existing physical plant. Individual projects will fall into one of four broad categories - Health and Safety, Building Systems, Energy Efficiency, and Utility Infrastructure. The system-wide HEAPR advisory committee makes recommendations on individual projects to the Vice President for University Services using data from the Facility Condition Assessment and Building Code Deficiency Report. HEAPR funds do not require a 1/3 University funding match.

2. **Veterinary Isolation Facility Replacement** - This project will create a biocontainment facility for the College of Veterinary Medicine to house and perform research with large animals and pathogenic agents. The initial program definition, which will be confirmed in predesign, has suggested a 38,500 gross square feet (GSF) facility comprised of biocontainment laboratories, large animal isolation space and a small animal vivarium. The existing Veterinary Isolation Buildings will be demolished following the construction of this project.

3. **St. Paul Greenhouse Replacement** – This project will renovate or replace collections and teaching greenhouse space on the St. Paul Campus. The greenhouse will be furnished with modern temperature, humidity and lighting controls and monitored via the master greenhouse campus control system. This project was included in the University’s 2014 capital request.
Board of Regents

Agenda Item: Update on University of Minnesota Health

☐ Review  ☐ Review + Action  ☐ Action  ☑ Discussion

☐ This is a report required by Board policy.

Presenters: Brooks Jackson, Dean of the Medical School and Vice President for Health Sciences
Bobbi Daniels, Co-President of University of Minnesota Health, CEO of University of Minnesota Physicians, and Vice Dean for Clinical Affairs, Medical School

Purpose & Key Points

The purpose of this item is to provide an update on progress in implementing University of Minnesota Health; share University of Minnesota Health’s strategic plan; and discuss opportunities and challenges in the changing health care marketplace.

There has been significant progress in the development and implementation of University of Minnesota Health. The brand has been launched, the board is active, organizational changes are underway, and all parties are beginning to operate under a common vision.

University of Minnesota Health, University of Minnesota Physicians and Fairview Health Services have each recently adopted a new strategic plan. The plans are coordinated and reflect a shared vision that we will become a national leader in clinical outcomes, research, and education through better integration and innovation.

University of Minnesota Health strategic priorities include:

- Enhancing relationships with providers and payers.
- Developing focused clinical activities with sustainable competitive differentiation for key programs of distinction.
- Implementing innovative methods to provide high quality interdisciplinary care, increased access, and improved services.
- Financial performance to support priority investment.

Opportunities underway include preparations for the new University of Minnesota Health Clinics and Surgery Center, which is on schedule to open in January 2016; and the implementation of innovation grants to teams of University faculty and Fairview clinicians to investigate ways to improve patient safety and quality outcomes.

Challenges include the consolidating marketplace, internal communication, and culture change.
**Background Information**

The Board of Regents approved the formation of University of Minnesota Health in May 2013.

The Board of Regents approved the naming and branding of University of Minnesota Health in February 2014.
Board of Regents

October 10, 2014

Agenda Item: Demographic Trends & System-wide Enrollment Management

☐ Review  ☐ Review + Action  ☐ Action  ☒ Discussion

☐ This is a report required by Board policy.

Presenters: Karen Hanson, Senior Vice President for Academic Affairs and Provost

Purpose & Key Points

Staying informed about projected state demographic changes is an important part of enrollment management, tuition, and financial aid planning and policy making. Included in the docket is a report and accompanying data prepared by Minnesota State Demographer Susan Brower. Trends include:

1. An aging population will put new pressures on public budgets.
2. A slower labor force growth may alter the costs and benefits of attending college.
3. The composition of the student population will continue to change.
4. The number of Minnesota high school graduates has declined recently, and is projected to remain at current levels for the next few years.

This item will consider the ramifications of these trends for the University, its campuses, and programs; and discuss responses including examples of strategies, practices, and policies that reflect our predictions for a different environment 30 years from now.

Background Information

Board discussions related to enrollment management, tuition, and financial aid include:
Undergraduate Annual Graduate Education Planning & Update (February 13, 2014); Undergraduate Education Updates & Future Goals (December 12, 2013); Tuition & Financial Aid Philosophy (December 13, 2013); Size, Scope, and Mission of the University of Minnesota: Interim Report on Enrollment Management Strategies (December 9, 2010).
Four Key Demographic Trends Poised to Impact Higher Education
Prepared by Susan Brower, Minnesota State Demographer

1. Older age structure will put new pressures on public budgets.

Over the next 15 years, the size of Minnesota’s older adult population (age 65+) will grow markedly, from 800,000 in 2014 to 1.2 million in 2030. Over the same period, the number of children (age 0-17) and young adults (age 18-24) is projected to grow only modestly. These three age groups represent the main budget drivers of the state’s General Fund spending. By 2030, there will be a greater number of older adults (age 65+) in Minnesota than there will be young people (age 5-17). This demographic shift is unprecedented in Minnesota. The transition from a younger to an older age structure will likely put pressure on public budgets as the Baby Boomers’ need for medical assistance and long-term care grows. While the transition of the Baby Boomers into retirement is a one-time event, it also marks a parallel, more permanent, shift from a younger to an older age structure. The public budget pressures that will play out over the next 15 to 30 years will require a permanent budget response, one that realigns with Minnesota’s new age structure.

The aging of the Baby Boomers could also impact the revenue side of the state budget. As the Baby Boomers move out of the labor force, a smaller cohort of young people will move in to take their place. The slower labor force growth that results from this transition could have a dampening impact on the economy overall. One study estimates that an older U.S. age-structure will dampen growth in U.S. GDP by 0.7% annually between 2009 and 2018 (Roy & Aggarwal, 2009).

2. Slower labor force growth may alter the costs and benefits of attending college.

We project that the state will experience a slowing of labor force growth from 2015 through 2045. As a result, we would expect to see more job opportunities for young adults, compared with recent and current employment prospects. We may also see upward pressure on wages if the number of jobs in the state surpasses the number of available workers. The ratio of workers to jobs will depend, of course, on a number of feedback mechanisms such as increased migration to the state, the increased productivity of workers, and employers’ decisions about when and how to replace retiring workers. Greater job opportunities and higher wages could make college more affordable to young people, if students are able to work and study concurrently. However, better job prospects could also raise the opportunity costs of attending school, potentially altering decisions about when or whether to attend post-secondary school.

3. The composition of the student population will continue to change.

The population of Minnesota—and the younger population, in particular—will continue to become more racially diverse in the years ahead. In 2012, 20 percent of young adults (age 18-24) in Minnesota were People of Color, compared with 15 percent in 2000. By contrast, in 2012, 27
percent of preschoolers in the state (age 0-4) were People of Color. Institutions of Higher Education will continue to see increasingly diverse student populations as the youngest, most diverse, residents of the state age into their post-secondary years.

Other social and economic trends will continue to shape the composition of the University’s student body as well. Since 2000, both the proportion of children who live with a single parent and the rate of child poverty have been on the rise. These related trends will continue to impact the ability of families to save for their children’s post-secondary education and to afford college tuition.

Finally, the increased level of international immigration to the state in the past two decades suggests that the higher education institutions will continue to see increased cultural diversity among students into the future. In 2013, 15 percent of Minnesota children age 6-17 years had at least one foreign-born parent. Among children age 0-5 years, that proportion was 19. Cultural and family attitudes will continue to shape young peoples’ orientations toward college, though not necessarily in a predictable direction.

4. The number of Minnesota high school graduates has declined recently, and is projected to remain at current levels for the next few years.

Projections suggest that the number of high school graduates in Minnesota peaked in 2010 and is likely to remain low over the next few years, with only modest growth to 2020. Projections for the surrounding states are similar; declines in the number of high school graduates are forecasted for most Midwestern states between 2008-09 and 2019-20. These projections are created using high school completion rates. In Minnesota, lower rates of high school completion among Students of Color relative to White students impacts the number of graduates that Minnesota will see in the coming years.

For more information on these projections, please see:

MN Office of Higher Education http://www.ohe.state.mn.us/mPg.cfm?pageID=1290
Western Interstate Commission for Higher Education http://www.wiche.edu/knocking-8th
Board of Regents Meeting  
October 10, 2014

Agenda Item: Annual Report on Private Giving

Presenters: Kathleen Schmidilkofer, President and CEO, University of Minnesota Foundation  
Becky Malkerson, Executive Vice President & Chief Advancement Officer, University of Minnesota Foundation

Purpose & Key Points

The purpose of this item is to provide the Board with an annual report on fundraising and the impact of private giving across the University.

The University of Minnesota Foundation (UMF) raises private dollars for use by the University. In FY 2014, UMF recorded its second-highest gift and commitment total ever: $282 million from 75,558 donors. In addition, UMF oversees nearly $2 billion in endowed funds. As a result of the stewardship of the dollars invested, the foundation made available $184 million to the University this year to be used as donors direct to fund students, faculty, research, programs, and other strategic investments.

Background Information

UMF was established in 1962 by 21 alumni and friends. It advances the University's mission of teaching, research, and outreach to the community by raising and managing private dollars for scholarships, world-class faculty, leading-edge research, new facilities, and academic programs on all five campuses of the University.

In February 2013, the University of Minnesota Foundation and the Minnesota Medical Foundation merged, forming the new University of Minnesota Foundation. The foundation is governed by a 44-member board of trustees, which includes three current regents. One-quarter of the trustees are appointed by the University’s Board of Regents. The foundation actively partners with development staff from the University’s colleges, schools, units, and campuses.

The alignment of the foundation’s priorities with the University’s strategic initiatives continues to be a key factor in successfully raising philanthropic dollars. Our shared commitment to excellence and our disciplinary depth and breadth strengthen our partnership as we look to the future.
Agenda Item: Board of Regents Policy: *Attorneys and Related Services*

- Review
- Review + Action
- X Action
- Discussion

This is a report required by Board policy.

Presenters: William P. Donohue, General Counsel

Purpose & Key Points

The general counsel will review the principal elements of the policy, focusing on the delegation of authority to the general counsel to hire outside counsel. The general counsel is responsible in fact in virtually all cases for appropriate retention of outside legal counsel for the University. Only a minor language change in the policy is recommended.

Background Information

Board of Regents Policy: *Attorneys and Related Services* was first adopted on May 13, 1988 and last amended on July 8, 2009.

The proposed policy amendments were reviewed at the July 9, 2014 meeting of the Board of Regents.
Delegation of Authority

ATTORNEYS AND RELATED SERVICES

Adopted: May 13, 1988
Amended: October 13, 1995; March 11, 2005; July 8, 2009

DRAFT for review July 9, 2014

ATTORNEYS AND RELATED SERVICES

Subd. 1. Delegation of Authority. The Board of Regents (Board) of the University of Minnesota (University) delegates to the president and to the general counsel authority to hire attorneys from outside the Office of the General Counsel (OGC) and to enter into related contracts for services in any legal matter involving the University.

Subd. 2. Hiring Factors. The following factors shall be considered in the decision to hire outside attorneys and to contract for related services:

(a) the existence of insurance coverage for the legal matter;
(b) special expertise or experience in the subject area;
(c) actual or perceived conflict of interest;
(d) the need for additional resources beyond those available in the OGC to handle a particular matter because of its scope or time demands;
(e) special need for independent counsel or a second opinion; and
(f) the need for legal services outside the State of Minnesota.

Subd. 3. Exemption from Competitive Bidding. When the University retains outside attorneys on a case-by-case basis, it may do so without competitive bidding.

Subd. 4. Report. The general counsel shall report annually to the Board on the activities of the OGC. The Board’s Litigation Review Committee may require from the OGC additional reports regarding legal matters.
Agenda Item: Board of Regents Policy: *Gifts Received and Given by Regents and University Officials*

- Review
- Review + Action
- Action
- Discussion

This is a report required by Board policy.

**Presenters:** William P. Donohue, General Counsel

**Purpose & Key Points**

The general counsel will review the principal elements of the policy, focusing on adding assistant vice provosts to the definition of University Official to make the policy consistent with the *Institutional Conflict of Interest* policy definition of University Official.

**Background Information**

Board of Regents Policy: *Gifts Received and Given by Regents and University Officials* was first adopted on October 10, 1997 and last amended on March 11, 2005.

The proposed policy amendments were reviewed at the July 9, 2014 meeting of the Board of Regents.
This policy regulates gifts received and given by members of the Board of Regents (Board) and University of Minnesota (University) officials. Such regulation is essential in order to ensure that:

(1) Regents and University officials do not influence inappropriately, or appear to influence inappropriately, decisions by federal, state, and local government officials; and
(2) Regents and University officials are not influenced inappropriately, or do not appear to be influenced inappropriately, in performing their duties.

This policy is not intended to prohibit Regents or University officials from soliciting gifts on behalf of the University for University purposes.

SECTION I. SCOPE.

Subd. 1. Constitutional Authority. The Board has considered analogous federal and state laws and policies and has concluded that the University should have its own policy governing gifts, consistent with the Board’s exclusive constitutional authority to establish rules for the governance and management of the University.

Subd. 2. Application. This policy shall be interpreted and applied with sound practical judgment in a manner that best serves the overall interests of the University, not any individual.

SECTION II. DEFINITIONS.

Subd. 1. Gift. Gift shall mean any gratuity, favor, discount, entertainment, hospitality, loan, forbearance, services, training, transportation, lodging, meals, or other item that constitutes a personal benefit to the recipient. It does not include any gift made to the University or its foundations for University purposes.

Gift also shall mean a gift to a family member of a Regent or University official or a gift to any other individual based on that individual’s relationship with a Regent or University official (1) if it is given with the knowledge and acquiescence of the Regent or University official and (2) if the Regent or University official has reason to believe the gift was given because of the recipient’s University status.

The term gift shall not include the following:

(a) anything for which the individual recipient pays the market value;
(b) anything the individual receives but returns or gives to the University without substantial personal use or benefit;
(c) food or refreshments of reasonable value in the normal course of University business;
(d) plaques, trophies, mementos, hats, or similar items of reasonable value;
(e) any gift from a relative, provided that the Regent or University official has no reason to believe that the gift was provided because of the recipient's official University position;

(f) informational materials in the form of books, articles, other written materials, audio/video media, and other similar materials;

(g) anything received because a Regent or University official participated in a group, a majority of whose members are not Regents or University officials and who customarily may receive an equivalent item;

(h) anything paid for or reimbursed by the University pursuant to University policy;

(i) tickets to University athletic or cultural events;

(j) local transportation; and

(k) political contributions to any candidate, political committee, organization, or party as permitted by state and federal law, provided that no such contributions may be made from University funds or resources.

Subd. 2. Financial Interest. Financial interest shall mean an actual or foreseeable nontrivial financial benefit resulting from a decision.

Subd. 3. University Official. University official shall mean:

(a) chancellors and vice chancellors;

(b) deans;

(c) division I athletic directors;

(d) general counsel;

(e) president and president's chief of staff;

(f) provosts, vice provosts, and associate vice provosts; and assistant vice provosts;

(g) senior vice president and provost;

(h) senior vice presidents, vice presidents, associate vice presidents, and assistant vice presidents;

(i) University directors and campus-wide directors; and

(j) University employees officially engaged in legislative lobbying on behalf of the University.

SECTION III. GIFTS TO AND FROM REGENTS.

Subd. 1. Government Officials. No Regent shall give a gift or solicit another to give a gift to any federal, state, or local government officials or to any member of their staff.

Subd. 2. Financial or Personal Interests. No Regent shall solicit or accept a gift from any person or organization having a financial or other direct personal interest in a decision before the Board, provided, however, that a Regent may receive food, lodging, or other benefits resulting from the Regent's outside business or employment activities or other outside activities not connected to their duties as a Regent if (a) such food, lodging, or other benefits have not been offered or enhanced because of the Regent's official status and (b) such benefits customarily are provided to others in similar circumstances.
GIFTS RECEIVED AND GIVEN BY
REGENTS AND UNIVERSITY
OFFICIALS
Adopted: October 10, 1997
Amended: March 11, 2005
DRAFT for review July 9, 2014

SECTION IV. GIFTS TO AND FROM UNIVERSITY OFFICIALS.

Subd. 1. Government Officials. No University official shall give a gift or solicit another to give a gift to any federal, state, or local government official or to any member of their staff.

Subd. 2. Financial or Personal Interests. No University official or other University employee authorized to make a decision involving the purchase of goods or services on behalf of the University shall solicit or accept a gift from any person or organization having a financial or other direct personal interest in such decision.
Board of Regents

October 10, 2014

Agenda Item: Board of Regents Policy: *Legal Claims and Settlements*

- Review
- Review + Action
- Action
- Discussion

This is a report required by Board policy.

Presenters: William P. Donohue, General Counsel

Purpose & Key Points

The general counsel will review the principal elements of the policy, focusing on a suggested increase in the cap for settlements that must be presented to the Board's Litigation Review Committee from $250,000 to $500,000.

Background Information

Board of Regents Policy: *Legal Claims and Settlements* was first adopted on December 14, 1984 and last amended on December 10, 2004.

The proposed policy amendments were reviewed at the July 9, 2014 meeting of the Board of Regents.
LEGAL CLAIMS AND SETTLEMENTS

Subd. 1. Scope. This policy applies to all legal claims asserted by the Regents of the University of Minnesota (University), legal claims asserted against the University, legal claims asserted against the Board of Regents (Board) as a corporate body or Board members in their official capacity, and legal claims asserted against Board members, employees of the University, and other individuals when the University has agreed to provide legal defense and indemnification to them, consistent with Board and administrative policy.

Subd. 2. Delegation of Authority. Except as provided in subds. 3 and 4, the president is authorized to initiate, appeal, or settle any claim after consultation with the general counsel. The president may delegate such authority, provided that any initiation, appeal, or settlement decision by a delegate of the president must be approved by the general counsel.

Subd. 3. Reservation of Authority. The Board reserves to itself authority to initiate, appeal, or settle a claim involving a specific decision of the Board or a claim against Board members in their individual capacity.

Subd. 4. Board of Regents Litigation Review Committee. Any settlement of a claim involving payment by the University in excess of $250,000 shall be presented to the Litigation Review Committee (LRC) for approval. The president shall determine, in consultation with the general counsel, those other claims that shall be presented to the LRC for review prior to a decision to initiate, appeal, or settle, taking into account whether the claim involves one or more of the following factors:

(a) a significant change in University-wide policy;
(b) a serious conflict with University-wide policy;
(c) an unusually significant financial impact;
(d) a matter of special public interest; or
(e) Board members as named defendants in their official capacity.

The LRC is authorized to determine which claims shall be referred to the Board for review or approval.
Agenda Item: Report of the Committees

[ ] Review  [ ] Review + Action  [ ] Action  [ ] Discussion

This is a report required by Board policy.

Presenters: Regent Richard Beeson

Purpose & Key Points

Pursuant to Board of Regents Policy: Board Operations and Agenda Guidelines, “The Board conducts business through meetings of the Board and its committees... [and] Committees provide recommendations for action by the Board. Typically, standing committees have the following responsibilities:

- Recommend action on matters where the Board has reserved authority to itself as outlined in Board of Regents Policy: Reservation and Delegation of Authority and other Board policies;
- Provide governance oversight on topics within the committee’s purview;
- Review and make recommendations on relevant new and existing Board policies;
- Receive reports on policy-related issues affecting University departments and units;
- Receive information items (e.g., status reports on current issues of concern and administrative searches); and
- Review other items placed on the agenda by the Board chair in consultation with the president and Board vice chair.”

The Board chair will call on the chair of each committee to present recommended actions and provide a brief report.

Background Information

The 2013-15 committee chairs are:
- Academic & Student Affairs Committee - P. Simmons
- Audit Committee - L. Brod
- Facilities & Operations Committee - C. Allen
- Faculty & Staff Affairs Committee - J. Frobenius
- Finance Committee - D. McMillan
- Litigation Review Committee - D. Larson
- Special Committee on Academic Medicine - L. Cohen