Finance & Operations Committee

December 2018

December 13, 2018

1:15 p.m. - 4:30 p.m.

Boardroom, McNamara Alumni Center

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BOARD OF REGENTS
DOCKET ITEM SUMMARY

Finance & Operations **December 13, 2018**

AGENDA ITEM: College of Science and Engineering Tuition Surcharge

[X] **Review** [ ] **Review + Action** [ ] **Action** [ ] **Discussion**

[ ] *This is a report required by Board policy.*

PRESENTERS: Mos Kaveh, Dean, College of Science and Engineering
Julie Tonneson, Associate Vice President and Budget Director

PURPOSE & KEY POINTS

The purpose of this item is to review a proposed tuition surcharge for the College of Science and Engineering (CSE), Twin Cities campus.

CSE's vision of expanding to better meet student demand and the state's science and technology workforce is supported by the following proposal: to extend to CSE undergraduate majors the tuition surcharge in place in the Carlson School of Management (CSOM). Applying the $1,000 per semester tuition surcharge to CSE undergraduate majors is projected to raise $12 million annually after being phased in over a four-year period. To ensure the surcharge does not restrict access to students with identified financial need, a scholarship equal to the surcharge will be awarded to all Pell-eligible and UPromise students. The scholarships are estimated to consume 25 percent of the $12 million, leaving a net $9 million.

The proposal applies the surcharge to all new undergraduate students in CSE, and to students in the College of Liberal Arts pursuing CSE majors beginning the semester after being accepted to a CSE major (BA in astrophysics, chemistry, computer science, earth sciences, mathematics, physics). The surcharge will only be applied to new undergraduate students (freshmen and transfers) arriving Fall semester 2019 and after, so no current undergraduate student would pay the surcharge. The surcharge will apply in-full at $1,000 per semester in the upcoming academic year, but will only apply to students who decide to attend the University with full knowledge of its existence.

CSE has experienced extraordinary increases in student demand for its undergraduate programs in recent years, which is consistent with national trends. The college has managed over the last decade of growth to accommodate both the increase in CSE student enrollments (25 percent increase in 10 years) and expanded service teaching to students enrolled in other colleges through improved efficiencies. However, for several of CSE's programs, capacity is now being exceeded. Since 2007, CSE's total student credit hours instructed have increased by 32 percent, which has required growth in CSE's faculty, laboratory space, and other teaching and research infrastructure. This substantial instructional expansion and associated growth of CSE's research enterprise have been accomplished within constrained resources.

Since fiscal year 2008, CSE's state support has fallen by 30 percent. While increases in tuition revenue have partially offset declining state support, CSE's O&M budget (state support plus tuition) has fallen short of even the 2.3 percent annual inflationary growth indicated by the Higher Education Price Index. Despite limited resources, collegiate enrollment growth has necessitated investments in an expanded faculty (approximately 10 percent growth), additional teaching assistants, capital projects, and in other mission-based areas. CSE's substantial expansion within limited resources has presented challenges, as the college has staved off a structural deficit by working to grow all earned revenues, internally reprioritizing and reallocating funds, and continually expanding instructional effort and, therefore, growing tuition revenue. Even with critical recent investments in the Physics and Nanotechnology Building, Tate Hall, Amundson Hall's Gore Annex, and Shepherd Labs, the most immediate challenges to increasing student opportunities are space constraints and deteriorating conditions of some of our facilities. These challenges prevent the college from fully capitalizing on its myriad opportunities for further expansion of its teaching and research missions, which the state citizenry and private sector are demanding.

Student Demand

CSE has expanded the size of the incoming freshman class even as the academic metrics of the incoming students have increased. Since 2007, CSE's freshman class has increased by 43.8 percent, while continuously improving the composite ACT from 28.8 to 31.8, the percentage of female students from 22.0 percent to 32.1 percent, and the number of students of color from 12.2 percent to 20.2 percent. Over this same time period, CSE's 4-year graduation rate has increased from 44.8 percent to 72.0 percent and its 6-year rate from 73.5 percent to 85.5 percent, both already exceeding Board targets for 2021. Conversations with the Office of Undergraduate Education and analysis of CSE's pool of over 14,000 applicants indicate that the depth of the pool of high school students interested in CSE can sustain additional growth without significant degradation in these key progress indicators.

Post-graduation Opportunities

CSE undergraduates have outstanding post-graduation opportunities. Many attend graduate school, and job placement rates are high with excellent starting salaries. Approximately 2,400 unique companies posted positions last year in CSE. Additionally, the number of companies attending our fall career fair has doubled in the last five years.

The college annually conducts a survey of CSE graduates to determine their placement using the national standard that students are considered successfully 'placed' if they are attending graduate school or are employed in a field that they indicate is closely aligned with their major within six months of graduation. During the 2016-17 academic year, CSE received responses from 86.7 percent of graduates with the following placement rates: engineering 95.1 percent, physical sciences and mathematics 93.4 percent, and computer science 96.4 percent. Of those indicating employment, 76.3 percent remained in Minnesota with an additional 10.5 percent indicating positions in the upper Midwest.

Job postings for CSE graduates are carefully tracked in GoldPASS, which indicated 8,022 jobs for CSE graduates last year, which include 2,884 in engineering, 2,151 in computer science, 501 in the physical sciences and mathematics, and 2,486 in fields not necessary identified by our majors (e.g. consulting, financial analyst, product design, etc.). It is worth noting that while engineers and computer scientists inordinately seek employment after graduation (percentage employed: engineers 77.7 percent, computer scientists 84.5 percent), a large number of students in the physical sciences and mathematics pursue advanced degrees (57.4 percent employed and 36 percent graduate school). Average starting salaries ranged from a high of $73,854 in computer

science, to $63,011 for engineering and $57,125 in the physical sciences and math. The average starting salary for 2017-18 graduates is projected to be over $65,000.

Expansion Opportunities

CSE has many opportunities for further expansion to accommodate growing demand for engineers, computer and data scientists, mathematicians and physical scientists. The largest job growth is anticipated to be in mathematical occupations, with both the Bureau of Labor Statistics and the Minnesota Department of Employment and Economic Development projecting over 25 percent growth by 2026; job growth for other CSE-related occupations is projected to grow by 8-11 percent, which is greater than the projected growth of 5.8 percent for all occupations in Minnesota. CSE is positioned to educate more talented students with interests in these areas, so Minnesota's business community can access the science and technology workforce necessary to be competitive now and in the future. Expanding CSE's enrollment will enrich the state workforce by training more of tomorrow's science and technology leaders and entrepreneurs. Evidence of the impact of CSE graduates on Minnesota's economy and well-being abounds and is truly compelling.

Immediate Challenges

The immediate inhibitors to CSE's expansion of undergraduate opportunities involve CSE's capital infrastructure. As a result of recent growth and deteriorating facilities, the college does not have suitable space even to fully accommodate its programs at their current scales. The college has patched together disconnected and generally poor-quality space to temporarily accommodate growing student demand in programs such as industrial and systems engineering, biomedical engineering, and computer science, which has led to functional but undesirable space arrangements for these programs. Outdated and deteriorating facilities in programs such as math and chemistry also require extraordinary financial investments in the near-term.

With facilities already stretched near the breaking point, CSE's programs that are otherwise poised for expansion are profoundly limited by inadequate space, and buildings such as Vincent Hall, Smith Hall, and Shepherd Labs are in desperate need of improvement. In FY 2018, Shepherd Labs underwent a major renovation to nearly half of the building, but the other half of the building will remain in poor condition and underleveraged for lack of funds. Vincent and Smith are in such poor condition that they are significant detractions to faculty and student recruitment. Instructional and research labs across the college are also in need of modernization, including considerations for asbestos mitigation and overall safety. With the financial capacity to address these pressing infrastructure needs, CSE could begin pursuing growth opportunities quickly.

Capital Infrastructure

Because the college's most immediate needs involve capital infrastructure, much of the surcharge proceeds will initially fund capital improvement projects, all of which will need to be approved through the University's standard capital project business processes. Efforts will be undertaken by the college to raise additional revenue from donors. Facilities most clearly in need of attention are Vincent Hall (mathematics), Smith Hall (chemistry), Shepherd Labs (interdisciplinary), and Lind Hall (interdisciplinary). While the college's urgent needs mainly involve facilities, the surcharge is proposed to ultimately fund an undergraduate STEM expansion and enhancement of instructional laboratories and experiential learning opportunities for all students in CSE, and therefore the items of expenditure supporting these goals will shift over time.

Prevalence of Tuition Surcharges at Peer Institutions

A review of Big Ten universities shows that the University of Minnesota is the only public Big Ten institution without some form of differential tuition or fee in place for its engineering and computer science programs (see Big Ten comparison included in the docket materials). CSE is a college of engineering, science, and mathematics, and surcharges on non-engineering disciplines are less prevalent. However, CSE's programs are highly integrated, and the case for a tuition surcharge (based on costly facility needs, high student demand, program expansion, and improved student experiences) applies similarly to engineering, science, and math. Therefore, application of the surcharge should not be limited to CSE's engineering undergraduates. In particular, cost-intensive laboratory-based instruction – including computing laboratories – is not limited to CSE's engineering departments. Facilities, space, and equipment needs in CSE are not limited to engineering disciplines. In fact, the most urgent space and facilities challenges happen to be in the sciences and mathematics. Moreover, student demand for CSE's programs is not limited to engineering, and all of CSE's graduates have outstanding post-graduation opportunities. The benefits of the surcharge investments will be distributed across the entire student body, making equitable application of the surcharge across all CSE disciplines quite appropriate.

Summary

Extending the University's CSOM tuition surcharge to CSE undergraduates is expected to catalyze a chain reaction, starting with facilities improvements that allow an increase in the number of STEM undergraduates and enhancements in the quality of the undergraduate experience in CSE. The tuition generated by new undergraduates will help fund revitalization and expansion of the college's academic infrastructure – including the hiring of faculty in new and emerging fields and addressing the increasingly challenging retention of the most impactful current faculty – which leads directly to growth of the college's research enterprise and public service mission. The combined impact is better service to the people of the Minnesota by a college with an improved national and international standing, educating more STEM students with outstanding post-graduation prospects.

PRESIDENT'S RECOMMENDATION

The President recommends a $1,000 per semester tuition surcharge for undergraduate students in the College of Science and Engineering. The President further recommends that the surcharge be phased in as proposed above: $1,000 per semester for all undergraduate students (freshmen and transfers) first enrolled in CSE in academic year 2019-2020 and future academic years (students enrolled prior to 2019-2020 would not pay the surcharge). In addition, the President recommends the surcharge apply to students enrolled in the College of Liberal Arts pursuing CSE majors beginning the semester after being accepted to a CSE major (BA in astrophysics, chemistry, computer science, earth sciences, mathematics, physics). Finally, as CSE proposed, the President recommends the surcharge be offset with an equivalent scholarship for Pell-eligible and UPromise students.

The recommendation is coming forward at this time, with action anticipated in February, to fully inform prospective students and families as they make decisions about next fall and to aid in the financial aid packaging processes for the fall 2019 recruitment cycle.

REGENTS OF THE UNIVERSITY OF MINNESOTA

RESOLUTION RELATED TO

Tuition Surcharge for the
College of Science and Engineering, Twin Cities Campus

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

WHEREAS, the current base undergraduate tuition rate for the Twin Cities campus is set consistently across colleges with a $1,000 per semester surcharge in the Carlson School of Management; and

WHEREAS, the College of Science and Engineering is experiencing significant demand, with exceptionally qualified applicants, for many of its majors; and

WHEREAS, the budget of the College of Science and Engineering does not currently allow for investments necessary to expand capacity or make required improvements in instructional spaces necessary to adequately serve existing enrollment levels; and

WHEREAS, communicating a change in the Twin Cities undergraduate cost of attendance as early as possible will benefit the process of financial aid packaging in anticipation of reaching enrollment goals;

NOW, THEREFORE, BE IT RESOLVED that the Board of Regents approves an FY 2020 $1,000 per semester tuition surcharge for all undergraduate students enrolling first in the College of Science and Engineering in fall 2019 or after and College of Liberal Arts undergraduate students pursuing majors in the College of Science and Engineering (astrophysics, chemistry, computer science, earth sciences, mathematics, physics) enrolling first in the College of Liberal Arts in fall 2019 or after. In the College of Liberal Arts, the surcharge shall apply only in semesters after a student has been admitted to a major in the College of Science and Engineering. Students in both the College of Science and Engineering and the College of Liberal Arts who are UPromise or Pell-eligible shall receive a scholarship of equivalent value to fully offset the surcharge.

APPENDIX A **Differential Undergraduate Tuition - Big 10**

School	Differential tuition for engineering?	If so, 2018-19 amount?	Notes	Sciences	Source
Illinois	Yes	Additional $5004 per year for residents and nonresidents; additional $9348 per year for international.	Applies to these majors: Agricultural & Biological Engineering, Pre-Engineering Program, all engineering majors, Chemical Engineering, Math & Computer Science, Stats & Computer Science, Physics, Computer Science & Anthropology, Computer Science & Astronomy, Computer Science & Chemistry, Computer Science & Linguistics, Computer Science & Crop Science, Computer Science & Music, Computer Science & Economics, Computer Science & Geography/Geographic Information Science, Computer Science & Philosophy, Computer Science & Advertising	Additional $5004 per year for residents and nonresidents; $6504 per year for international. Applies to Biochemistry, Chemistry, Biology, Integrative Biology, and Molecular & Cellular Biology.	https://registrar.illinois.edu/tuition-fees/tuition-fee-rates/ug-tuition-rates-1819/
Indiana	Yes	Additional $1020 per year for both in-state and out-of-state for engineering program; additional $624 per year for both in-state and out-of-state for informatics & computing program	Applies to the engineering (intelligent systems) program; applies to the Informatics and Computing program (including informatics, computer science, library science, information science, and intelligent systems engineering)	No differential tuition.	https://studentcentral.indiana.edu/pay-for-college/cost-of-iu/semester-fees.html?term=46&category=6
Iowa	Yes	1st year: additional $1038 per year for residents and additional $1060 for nonresidents. 2nd, 3rd, & 4th years: additional $2712 per year for residents and $3089 per year for nonresidents.	Applies to programs in the College of Engineering. No differential tuition for Computer Science (housed in College of Liberal Arts and Sciences).	No differential tuition.	https://www.maui.uiowa.edu/maui/pub/tuition/rates.page
Maryland	Yes	Additional $2800 per year	Same rate for business majors. One rate for the entire college. Applies to all majors in School of Engineering and to all Computer Science majors. Applies only to students who have achieved 60+ credits (junior or senior class standing). Will not be charged first year of enrollment. Students will be charged for no more than 4 semesters of differential tuition.	No differential tuition.	https://www.admissions.umd.edu/finance/differentialtuition.php
Michigan	Yes	Additional $1060 per year for lower division residents and $290 per year for lower division nonresidents. Additional $3860 per year for upper division residents and $2890 per year for upper division nonresidents.	Applies to majors in College of Engineering including Computer Science. (Computer Science degree is also offered through LSA college and does not have differential tuition.)	No differential tuition.	http://obp.umich.edu/wp-content/uploads/pubdata/factsfigures/tuitionhistory_umaa_fall18.pdf
Michigan State	Yes	Nothing for lower division students. Additional $432 per year for upper division residents and additional $456 per year for upper division nonresidents and international students.	Differential rate is charged per credit hour. Yearly rates listed here are based on 2 semester at 12 credits each. Same rate for business majors, but amount of programmtic fee is less for business majors. All upper division engineering resident and non-resident students also pay $1340 and non-resident international students pay $1364 per year for an engineering programmatic fee. Computer Science is housed in College of Engineering and therefore is subject to the differential rate.	No differential tuition.	http://www.ctlr.msu.edu/COStudentAccounts/Tuition_Fees_MainMenu.aspx
Nebraska	Yes	Additional $2550 per year for residents and additional $5604 per year for nonresidents.	Differential rate is charged per credit hour. Yearly rates listed here are based on 2 semester at 12 credits each. Applies to College of Engineering courses including Computer Science & Engineering, Ag Eng, and Bio Sys Eng.	No differential tuition.	https://studentaccounts.unl.edu/undergraduate-tuition
Northwestern	No	NA	NA	NA	http://www.mccormick.northwestern.edu/
Ohio State	Yes	Program fee of $1178.40 per year for all engineering majors except Engineering Physics (program fee is $698.40 per year).	Applies to engineering majors except Engineering Physics. Computer Science majors pay a learning technology fee of $216 per year but no program fee.	No differential tuition.	https://registrar.osu.edu/FeeTables/Index_fee_locator_au18_sp19_new_first_year.asp
Penn State	Yes	Additional $1952 per year for upper division residents and additional $2162 per year for upper division nonresidents.	Same rate for business majors. Computer Science housed in College of Engineering and therefore is charged differential tuition.	Same as engineering amount.	http://tuition.psu.edu/tuitiondynamic/tuitionandfees.aspx
Purdue	Yes	Additional $2050 per year for residents, nonresidents, and international students.	Applies to engineering majors (including Agricultural & Biological Engineering) and Computer Science majors.	No differential tuition.	https://www.purdue.edu/bursar/tuition/feerates/2018-2019/underGraduate/fallSpring.html
Rutgers	Yes	Additional $1408 per year for residents and additional $4228 per year for nonresidents.	Applies to programs in the College of Engineering. No differential tuition for Computer Science (housed in School of Arts and Sciences).	No differential tuition.	https://www.studentabc.rutgers.edu/sites/studentabc/files/2017-2018%20Term%20Bill%20Rates%20-%20NB%20UG.pdf
Wisconsin	Yes	Additional $1399.92 per year for residents, nonresidents, and international students.	Differential rate is charged per credit hour. Yearly rates listed here are based on 2 semester at 12 credits each. No differential tuition for Computer Science (housed in College of Letters and Science).	No differential tuition.	https://registrar.wisc.edu/tuition_&_fees.htm

College of Science and Engineering Tuition Surcharge

Mos Kaveh, Dean, College of Science and Engineering
Julie Tonneson, Associate Vice President and Budget Director

Finance & Operations Committee

December 13, 2018

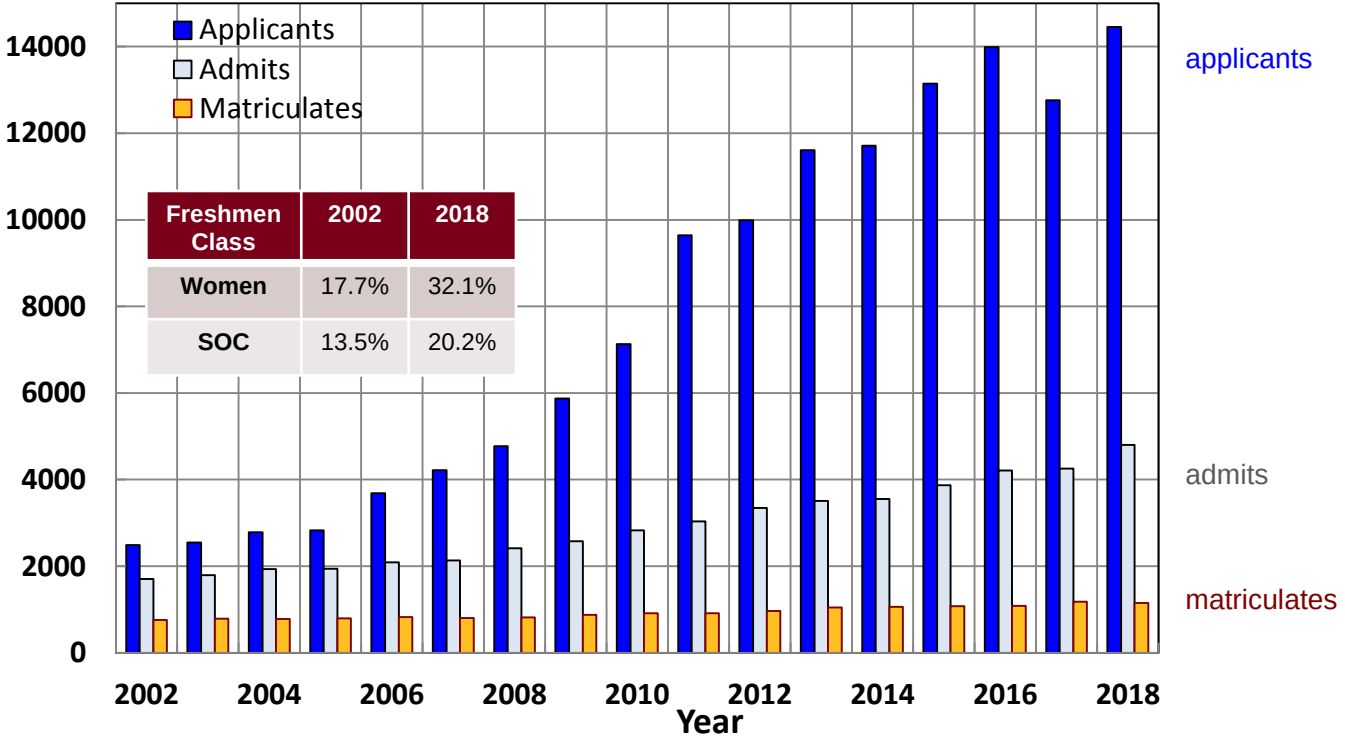
SENIOR VICE PRESIDENT FOR FINANCE AND OPERATIONS

World Class Services for a World Class University

UNIVERSITY BUDGET

UNIVERSITY OF MINNESOTA

Historical Growth in Undergraduate Applications



Freshmen Class	2002	2018
Women	17.7%	32.1%
SOC	13.5%	20.2%

CSE Matriculates:	785	825	821	914	969	1060	1084	1152
ACTc:	27.8	27.8	28.9	30.1	30.6	31.1	31.7	31.8

CSE's Undergraduates are Succeeding

	2014	2015	2016	2017	2018
Freshman Retention	95.6%	96.2%	96.0%	96.0%	96.0%
Four Year Graduation	59.1%	56.9%	65.9%	68.8%	72.0%
Six Year Graduation	82.0%	83.9%	82.2%	82.4%	85.5%
Employed* or Grad School	91.8%	94.8%	94.1%	94.7%	NA
Starting Salary	$63,743	$62,099	$65,870	$64,106	NA

*Approximately 75% of CSE graduates are employed in Minnesota

Jobs Related to CSE Programs are Projected to Grow

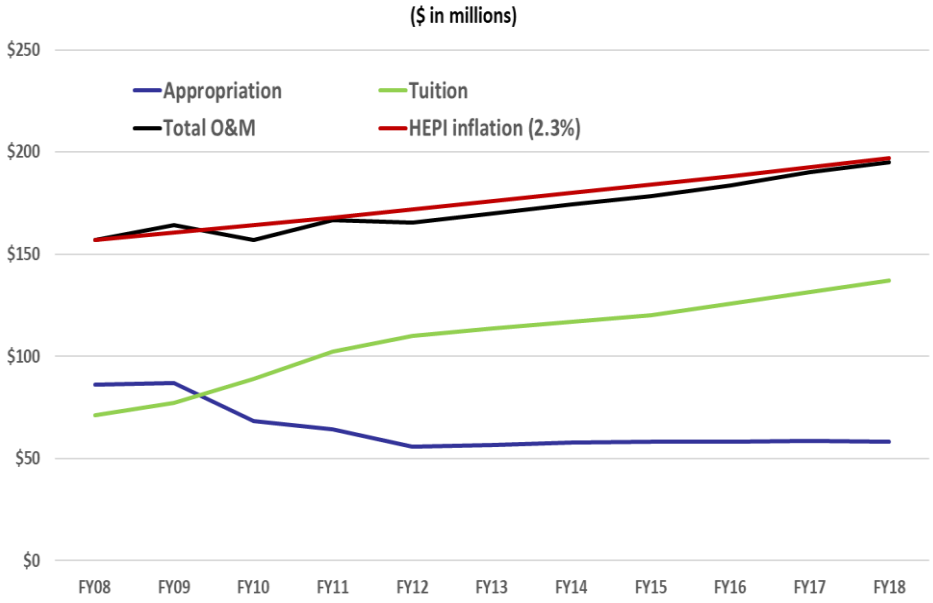
BLS — DEED Comparisons
Growth Predictions 2016-26

	BLS	DEED
Computer occupations	13.1%	8.3%
Engineering	8.3%	8.8%
Mathematical occupations	27.9%	25.2%
Physical science occupations	9.7%	10.6%
All occupations	7.4%	5.9%

CSE must grow to respond to workforce needs

Expansion has been Accomplished with Limited Resources

CSE's O&M Budget has Grown Slower than Inflation



	BS degrees awarded	BA* degrees awarded
2008	1044	55
2018	1480	241
Percent change 2008-2018	42%	340%

*BA degrees awarded in CLA in Astrophysics, chemistry, computer science, earth sciences, mathematics and physics

CSE Applicant Pool is Deep

Growth	0%	5%	10%	15%	20%	25%
ACTc	31.8	31.5	31.3	31.0	31.0	30.9
Class Rank	94.0%	93.2%	92.9%	92.6%	92.1%	91.8%

Additional growth will not substantially impact the quality of our students

Constraints to Undergraduate Growth

- Space is exhausted
- Maintaining and expanding laboratory-based instruction is costly
- Competitive faculty salaries and research setup costs have increased

Student demand and workforce needs exist, but CSE has reached capacity until resources address these constraints.

Big 10 Peers Have Adopted Differential Tuition

- All public Big 10 universities have adopted differential tuition for engineering programs
- Each institution has implemented it differently, but $1,000-$3,000 per year is common

CSE Tuition Surcharge Proposal

- CSE proposes expanding the existing $1K/sem tuition surcharge in the Carlson School of Management to undergraduates in CSE programs
  - Would apply to all CSE undergraduates, including transfer students
  - Would apply to CLA BAs in the semester after they are accepted to a major in a CSE program (Astrophysics, Chemistry, Computer Science, Earth Sciences, Mathematics, Physics)
  - Pell and UPromise-eligible students would not pay the surcharge
  - Would not apply to current students (ever), but would apply in full to undergraduate students first enrolled in or after Fall 2019

CSE Tuition Surcharge Finances

- After four-year phase-in, gross annual revenue is estimated at $12 million
  - 25% is estimated to be returned to offset the surcharge for Pell/UPromise students, leaving a net $9 million
  - CSE enrollment growth would generate additional tuition

- Expenditures would be unrestricted, but initial critical needs are:
  - Capital projects to expand instructional capacity
    - Chemistry Teaching Labs (Fraser Hall renovation)
    - Lind Hall renovation
    - Vincent Hall renovation
    - Shepherd Labs renovation
  - Maintenance and expansion of instructional laboratories
  - Recruitment and retention of world-class faculty

CSE Tuition Surcharge Outcomes

- CSE seeks to expand the undergraduate class significantly to serve more students, particularly Minnesota residents
  - In discussions with Admissions to expand by 100 additional students each year for three years
  - Improve the quality of the undergraduate experience by building on CSE's strengths: exceptional classroom and laboratory instruction; opportunities for project-based learning and research; internships and co-ops; global technical seminars; leadership opportunities
  - Maintain and enhance educational quality by retaining and recruiting outstanding faculty and other student-focused personnel

Surcharge and the FY20 Budget

If approved:

- Tuition surcharge will be included in the tuition rate tables (along with the undergraduate tuition rates)
- The budget document in June will indicate the surcharge has previously been approved for FY20
- Estimated increase in revenue for year 1 ($2.5-$3m) will be reflected in the total tuition estimate for CSE (CLA impact is not projected until year 2 or 3)
- Estimated increase in revenue will be dedicated to scholarships and facility/program enhancements in CSE as described in this proposal

UNIVERSITY OF MINNESOTA

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BOARD OF REGENTS
DOCKET ITEM SUMMARY

Finance & Operations **December 13, 2018**

AGENDA ITEM: Resolution Related to FY 2020 Twin Cities Undergraduate Nonresident/Non-Reciprocity Tuition Rate

☐ **Review** ☐ **Review + Action** ☒ **Action** ☐ **Discussion**

☐ *This is a report required by Board policy.*

PRESENTERS: Julie Tonneson, Associate Vice President and Budget Director

PURPOSE & KEY POINTS

The purpose of this agenda item is to act on the President's recommended FY 2020 undergraduate nonresident/non-reciprocity (NRNR) tuition rate for the Twin Cities campus.

During the first decade of this century, tuition rates at the University of Minnesota increased in almost all categories significantly: partially in response to periodic reductions in state funding; partially to address cost increases for essential items in the budget; and partially to maintain excellence in academic programs and services. It is an annual decision that takes into consideration a variety of factors as part of a larger total budget package.

Recent history for nonresident/non-reciprocity (NRNR) undergraduate tuition rates has varied by campus. The Crookston and Rochester campuses do not have a nonresident tuition differential for competitive reasons, and the Morris campus just reinstated a differential beginning in FY 2017. The Duluth campus has a nonresident tuition differential that has been increasing in the 2.5 percent to 5.5 percent range in recent years.

In June 2007 (for students entering fall 2008), the President recommended and the Board approved a plan to decrease the nonresident tuition differential on the Twin Cities campus significantly – to the bottom of the Big Ten – in order to improve recruitment potential and build pipe-lines of potential students from markets throughout the country. This happened at the same time the State of Minnesota changed the reciprocity agreement with Wisconsin in such a way that resulted in additional revenue for the University, so the small loss in nonresident tuition was offset by increased reciprocity tuition and minor changes in tuition discounting.

This strategy, combined with continued improvement in the academic profile of the University, has been successful in building strong demand for nonresident enrollment. Over the last three years, the University has increased the Twin Cities nonresident tuition rates at an annual average rate of 11.7 percent, and for FY19, that rate ranks 12th out of 14 schools in the Big Ten.

The President recommends a 10 percent increase in the Twin Cities' NRNR undergraduate tuition rate for FY 2020. As previously described, this rate is currently very near the bottom of the Big Ten comparison group (12 out of 14) and is therefore not well aligned with the undergraduate resident tuition rate in a similar comparison (7 out of 14).

	Current Year FY19	Recommended FY20	$ Increase	% Increase
Twin Cities NRNR Annual Tuition Rate	$28,736	$31,616	$2,880	10%

This rate would apply to incoming students only. The recommendation for a 10 percent increase is not based on a specific calculation of how much additional revenue is needed to balance the budget. Instead, it is based on an analysis of comparative rates in the Big Ten, the quality experience offered to students, the potential impact different rate increases would have on recruitment, and the effectiveness of corresponding discounting strategies. Although the full proposed budget will not be presented to the Board for review and action until June, this recommendation includes a commitment to continue the practice of the last several years for continuing nonresident non-reciprocity students: holding their tuition rate increase to no more than 5.5 percent.

In conjunction with this recommendation, the President will incorporate additional investments to positively impact recruitment and retention of nonresident students in his Recommended FY20 operating budget. The final recommendation will include increased funding for a discounting strategy targeted to address student financial need and exceptional merit.

Current estimates are that the proposed 10 percent increase in the NRNR tuition rate on the Twin Cities campus will result in a net revenue increase of roughly $7 million (after increased discounting). If the FY20 budget process results in a recommendation to increase investment in recruiting staff or activities, the net gain will decrease and will be reflected in the final recommended budget framework for FY20.

Attachment 1 includes the recommended rates for action at this time.

BACKGROUND INFORMATION

The President's recommended annual operating budget is submitted to the Board for review and action each year in late spring or early summer depending on the adjournment date of the Minnesota Legislature. Because the University's appropriation for the next biennium will not be known until late May 2019 at the earliest, it is anticipated that the President will provide recommendations on the full FY 2020 annual operating budget for review and action in June, 2019.

The recommendation on the Twin Cities undergraduate NRNR tuition rate was proposed for review in October and is coming forward for action at this time, rather than with the full budget in June, to provide the best opportunity for a positive impact on the fall 2019 recruitment cycle. This same timing occurred for the fall 2018 recruitment cycle and Office of Admissions believes it was helpful in communicating definite cost information to prospective students and families.

PRESIDENT'S RECOMMENDATION

The President recommends approval of the resolution related to the FY 2020 Twin Cities Undergarduate Nonresident/Non-Reciprocity Tuition Rate.

REGENTS OF THE UNIVERSITY OF MINNESOTA

RESOLUTION RELATED TO

FY 2020 Twin Cities Undergraduate Nonresident/Non-reciprocity Tuition Rate

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

WHEREAS, the current undergraduate nonresident/non-reciprocity tuition rate for the Twin Cities campus is set at a level inconsistent with the corresponding resident tuition rate in terms of comparison to peers; and

WHEREAS, communicating a significant change in the Twin Cities undergraduate nonresident/non-reciprocity tuition rate as early as possible, before the end of the calendar year, will benefit the process to reach enrollment goals;

NOW, THEREFORE, BE IT RESOLVED that the Board of Regents approves the FY 2020 Twin Cities undergraduate nonresident/non-reciprocity tuition rate as stated in Attachment 1 - University of Minnesota 2019-20 Tuition Plan, with a commitment to hold the rate increases to no more than 5.5 percent for continuing nonresident/non-reciprocity students.

Attachment 1
University of Minnesota 2019-20 Tuition Plan: Tuition Rates

	A	B	C	D	E	F
	2018-2019 Semester Rates		2019-2020 Semester Rates		2019-2020 Semester Rates	
	Resident	Nonresident	Resident	Nonresident	Resident % Increase	Nonresident % Increase
Twin Cities						
Undergraduate						
Per Credit	$502.25	$1,105.25	TBD	$1,216.00	TBD	10.0%
13 Credits or more	$6,529.00	$14,368.00	TBD	$15,808.00	TBD	10.0%
Carlson School of Management tuition surcharge (paid in addition to rates above; Fall, Spring & Summer)						
Per Credit (1-8 credits)	$100.00	$100.00	TBD	$100.00	TBD	0.0%
9 Credits or more (full-time)	$1,000.00	$1,000.00	TBD	$1,000.00	TBD	0.0%

Resolution Related to FY2020 Twin Cities Undergraduate NRNR Tuition Rate

Julie Tonneson, Associate Vice President and Budget Director

Finance & Operations Committee

December 13, 2018

SENIOR VICE PRESIDENT FOR FINANCE AND OPERATIONS

World Class Services for a World Class University

The President recommends increasing the Twin Cities NRNR rate to better reflect the quality of a UMN education and remain competitive with Big Ten peer institutions.

Campus	**2016-17**	**2017-18**	**2018-19**	**2019-20**
Twin Cities	$22,210	$24,986	$28,736	$31,616
Dollar change	+$1,550	+$2,766	+$3,750	+$2,880
% change	+7.5%	+12.5%*	+15.0%*	+10.0%*

*Students paying the non-resident rate and enrolled in fall 2015, 2016, 2017 and 2018 experience no more than a 5.5% rate increase.

The FY20 budget will include a net revenue gain of $6.8 million with this recommendation:

Entering Freshmen*

FY20				10.0%	
	Gross Revenue		$	158.5	
	Enrollment Change		$	(1.2)	→ Total enrollment down 60
	Discounting		$	(20.7)	→ Add $500k in each scenario
	Recruitment Cost		$	(1.5)	→ Review during budget process
	Net Revenue		$	135.1	
	Net Gain over FY19		$	6.80	

Revenue Per Student		$	21,597

→ Based on enrollment goals/estimates

*Planned – continuing students experience no more than a 5.5% increase

REGENTS OF THE UNIVERSITY OF MINNESOTA

RESOLUTION RELATED TO

The FY2020 Twin Cities Undergraduate Nonresident/Non-reciprocity Tuition Rate

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

WHEREAS, the current undergraduate nonresident/non-reciprocity tuition rate for the Twin Cities campus is set at a level inconsistent with the corresponding resident tuition rate in terms of comparison to peers; and

WHEREAS, communicating a significant change in the Twin Cities undergraduate nonresident/non-reciprocity tuition rate as early as possible, before the end of the calendar year, will benefit the process to reach enrollment goals;

NOW, THEREFORE, BE IT RESOLVED that the Board of Regents approves the FY 2020 Twin Cities undergraduate nonresident/non-reciprocity tuition rate as stated in Attachment 1 - University of Minnesota 2019-20 Tuition Plan, with a commitment to hold the rate increases to no more than 5.5 percent for continuing nonresident/non-reciprocity students.

UNIVERSITY OF MINNESOTA

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BOARD OF REGENTS
DOCKET ITEM SUMMARY

Finance & Operations **December 13, 2018**

AGENDA ITEM: Regents of the University of Minnesota Traffic Regulation Ordinances and Establishment of Hearing Date

[X] **Review** [ ] **Review + Action** [ ] **Action** [ ] **Discussion**

[ ] *This is a report required by Board policy.*

PRESENTERS: Michael Berthelsen, Vice President, University Services
Ross Allanson, Director of Parking and Transportation Services

PURPOSE & KEY POINTS

The purpose of this item is twofold:

- to review proposed amendments to the Regents of the University of Minnesota Traffic Regulation Ordinances (ordinances); and
- take action to establish a public hearing date.

Amendments to the ordinances are the result of a comprehensive review and address new modes of transportation, changes in traffic patterns, and respond to the needs of the University community. The proposed amendments primarily address the following broad categories:

- definition and regulation of motorized foot scooters (Ordinance 7);
- definition and regulation of personal assistive mobility devices (Ordinance 7);
- definition and regulation of dockless bicycle sharing (Ordinance 3, Articles II, IV);
- provision of restricted vehicle zones and specialty use parking (Ordinance 2, Articles II, III);
- elimination of the permit requirement for mopeds (Ordinance 6, Articles IV, V);
- clarification on the use of the Transitway on the Twin Cities campus (Ordinance 5, Article II);
- definition and regulation of stopping and standing (Ordinance 2, Article II); and
- minor edits for clarity, accuracy, completeness, and readability (throughout).

As a change to the ordinances requires a public hearing, the committee will take action on a resolution to establish the date of the public hearing for the February meeting. The published notice of the public hearing will include the proposed amended language.

BACKGROUND INFORMATION

The Regents of the University of Minnesota Traffic Regulation Ordinances were last amended on February 10, 2011 and before that in October 2000.

PRESIDENT'S RECOMMENDATION

The President recommends approval of the resolution relating to the adoption of amendments to the Regents of the University of Minnesota Traffic Regulation Ordinances. The resolution:

1) establishes the date, time, and location of the public hearing where the amendments to the ordinances will take place;
2) establishes where the notice of the public hearing will be published; and
3) includes the proposed amendments to the ordinances.

REGENTS OF THE UNIVERSITY OF MINNESOTA

RESOLUTION RELATED TO

Adoption of Amendments to the Regents of the University of Minnesota Traffic Regulation Ordinances

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

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

WHEREAS, the administration has recommended amendments to the Traffic Regulation Ordinances to reflect new modes of transportation and other campus operational changes; and

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

NOW, THEREFORE, BE IT RESOLVED, that the Regents of the University of Minnesota shall conduct a public hearing on the proposed amendment to the Regents Traffic Regulation Ordinances on the 7th day of February, 2019, at 7:45 a.m., in the Board Room, on the 6th floor of the McNamara Alumni Center, located at 200 Oak Street Southeast, Minneapolis, Minnesota.

BE IT FURTHER RESOLVED, that the notice of said hearing shall be published in legal newspapers in the following counties: Hennepin, Ramsey, St. Louis, Polk, Stevens, Olmsted, Dakota, Carver, Anoka, Isanti, Washington, and Clearwater;

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

NOTICE OF HEARING:

The Regents of the University of Minnesota does hereby give notice to the public that on the 7th day of February, 2019, at 7:45 a.m., in the Board Room, on the 6th Floor of the McNamara Alumni Center located at 200 Oak Street Southeast, Minneapolis, Minnesota on the University of Minnesota Twin Cities/Minneapolis/East Bank Campus it will conduct a public hearing on a proposed amendment to Regents of the University of Minnesota Traffic Regulation Ordinances. As amended, Regents of the University of Minnesota Traffic Regulation Ordinances will read as follows:

REGENTS OF THE UNIVERSITY OF MINNESOTA
TRAFFIC REGULATION ORDINANCES

ORDINANCE NO. 1

THE REGENTS OF THE UNIVERSITY OF MINNESOTA, A CONSTITUTIONAL EDUCATIONAL CORPORATION ("UNIVERSITY OF MINNESOTA"), DOES ORDAIN:

ARTICLE I.

Section 1. Pursuant to authority granted in Minnesota Statutes Chapters 137 and 169, the University of Minnesota is hereby authorized to employ peace officers of the University of Minnesota.

Section 2. Said peace officers shall have the powers of arrest to enforce the rules, regulations and ordinances adopted by the University of Minnesota and the Highway Traffic Regulations Act, all pursuant to Minnesota Statutes Chapters 137 and 169, as amended.

ARTICLE II. SAVING CLAUSE

If any part or parts of this ordinance shall be held unconstitutional, such fact shall not affect the validity of the remaining parts of this ordinance. The University of Minnesota hereby declares it would have passed the remaining parts of this ordinance if it had known that such part or parts thereof would be declared unconstitutional.

ARTICLE III. EFFECTIVE DATE

This ordinance and any amendments thereto shall be enforced and in effect upon the filing of the same with proof of publication thereof with the Secretary of State of the State of Minnesota.

ORDINANCE NO. 2

THE REGENTS OF THE UNIVERSITY OF MINNESOTA, A CONSTITUTIONAL EDUCATIONAL CORPORATION ("UNIVERSITY OF MINNESOTA"), DOES ORDAIN:

ARTICLE I. APPLICATION

This ordinance and subsequent ordinances, unless expressly stated therein, shall apply to the regulation of traffic and parking upon parking facilities, highways, streets, private roads and roadways, as herein defined, situated on all properties owned, leased or occupied by the University of Minnesota.

Where not in conflict with the Regents of the University of Minnesota Traffic Regulation Ordinances, the Uniform Highway Traffic Regulations Act and Minnesota Statutes Chapters 137, ~~and~~ 169, 169A, and 170, as amended and revised, shall apply upon all properties and facilities owned, leased or occupied by the University of Minnesota.

ARTICLE II. DEFINITIONS

The following words and phrases when used in this ordinance and subsequent ordinances, unless expressly stated therein, shall have the meanings respectively ascribed to them in this section:

Section 1. Street or Highway. *"Street or Highway"* means the entire width between curb or surface lines of any way or place when any part thereof is open to the use of the public for the purposes of vehicular traffic.

Section 2. Private Road or Driveway. *"Private Road or Driveway"* includes every street or highway not dedicated to the respective governmental subdivision and every way or place in University of Minnesota ownership used for vehicular travel by the owner and those having express or implied permission from the owner, but not other persons.

Section 3. Roadway. *"Roadway"* means that portion of a street or highway, private road or driveway or parking facility designed or ordinarily used for vehicular travel or the accommodation of stopped or parked vehicles.

Section 4. Parking. *"Parking"* refers to the standing of a vehicle upon a street or highway, private road or driveway or roadway, whether accompanied or unaccompanied by the operator thereof.

Section 5. Parking Facility. *"Parking Facility"* refers to those areas or structures located on University of Minnesota owned or leased property and authorized for the parking of vehicles, whether without charge or for a fee.

Section 6. Restricted Vehicle Zone. *"Restricted Vehicle Zone"* means a portion of a street or highway, private road or driveway that is (i) used for vehicular travel only by the owner and those having express permission from the owner, (ii) not open to the use of the public for the purpose of vehicular travel, (iii) subject to further restrictions upon such vehicular travel, and (iv) posted as a "Restricted Vehicle Zone".

Section 7. Standing. *"Standing"* means the halting of a vehicle, whether occupied or not, otherwise than temporarily for the purpose of and while actually engaged in receiving and discharging passengers.

Section 8. Stopping. *"Stopping"* means any halting even momentarily of a vehicle, whether occupied or not.

Section ~~6~~9. Unless specifically defined herein, any term used in this ordinance and defined in Minnesota Statutes Section 169.011 has the meaning given it by that Section.

ARTICLE III. TRAFFIC PROVISIONS

Section 1. Miscellaneous Provision. No vehicle shall be driven, operated or parked upon properties owned by or under the supervision and control of the University of Minnesota, except upon parking facilities, highways or streets, private roads or driveways and roadways, as defined in this ordinance, and then only subject to the provisions of the Ordinances of the Regents of the University of Minnesota, the Highway Traffic Regulation Act (Minnesota Statutes Chapter 169, as amended) or other lawful authority.

Section 2. Stopping. It shall be unlawful for any person to drive and operate, stop or park a vehicle upon any roadway so as to needlessly, unnecessarily and unwarrantedly block, obstruct or interfere with the orderly flow of pedestrian, bicycle, or vehicle traffic~~, vehicular and pedestrian~~. Proof that such traffic was blocked, obstructed or interfered with shall be prima facie evidence that such blocking, obstructing and interference was needless, unnecessary and unwarranted.
Except when necessary to avoid conflict with other pedestrian, bicycle, or vehicle traffic or when in compliance with the direction of a peace officer or traffic-control sign or signal, (i) ~~N~~no vehicles shall stop on or in any crosswalk or driveway so as to interfere with the passage of pedestrians; and (ii) no vehicles shall stop in any place on any roadway where posted signs establish a bus stop or prohibit stopping, including any place where temporary signs prohibit stopping as long as such signs are in place.

Section 3. Parking - General. Except where regulated elsewhere in this ordinance, parking is prohibited upon all properties owned, leased or occupied by the University of Minnesota which have not been designated a parking facility and appropriately marked or permitted as such. A clear and safe path of travel for pedestrians, bicyclists, and other vehicles must be identified and maintained at all times.~~.~~
~~Establishment.~~

1. ~~Parking is prohibited upon all properties owned, leased or occupied by the University of Minnesota which have not been designated a parking facility or as parking areas and appropriately marked as such, except that a vehicle may be temporarily parked for the purpose of loading or unloading where access to the premises is not otherwise available and in specially designated construction staging areas. A clear and safe path of travel for pedestrians must be maintained at all times.~~ No person shall park a vehicle upon any roadway or other properties owned, leased, or occupied by the University of Minnesota in any place where stopping such vehicle is prohibited under Section 2 of this ordinance.
2. Except where signs or marking designate angle parking, no person shall stand or park a vehicle other than (i) parallel with the edge of the roadway, (ii) headed in the direction of traffic, (iii) with the curb-side wheels of the vehicle within twelve inches of the edge of the roadway and (iv) not closer than four feet to another vehicle parked at the curb~~; or not in compliance with the established signs and marking then evident~~.

3. Except where signs or marking designate angle parking upon any roadway not having a curb, each vehicle stopped or parked shall be stopped or parked parallel with and to the right of the paved or improved or main traveled part of the street or highway.

~~4. No person shall park a vehicle for a longer period of time than is designated on traffic control devices marking such zone.~~

~~5.~~4. No person shall ~~stop, stand or~~ park a vehicle, unless directed to do so by a ~~police~~ peace officer, on any roadway where the University of Minnesota has ~~authorized~~ established a "No Parking Zone," ~~or~~ Bus Stop or Bus Zone and such zone is marked by sign or yellow curb. This includes at any place where temporary signs prohibit parking as long as such signs are in place.

~~6.~~5. No person shall park a vehicle on any roadway or in any parking facility except pursuant to the terms or conditions regulating parking on said properties as indicated on the parking meter instruction plates or upon signs ~~erected in the area.~~ or traffic control devices marking such parking space or parking zone on said properties.

a) If said vehicle shall remain in any such parking space beyond the parking time limit for such parking space ~~and the parking meter shall have displayed the sign for illegal parking~~, such vehicle shall be considered as parked overtime and such overtime parking shall be a violation of this ordinance.

b) No person shall deposit or cause to be deposited in any parking meter any slugs, devices or other substances as a substitute for a coin of the United States.

c) No person shall damage, deface, tamper with, open or willfully break, destroy or impair the usefulness of any parking meter installed under the provisions of this ordinance.

~~c)~~d) For the purpose of the regulations relating to time limited parking, any vehicle moved a distance of not more than two (2) blocks or 600 feet during the time limited parking period shall be deemed to have remained stationary.

~~7. Official University Vehicle Zones.~~

~~1. No person shall stand or park any vehicle, except an official University vehicle designated with a proper permit displayed from the rear view mirror of such vehicle in any area designated and posted as an official University vehicle zone, and then only in accordance with the conditions of the permit and the posted signs.~~

~~8.~~6. Parking Facilities and Parking Areas. All parking in parking facilities and areas designated as parking areas shall be in conformity with posted signs and instructions and pavement markings, unless otherwise directed by lawful authority.

Section 4. Specialty Use Parking. Where in conflict with Section 3 of Article III of this ordinance, this section (Section 4) shall apply to the parking of vehicles. All non-conflicting provisions of Section 3 shall apply to the parking of vehicles under this section (Section 4). Subsection 2, Subsection 3, Subsection 4, and Subsection 5 of this Section 4 of Article III of this ordinance shall only apply to the Twin Cities campus.

1. Official University Vehicle Zones
   a. No person shall stand or park any vehicle, except an official University vehicle designated with an authorized credential displayed as directed by the University in any area designated and posted as an official University vehicle zone, and then only in accordance with the conditions of the permit and the posted signs.
2. Vendor Parking
   a. No person shall stand or park any vehicle without an authorized credential displayed as directed by the University in any area posted as a Vendor zone, and then only in accordance with the conditions of the credential and the posted signs.

3. Loading Zones.
   a. No person shall stand or park for the purpose of loading and unloading any vehicle in any place or manner prohibited by Section 2 or 3 of Article III of this ordinance, except in posted loading zones. Such parking for the purpose of loading and unloading shall be expedient and shall not exceed thirty (30) minutes.
   b. Any vehicle parked for the purpose of loading or unloading is exempt from Section 3, Clause 5, paragraph d of Article III of this ordinance; such vehicle shall not be deemed to have remained stationary when the vehicle is moved even a distance of less than two (2) blocks or 600 feet.
4. Construction Staging and Parking.
   a. No person shall stand or park any construction or maintenance vehicle in any place or manner prohibited by Section 2 or 3 of Article III of this ordinance, except for the purpose of loading or unloading in a University-approved construction staging area, or as permitted by the University.

Section ~~4~~5. Careless Driving. No person shall operate or halt any vehicle carelessly or recklessly upon a roadway in disregard of the rights or safety of others or in a manner so as to endanger or be likely to endanger any person or property.

Section ~~5~~6. Speed Limits. No vehicle shall be driven or operated upon a roadway at a speed greater than twenty miles per hour, or ~~less if~~ as otherwise posted. The President or the President's designee is authorized to determine the posted speed limit in consultation with appropriate University of Minnesota police, health and engineering officials.

Section ~~6~~7. Special Hazards. Notwithstanding the speed limits set forth in Section 6~~5~~ of Article III of this ordinance, no person shall drive a vehicle at a speed greater than is reasonable and prudent under the conditions, and having regard for the actual and potential hazards then existing. ~~In every event, the speed shall be so~~ At all times, persons driving or operating vehicles shall restrict~~ed~~ the speed of such vehicles as may be necessary to avoid colliding with any person, vehicle or other conveyance on or entering the street, avenue or roadway in compliance with legal requirements and the duty of all persons to use due care.

Section ~~7~~8. Obedience to Traffic Control Signs and Devices. No ~~pedestrian, driver of a vehicle or person riding an animal or bicycle~~ person shall disobey the instructions of any official traffic control sign or device, unless at the time otherwise directed by a ~~police~~ peace officer or parking enforcement personnel.

Section ~~8~~9. Towing. Any ~~police~~ peace officer or parking enforcement personnel are hereby empowered to cause to be removed and towed any unattended vehicle, including those determined to be abandoned, standing or parked in violation of the terms of this ordinance, the Uniform Traffic Regulation Act or other lawful authority. Where such vehicle is towed away and stored, such vehicle will not be returned to the owner thereof except upon satisfactory proof of ownership and upon payment of the reasonable cost for towage and storage of such vehicle.

ARTICLE IV. PARKING ENFORCEMENT PERSONNEL

Section 1. The President or ~~his/her~~President's designee is authorized to execute in the name of the Regents of the University of Minnesota a certificate of appointment for persons designated as University Parking Enforcement Personnel, whose appointment, salary, wages and other terms and

conditions of employment shall be pursuant to the University of Minnesota Civil Service Rules or applicable bargaining unit contract.
Section 2. Parking enforcement personnel shall have the authority to issue traffic tags for parking meter and other non-moving violations under the code and the state traffic laws, on property owned, leased or occupied by the University of Minnesota. Such tags shall have the same force and effect as though issued by a duly appointed qualified and acting peace officer.

ARTICLE V. VIOLATIONS

Section 1. Prima facie violation. The presence of any motor vehicle on any street when standing or parked in violation of this ordinance is prima facie evidence that the registered owner of the vehicle committed or authorized the commission of the violation.

Section 2. Separate violations. Unless otherwise provided, each act of violation and every day on which a violation occurs or continues constitutes a separate offense.

Section 3. Penalties. Any person found violating any of the provisions of this ordinance upon conviction shall be guilty of a petty misdemeanor.

ARTICLE VI. SAVING CLAUSE

If any part or parts of this ordinance shall be held unconstitutional, such fact shall not affect the validity of the remaining parts of this ordinance. The University of Minnesota hereby declares it would have passed the remaining parts of this ordinance if it had known that such part or parts thereof would be declared unconstitutional.

ARTICLE VII. EFFECTIVE DATE

This ordinance shall be enforced and in effect upon the filing of the same with proof of publication thereof with the Secretary of State of the State of Minnesota.

ORDINANCE NO. 3

THE REGENTS OF THE UNIVERSITY OF MINNESOTA, A CONSTITUTIONAL EDUCATIONAL CORPORATION ("UNIVERSITY OF MINNESOTA"), DOES ORDAIN:

ARTICLE I.

This ordinance and subsequent ordinances, unless expressly stated therein, shall apply to the regulation of bicycles and bicycle traffic and parking upon all properties owned, leased or occupied by the University of Minnesota.

ARTICLE II. DEFINITIONS

The following words and phrases when used in this ordinance and subsequent ordinances, unless expressly stated therein, shall have the meanings respectively ascribed to them in this section:

Section 1. Bicycle Sharing Operation. *"Bicycle Sharing Operation"* means a rental or lending service that allows bicycle riders to temporarily use bikes (available from a fleet) in exchange for compensation.

Section 2. Unless specifically defined herein, any term used in this ordinance and defined in Minnesota Statutes, Section 169.011 has the meaning given it by that Section.

ARTICLE III. DRIVING AND OPERATION OF BICYCLES

Section 1. Every person operating a bicycle upon properties owned, leased or occupied by the University of Minnesota shall have all the rights and duties applicable to the driver of a vehicle by this ordinance and Minnesota Statutes Chapters 137 and 169, except as to provisions of such ordinance or statutes which by their nature have no application, or where in conflict with this ordinance.

Section 2. No person shall ride and propel a bicycle upon property owned, leased or occupied by the University of Minnesota except in a prudent and careful manner, with reasonable regard to University property, the safety of the operator, and the safety of other persons.

Section 3. No person shall operate a bicycle on sidewalks, crosswalks or pedestrian areas located on property owned, leased or occupied by the University of Minnesota except:
1. in compliance with all posted signs governing or directing the operation or parking of bicycles, where applicable;, and
2. where either (i) bicycle lanes are designated by lane markings and signs or pavement markings, or (ii) a Restricted Vehicle Zone has been established.

Section 4. A person walking a bicycle on sidewalks or plazas on properties owned, leased or occupied by the University of Minnesota shall have all the rights and duties applicable to pedestrians.

ARTICLE IV. PARKING AND STORAGE OF BICYCLES

Section 1. No person shall park a bicycle in any (i) classroom, (ii) auditorium, (iii) laboratory or (iv) other place which blocks or limits access to building entrances, handicap disability or pedestrian ramps, stairways, hallways, doors, fire hydrants, fire lanes, bicycle lanes or sidewalks except where a bicycle rack extends into any of these areas.

Section 2. No person shall transport bicycles in University of Minnesota building elevators or operate bicycles in University of Minnesota buildings.

Section 3. No person shall chain or otherwise attach a bicycle to any tree or plant material or park a bicycle on any handicap or pedestrian ramp. All persons parking their bicycle outdoors must park the bicycle at designated bicycle racks.

Section 4. Any police peace officer or agent of the chief law enforcement officer is hereby empowered to cause to be removed and stored in other areas on University of Minnesota premises or in a public garage any unattended bicycle standing or parked in violation of Sections 1 and 3 of Article IV of this ordinance, the Uniform Traffic Regulation Act or other lawful authority.

Where such bicycle is removed and stored in other areas on the premises of the University of Minnesota~~ or in such public garage~~, such bicycle will be held for a minimum of 30 days ~~and will not be~~ unless returned to the owner thereof ~~except~~ upon satisfactory proof of ownership. Bicycles ~~will~~ may be disposed of if not claimed within 30 days.

~~The presence of any bicycle on any street or other area when standing or parked in violation of this ordinance is prima facie evidence that the owner of the bicycle committed or authorized the commission of the violation.~~

Section 5. No bicycle obtained from or deemed to be part of a Bicycle Sharing Operation shall be parked or stored on University of Minnesota owned, leased or occupied properties, except those deemed to be part of a Bicycle Sharing Operation that is authorized by the University of Minnesota.

ARTICLE V. BICYCLE MONITORS

Section 1. The President or ~~his/her~~President's designee is authorized in the name of the Regents of the University of Minnesota to appoint and train student employees designated as University of Minnesota bicycle monitors, whose salary, wages and other terms and conditions of employment shall be determined pursuant to the University of Minnesota Student Employment Rules.

Section 2. Bicycle monitors shall have the authority to patrol University of Minnesota property on University of Minnesota owned bicycles and to issue traffic tags for parking and/or moving violations committed by bicyclists or pedestrians under this code on property owned, leased or occupied by the University of Minnesota. Such tags shall have the same force and effect as though issued by a duly appointed qualified and acting peace officer.

ARTICLE VI. VIOLATIONS

Section 1. Prima facie violations. The presence of any bicycle on any street when standing or parked in violation of this ordinance is prima facie evidence that the registered owner of the bicycle committed or authorized the commission of the violation.

Section 2. Separate violations. Unless otherwise provided, each act of violation and every day on which a violation occurs or continues constitutes a separate offense.

Section 3. Penalties. Any person found violating any of the provisions of this ordinance upon conviction shall be guilty of a petty misdemeanor.

ARTICLE VII. SAVING CLAUSE

If any part or parts of this ordinance shall be held unconstitutional, such fact shall not affect the validity of the remaining parts of this ordinance. The University of Minnesota hereby declares it would have passed the remaining parts of this ordinance if it had known that such part or parts thereof would be declared unconstitutional.

ARTICLE VIII. EFFECTIVE DATE

This ordinance and any amendments thereto shall be enforced and in effect upon the filing of the same with proof of publication thereof with the Secretary of State of the State of Minnesota.

ORDINANCE NO. 4
THE REGENTS OF THE UNIVERSITY OF MINNESOTA, A CONSTITUTIONAL EDUCATIONAL CORPORATION ("UNIVERSITY OF MINNESOTA"), DOES ORDAIN:

ARTICLE I. APPLICATION
This ordinance and subsequent ordinances unless expressly stated therein, shall apply to the regulation of skateboarding and roller skating upon all properties owned, leased or occupied by the University of Minnesota.

ARTICLE II. DEFINITIONS

The following words and phrases when used in this ordinance have the meanings given them below:

Section 1. Skateboard or Longboard. *"Skateboard or Longboard "* means a non-motorized, user-propelled device ~~for riding upon, usually while standing,~~ consisting of ~~a piece of wood or other composition~~ an oblong board mounted on ~~skate~~ wheels, ~~with or without motorized power~~ and includes devices such as caster boards.

Section 2. Roller Skate. *"Roller skate"* means a non-motorized, user-propelled device with~~form of skate having~~ small wheels or rollers ~~instead of a runner~~. The term shall also include non-motorized, user-propelled devices commonly known as roller blades, in-line skates and roller skis.

Section 3. Non-Motorized Foot Scooter. *"Non-Motorized Foot Scooter"* means a non-motorized, user-propelled device with handlebars designed to be stood or sat upon by the operator, and that has no more than two 12-inch or smaller diameter wheels.

Section ~~3~~4. Unless specifically defined herein, any term used in this ordinance and defined in Minnesota Statutes Section 169.011 has the meaning given it by that Section.

ARTICLE III. PROHIBITIONS

Section 1. Skateboarding. No person shall ride or operate a skateboard or longboard upon properties owned, leased or occupied by the University of Minnesota, including but not limited to buildings, mall and plaza areas, sidewalks, streets, alleys and parking facilities ~~where applicable~~ except in a prudent and careful manner, with reasonable regard for University property, the safety of the operator, and the safety other persons.

Section 2. Roller Skating. No person shall ride or operate roller skates upon properties owned, leased or occupied by the University of Minnesota, except in a prudent and careful manner, with reasonable regard for University property, the safety of the operator, and the safety of other persons.

Section 3. Non-Motorized Foot Scooter. No person shall ride or operate a non-motorized foot scooter, upon properties owned, leased or occupied by the University of Minnesota, including but not limited to buildings, mall and plaza areas, sidewalks, streets, alleys and parking facilities, except in a prudent and careful manner, with reasonable regard for University property, the safety of the operator, and the safety other persons.

ARTICLE IV. VIOLATIONS

Section 1. Penalties. Any person found violating any of the provisions of this ordinance upon conviction shall be guilty of a petty misdemeanor.

~~**Section 2. Impoundment.** Any police officer who observes a person violating this Oordinance is authorized to seize the person's skateboard or roller skates and impound them at the University of Minnesota Police Department for twenty-four (24) hours.~~

ARTICLE V. SAVING CLAUSE

If any part or parts of this ordinance shall be held unconstitutional, such fact shall not affect the validity of the remaining parts of this ordinance. The University of Minnesota hereby declares it would have passed the remaining parts of this ordinance if it had known that such part or parts thereof would be declared unconstitutional.

ARTICLE VI. EFFECTIVE DATE

This ordinance and any amendments thereto shall be enforced and in effect upon the filing of the same with proof of publication thereof with the Secretary of State of the State of Minnesota.

ORDINANCE NO. 5

THE REGENTS OF THE UNIVERSITY OF MINNESOTA, A CONSTITUTIONAL EDUCATIONAL CORPORATION ("UNIVERSITY OF MINNESOTA"), DOES ORDAIN:

ARTICLE I. APPLICATION

This ordinance shall apply to the regulation of traffic and parking upon the University Transitway.

ARTICLE II. DEFINITIONS

The following words and phrases when used in this ordinance shall have the meanings respectively ascribed to them in this section:

Section 1. University Transitway. *"University Transitway"* means the University of Minnesota owned roadway connecting the Minneapolis and St. Paul campuses.

Section 2. Emergency Vehicle. *"Emergency Vehicle"* means ~~public police and~~ law enforcement, fire, and ambulance vehicles~~, and public and private ambulances~~ while engaged in official business.

Section 3. Public Works, Maintenance and Service Vehicles. *"Public Works, Maintenance and Service Vehicles"* include public and private repair and construction vehicles and equipment; public and private street cleaning and snow removal vehicles and equipment; public and private water and sewer repair and construction vehicles and equipment; and public and private vehicles and equipment engaged in construction, service and repair of electric, gas, telephone or other public utility facility, all such vehicles only while engaged in the stated activities on the University

Transitway or on property immediately adjacent where access is required from the University Transitway.

Section 4. Authorized Transit Carriers. *"~~Public Carriers~~Authorized Transit Carriers"* include (i) University of Minnesota contracted or authorized vehicles engaged in the ~~mass~~ transportation of persons by bus between Minneapolis and St. Paul campuses with intermediate stops at University of Minnesota designated locations, and (ii) public transit carriers engaged in the transportation of persons by bus that are authorized by contract or agreement with the University of Minnesota.

Section 5. Designated Authorized Vehicles. *"Designated Authorized Vehicles"* means any vehicle or transportation device (other than vehicles defined in Section 1, Section 2, Section 3, or Section 4 of Article II of this ordinance) that is authorized by the President or President's designee to operate on the University Transitway.

Section ~~5~~6. Unless specifically defined herein, any term used in this ordinance and defined in Minnesota Statutes Section 169.011 has the meaning given it by that Section.

ARTICLE III. TRAFFIC PROVISION

Section 1. Limited Access. No motor vehicle or other ~~vehicle~~ transportation device shall travel on the University Transitway except bicycles; motorized foot scooters; emergency vehicles; public works, maintenance and service vehicles; authorized transit carriers; and ~~public carriers~~ designated authorized vehicles.

No limitation or prohibition shall apply to vehicles on a street intersecting or crossing such part of the University Transitway.

Section 2. Multi-use Path Access. In all areas along the University Transitway where a multi-use path is adjacent, such path should be treated as a sidewalk and used as such, except that bicycles, electric-assisted bicycles, and motorized foot scooters may use the path in a prudent and careful manner, with reasonable regard for University property, the safety of the operator, and the safety of other persons.

ARTICLE IV. SPEED

Section 1. No person shall travel in excess of the posted speed limit. The President or ~~his/her~~President's designee is authorized to determine the posted speed limit in consultation with appropriate University of Minnesota police, health and ~~safety and appropriate~~ engineering officials. Such speed limit shall not be in excess of 40 mph.

ARTICLE V. PARKING

Section 1. Parking or stopping is prohibited on the University Transitway.

ARTICLE VI. VIOLATIONS

Section 1. Prima facie violations. The presence of any vehicle on the University Transitway when standing or parked in violation of this ordinance is prima facie evidence that the registered owner of the vehicle committed or authorized the commission of the violation.

Section 2. Separate violations. Unless otherwise provided, each act of violation and every day on which a violation occurs or continues constitutes a separate offense.

Section 3. Penalties. Any person found violating any of the provisions of this ordinance upon conviction shall be guilty of a petty misdemeanor.

ARTICLE VII. SAVING CLAUSE

If any part or parts of this ordinance shall be held unconstitutional, such fact shall not affect the validity of the remaining parts of this ordinance. The University of Minnesota hereby declares it would have passed the remaining parts of this ordinance if it had known that such part or parts thereof would be declared unconstitutional.

ARTICLE VIII. EFFECTIVE DATE

This ordinance shall be enforced and in effect upon the filing of the same with proof of publication thereof with the Secretary of State of the State of Minnesota.

ORDINANCE NO. 6

THE REGENTS OF THE UNIVERSITY OF MINNESOTA, A CONSTITUTIONAL EDUCATIONAL CORPORATION ("UNIVERSITY OF MINNESOTA"), DOES ORDAIN:

ARTICLE I. APPLICATION

This ordinance shall apply to the regulation of mopeds in their operation and parking upon parking facilities, highways, streets, private roads and roadways, as herein defined, situated on all properties owned, leased or occupied by the University of Minnesota.

ARTICLE II. DEFINITIONS

The following words and phrases when used in this ordinance have the meanings given them below:

Section 1. Moped. *"Moped"* means a motorized bicycle that is propelled by an electric or a liquid fuel motor of a piston displacement capacity of 50 cubic centimeters or less, and a maximum of two brake horsepower, which is capable of a maximum speed of not more than 30 miles per hour on a flat surface with not more than one percent grade in any direction when the motor is engaged.

Section 2. Operate. *"Operate"* means to drive or be in actual physical control of a moped.

Section 3. University Transitway. *"University Transitway"* means the University of Minnesota owned roadway connecting the Minneapolis and St. Paul campuses.

ARTICLE III. OPERATION OF MOPEDS

Section 1. General Provision. All mopeds shall be operated in accordance with Local, State, Federal, and University of Minnesota Twin Cities Campus permitting regulations.

Section 2. No person shall operate a moped upon property owned, leased or occupied by the University of Minnesota except in a prudent and careful manner, with reasonable regard ~~to~~ for University property, the safety of the operator, and the safety of other persons.

Section 3. Current Registration. No person shall operate or park a moped upon property owned, leased or occupied by the University of Minnesota unless said moped is currently registered under the current owner with the State of Minnesota and displays a valid license plate.

Section 4. Pedestrian Areas. No person shall ride a moped on sidewalks, crosswalks, pedestrian walkways, service drives, or wheelchair ramps located on property owned, leased or occupied by the University of Minnesota, unless the area is specifically designated for use by motorized vehicles.

Section 5. Bicycle Paths or Lanes. No person shall operate a moped on a designated bicycle path or lane.

Section 6. Washington Avenue Pedestrian Bridge. No person shall ride a moped on the Washington Avenue Pedestrian Bridge. A person may, however, walk across the Washington Avenue Pedestrian Bridge with a moped.

Section ~~9~~7. University Transitway. No person shall operate a moped on the University Transitway.

Section ~~10~~8. Restricted Areas. No person shall operate a moped in any area that is restricted to emergency vehicles and buses.

Section ~~11~~9. Helmets. No person under 18 shall operate a moped without a helmet.

Section 10~~2~~. Eye Protection. No person shall operate a moped without eye protection.

Section 11~~3~~. Standard Equipment. No person shall operate a moped that lacks any of the following in working order: headlight, taillight, horn, mirror, or stop lamp.

Section 12~~5~~. Passengers. No person shall carry a passenger while operating a moped.

Section 13~~6~~. Carrying Objects. No person shall operate a moped while carrying any object that prevents the person from keeping both hands upon the handlebars.

Section 14~~7~~. Liability Insurance. No person shall operate a moped without liability insurance.

Section 15~~8~~. Buildings and Building Elevators. No person shall transport a moped in University of Minnesota building elevators or operate a moped in University of Minnesota buildings.

Section 16~~9~~. Pedestrians. All persons operating mopeds shall yield to pedestrians.

ARTICLE IV. PARKING AND STORAGE OF MOPEDS

Section 1. Parking Areas. Mopeds ~~may~~ must park in either (i) designated and signed moped parking areas, or (ii) in a space in any public parking facility ~~and~~ provided the operator pays the posted rate.

~~**Section 2. Designated Moped Parking.** Moped permits are valid only in designated moped parking areas. Mopeds parked in any designated moped parking areas must display a valid moped parking permit.~~

~~**Section 3. Surface Lots.** Full-time staff or faculty with an active surface lot contract may park a moped in their assigned surface lot.~~

Section ~~4~~2. Bicycle Racks and Bicycle Parking Areas. No person shall park a moped at a bicycle rack or bicycle parking area on the University of Minnesota Twin Cities Campus.

Section ~~5~~3. Attaching to Fixtures. No person shall park or lock a moped to a fixture outside of designated parking areas, including, but not limited to: a utility pole, bollards, tree, railing, sign post, or fence.

ARTICLE V. VIOLATIONS

~~**Section 1. Citations.** Improperly parked or non-permitted mopeds may be cited by authorized University personnel.~~

Section ~~2~~1. Current Registration ~~and Permitting~~. Mopeds that do not display a current and valid plate~~, and a valid parking permit, as applicable,~~ may be cited, towed and impounded.

Section ~~3~~2. Prima facie violation. The presence of any moped on any part of the University of Minnesota Twin Cities Campus when standing or parked in violation of this ordinance is prima facie evidence that the registered owner of the moped committed or authorized the commission of the violation.

Section ~~4~~3. Separate violations. Unless otherwise provided, each act of violation and every day on which a violation occurs or continues constitutes a separate offense.

Section ~~5~~4. Penalties. Any person found violating any of the provisions of this ordinance upon conviction shall be guilty of a petty misdemeanor.

ARTICLE VI. SAVING CLAUSE

If any part of parts of this ordinance shall be held unconstitutional, such fact shall not affect the validity of the remaining parts of this ordinance. The University of Minnesota hereby declares it would have passed the remaining parts of this ordinance if it had not known that such part or parts thereof would be declared unconstitutional.

ARTICLE VII. EFFECTIVE DATE

This ordinance shall be enforced and in effect upon the filing of the same with proof of publication thereof with the Secretary of State of the State of Minnesota.

ORDINANCE NO. 7

THE REGENTS OF THE UNIVERSITY OF MINNESOTA, A CONSTITUTIONAL EDUCATIONAL CORPORATION ("UNIVERSITY OF MINNESOTA"), DOES ORDAIN:

ARTICLE I. APPLICATION

This ordinance shall apply to the regulation of assisted motion transportation devices in their operation and parking upon all properties owned, leased or occupied by the University of Minnesota.

ARTICLE II. DEFINITIONS

The following words and phrases when used in this ordinance have the meanings given them below:

Section 1. Assisted Motion Transportation Device. *"Assisted Motion Transportation Device"* refers jointly to all transportation devices defined in sections 2, 3, 4, and 5 of this article.

Section 2. Electric Personal Assistive Mobility Device. *"Electric Personal Assistive Mobility Device"* means a self-balancing device with two nontandem wheels, designed to transport not more than one person, and operated by an electric propulsion system that limits the maximum speed of the device to 15 miles per hour on a flat surface with not more than one percent grade in any direction when the propulsion is engaged. The term shall include devices commonly known as segways, smart scooters, and self-balancing electric scooters.

Section 3. Motorized Foot Scooter. *"Motorized Foot Scooter"* means a device with handlebars designed to be stood or sat upon by the operator, and powered by an internal combustion engine or electric motor that is capable of propelling the device with or without human propulsion, and that has no more than two 12-inch or smaller diameter wheels and has an engine or motor that is capable of a maximum speed of 15 miles per hour on a flat surface with not more than one percent grade in any direction when the motor is engaged. An electric personal assistive mobility device, a moped, an electric-assisted bicycle, or a motorcycle is not a motorized foot scooter.

Section 4. Motorized Skateboard or Longboard. *"Skateboard or Longboard"* means a motorized propelled device consisting of an oblong board mounted on wheels, and normally controlled with a hand held remote.

Section 5. Electric-assisted Bicycle. *"Electric-assisted bicycle"* means a bicycle with two or three wheels that:

1. has a saddle and fully operable pedals for human propulsion;
2. meets the requirements:
   a. of federal motor vehicle safety standards for a motor-driven cycle in Code of Federal Regulations, title 49, sections 571.1 et seq.; or
   b. for bicycles under Code of Federal Regulations, title 16, part 1512, or successor requirements; and

3. has an electric motor that (i) has a power output of not more than 1,000 watts, (ii) is incapable of propelling the vehicle at a speed of more than 20 miles per hour, (iii) is incapable of further increasing the speed of the device when human power alone is used to propel the vehicle at a speed of more than 20 miles per hour, and (iv) disengages or ceases to function when the vehicle's brakes are applied.

Section 6. Assisted Motion Transportation Device Sharing Operation. *"Assisted Motion Transportation Device Sharing Operation"* means a rental or lending service that allows assisted motion transportation device riders to temporarily use such devices (available from a fleet) in exchange for compensation.

Section 7. Unless specifically defined herein, any term used in this ordinance and defined in Minnesota Statutes Section 169.011 has the meaning given it by that Section.

ARTICLE III. OPERATION OF ASSISTED MOTION TRANSPORTATION DEVICES

Section 1. General Provision. No person shall operate an assisted motion transportation device upon properties owned, leased or occupied by the University of Minnesota except in a prudent and careful manner, with reasonable regard for University property, the safety of the operator, and the safety of other persons.

1. Elevators. No person shall transport an electric-assisted bicycle in University of Minnesota building elevators.
2. Buildings. No person shall operate an assisted motion transportation device in University of Minnesota buildings.
3. No Passengers. No person shall operate an assisted motion transportation device at any time while carrying any person other than the operator.
4. Restricted Speed. No person may operate an assisted motion transportation device on a roadway, sidewalk, or bicycle path at a rate of speed that is not reasonable, safe, and prudent under the conditions.
5. Responsibility to Yield. Every person operating an assisted motion transportation device shall yield to pedestrians.

Section 2. Electric Personal Assistive Mobility Device.

1. General Provision. Except as otherwise provided by law or in this ordinance, a person operating an electric personal assistive mobility device has the rights and responsibilities of a pedestrian.
2. Pedestrian Spaces. An electric personal assistive mobility device may be operated on sidewalks and other pedestrian spaces.
3. Bicycle Paths or Lanes. An electric personal assistive mobility device may be operated on a bicycle path and in marked bicycle lanes.
4. Restricted Use on Roadway. An electric personal assistive mobility device may be operated on a roadway only:
   a. while making a direct crossing of a roadway in a marked or unmarked crosswalk;
   b. where no sidewalk is available;
   c. where a sidewalk is so obstructed as to prevent safe use;
   d. when so directed by a traffic-control device or by a peace officer; or
   e. temporarily in order to gain access to a motor vehicle.

An electric personal assistive mobility device may not be operated at any time on a roadway with a speed limit of more than 35 miles per hour except to make a direct crossing of the roadway in a marked crosswalk.

5. Washington Avenue Pedestrian Bridge. No person shall operate an electric personal assistive mobility device in the covered portion of the Washington Avenue Pedestrian Bridge.
6. University Transitway. No person shall operate an electric personal assistive mobility device on the University Transitway, except that they can operate on the multi-use path.
7. Reflectors Required. An electric personal assistive mobility device may not be operated unless the device bears reflectorized material on the front, back, and wheels, visible at night from 600 feet when illuminated by the lower beams of headlamps of a motor vehicle.
8. Responsibility to Yield. A person operating an electric personal assistive mobility device on a sidewalk or other pedestrian space must yield the right-of-way to pedestrians at all times. A person operating an electric personal assistive mobility device on a bicycle path or bike lane must yield the right-of-way to bicycles at all times.

Section 3. Motorized Foot Scooter.

1. General Provision. Except as otherwise provided by law or in this ordinance, a person operating a motorized foot scooter has the rights and responsibilities of an operator of a bicycle.
2. Pedestrian Spaces. A motorized foot scooter may not be operated on sidewalks or other pedestrian spaces.
3. Bicycle Paths or Lanes. A motorized foot scooter may be operated on a bicycle path and in marked bicycle lanes.
4. Restricted Use on Roadway: A person operating a motorized foot scooter on a roadway shall ride as close as practicable to the right-hand curb or edge of the roadway, except in the following situations:
   a. when overtaking and passing another vehicle proceeding in the same direction;
   b. when preparing for a left turn, in which case the operator shall stop and dismount at the right-hand curb or right edge of the roadway, and shall complete the turn by crossing the roadway on foot, subject to restrictions placed by law on pedestrians; or
   c. when reasonably necessary to avoid impediments or conditions that make it unsafe to continue along the right-hand curb or edge, including, but not limited to, fixed or moving objects, vehicles, bicycles, pedestrians, animals, surface hazards, or narrow lanes.
5. Washington Avenue Pedestrian Bridge. No person shall operate a motorized foot scooter in the covered portion of the Washington Avenue Pedestrian Bridge.
6. University Transitway. A motorized foot scooter may be operated on the University Transitway.
7. Helmets. No person under 18 shall operate a motorized foot scooter without a helmet.
8. Lighting Equipment. A motorized foot scooter must be equipped with a headlight and a taillight that comply with standards established by the Minnesota commissioner of public safety if the vehicle is operated under conditions when vehicle lights are required by law.
9. Responsibility to Yield. A person operating a motorized foot scooter on a bicycle path or bike lane must yield the right-of-way to bicycles at all times. A person operating a motorized foot scooter on a roadway must yield the right-of-way to bicycles and other vehicles at all times.

Section 4. Electric-assisted Bicycle

1. General Provision. Where not in conflict with this section, ORDINANCE NO. 3 - Regulation of Bicycle Traffic and Parking shall apply to the use of electric-assisted bicycles. Except as otherwise provided by law, a person operating an electric-assisted bicycle has the rights and responsibilities of an operator of a bicycle.
2. Helmets. No person under 18 shall operate an electric-assisted bicycle without a helmet.
3. Reflectors Required. An electric-assisted bicycle may not be operated unless the device bears reflectorized material on the front, back, and wheels, visible at night from 600 feet when illuminated by the lower beams of headlamps of a motor vehicle.

ARTICLE IV. PARKING AND STORAGE OF ASSISTED MOTION TRANSPORTATION DEVICES

Section 1. No person shall park an assisted motion transportation device in any (i) classroom, (ii) auditorium, (iii) laboratory or (iv) other place which blocks or limits access to building entrances, disability or pedestrian ramps, stairways, hallways, doors, fire hydrants, fire lanes, bicycle lanes or sidewalks except where a bicycle rack extends into any of these areas.

Section 2. No person shall attach an assisted motion transportation device to any object other than a designated bicycle rack.

Section 3. No scooter obtained from or deemed to be part of a Motorized Foot Scooter Sharing Operation shall be parked or stored on University of Minnesota owned, leased or occupied properties, except those deemed to be part of a Motorized Foot Scooter Sharing Operation that is authorized by the University of Minnesota.

Section 4. Any peace officer or agent of the chief law enforcement officer is hereby empowered to cause to be removed and stored in other areas on University of Minnesota premises any unattended assisted motion transportation device parked in violation of Sections 1, 2 or 3 of Article IV of this ordinance, the Uniform Traffic Regulation Act or other lawful authority. Where such assisted motion transportation device is removed and stored in other areas on the premises of the University of Minnesota, such assisted motion transportation device will be held for a minimum of 30 days unless returned to the owner thereof upon satisfactory proof of ownership. Assisted motion transportation devices may be disposed of if not claimed within 30 days.

ARTICLE V. VIOLATIONS

Section 1. Prima facie violations. The presence of any assisted motion transportation device in any place when standing or parked in violation of this ordinance is prima facie evidence that the registered owner of the assisted motion transportation device committed or authorized the commission of the violation.

Section 2. Separate violations. Unless otherwise provided, each act of violation and every day on which a violation occurs or continues constitutes a separate offense.

Section 3. Penalties. Any person found violating any of the provisions of this ordinance upon conviction shall be guilty of a petty misdemeanor.

ARTICLE VI. SAVING CLAUSE

If any part of parts of this ordinance shall be held unconstitutional, such fact shall not affect the validity of the remaining parts of this ordinance. The University of Minnesota hereby declares it would have passed the remaining parts of this ordinance if it had not known that such part or parts thereof would be declared unconstitutional.

ARTICLE VII. EFFECTIVE DATE

This ordinance shall be enforced and in effect upon the filing of the same with proof of publication thereof with the Secretary of State of the State of Minnesota.

Traffic Regulation Ordinance Amendments

Michael Berthelsen, Vice President, University Services
Ross Allanson, Director of Parking and Transportation Services

Finance & Operations Committee

December 13, 2018

SENIOR VICE PRESIDENT FOR FINANCE AND OPERATIONS

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Existing Ordinances

- Last amended in 2011
  - reflected issues and emerging needs at that time
- Do not provide for restricted vehicle roadways
  - new Church Street restricted vehicle zone
- Do not include regulations on emerging modes of transportation
  - motorized foot scooters, dockless bicycle sharing

Proposed Amendments

- Add regulations for motorized foot scooters, personal assisted mobility devices, dockless bicycle sharing
- Provide for restricted vehicle zones and specialty use parking
- Define and regulate stopping and standing
- Clarify appropriate use of the Transitway (Twin Cities)
- Eliminate moped permit requirement
- Allow skateboard/longboard use on campus

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BOARD OF REGENTS
DOCKET ITEM SUMMARY

Finance & Operations **December 13, 2018**

AGENDA ITEM: Capital Budget Amendment: Eastcliff Renovation and Repair (Twin Cities campus)

[X] **Review** [ ] **Review + Action** [ ] **Action** [ ] **Discussion**

[ ] *This is a report required by Board policy.*

PRESENTERS: Michael Berthelsen, Vice President, University Services
Lyndel King, Chair, Eastcliff Technical Advisory Committee

PURPOSE & KEY POINTS

The Eastcliff Technical Advisory Committee (ETAC) recommends improvements to Eastcliff, located on Mississippi River Boulevard in Saint Paul. ETAC has prioritized a list of needs for the property. The highest priorities and core scope of ETAC's recommendation are replacement of the current 1960s era boilers and controls, as well as replacement of the 1920s era cloth-insulated wiring with code-compliant electrical distribution. This investment is a conservative one that ensures the building's basic infrastructure is safe, efficient, and functional as both an event center and residence for the next 50 years.

BACKGROUND INFORMATION

Eastcliff has served as the official residence of the University of Minnesota's president since 1961, shortly after it was gifted to the institution in 1958. Eastcliff is more than a home to the president and their family. It is the site of numerous events each year, hosting the university community, donors, and friends of the University. The most recent Eastcliff Annual Report to the Board showed 83 events with 3,216 guests. During previous presidential transitions, major infrastructure projects that would otherwise be disruptive to life at the residence have been completed, as well as routine upkeep such as painting or refinishing floors.

ETAC RECOMMENDATION

The Eastcliff Technical Advisory Committee recommends approval of a capital budget amendment for the renovation and repair of Eastcliff on the Twin Cities campus, and of the appropriate administrative officers proceeding with the authorization of contracts for implementation and construction.

Capital Budget Amendment: Eastcliff Renovation and Repair
Twin Cities Campus
Project No. 01-095-19-1184

1. Basis for Project:

Eastcliff serves as home to the University of Minnesota president and the ceremonial center of the University; it is the site of numerous events each year, hosting the university community, donors, and friends of the University. Eastcliff is one of Minnesota's great architectural treasures and is on the National Register of Historic Places. In 2017, it hosted over 80 events and welcomed over 3,200 visitors, students, staff, faculty, and friends of the University.

Eastcliff was designed by Clarence Johnston, who also served as Minnesota's State Architect for 30 years. Gifted to the University of Minnesota in 1958, Eastcliff became a public treasure to be enjoyed by the people of Minnesota.

It has been practical to complete major infrastructure projects that would otherwise be disruptive to life at the manor during transition between presidencies. These projects will address outdated infrastructure and facility deficiencies throughout the property and are designed to be consistent with the State Historic Preservation Office requirements. The project work is timed with the presidential transition so that impacts to the residents and event scheduling are minimized.

2. Scope of Project:

The Eastcliff Technical Advisory Committee recommends the following projects to ensure the manor's basic infrastructure is safe, efficient, and functional for the next 50 years:

1. Heating infrastructure replacement: Replace 1960's era gas-fired boilers and terminal units, upgrade the thermostats, and provide humidity control.
2. Electrical distribution improvements: Abandon the original cloth insulated wiring and install code compliant wiring.

3. Master Plan:

The project complies with the 1997 Eastcliff Master Plan.

4. Environmental Issues:

Any asbestos or lead encountered during construction will be abated as needed during the construction.

5. Cost Estimate:

Total Project Cost $
970,000

6. Capital Funding:

University Rental Income	$ 970,000
Total Capital Funding	$ 970,000

7. Annual Operating and Maintenance Cost:

The heating infrastructure Improvements will result in increased boiler efficiency and lower operating costs. The improved programmable controls will provide additional added savings and improved comfort for the residents and guests of the home.

8. Time Schedule:

Proposed Design Completion:	May 2019
Proposed Construction Completion:	August 2019

9. Project Team:

Architect:	Collaborative Design Group
Construction Manager at Risk:	To be determined

10. Recommendation:

The above described project scope of work, cost, funding, and schedule is appropriate:

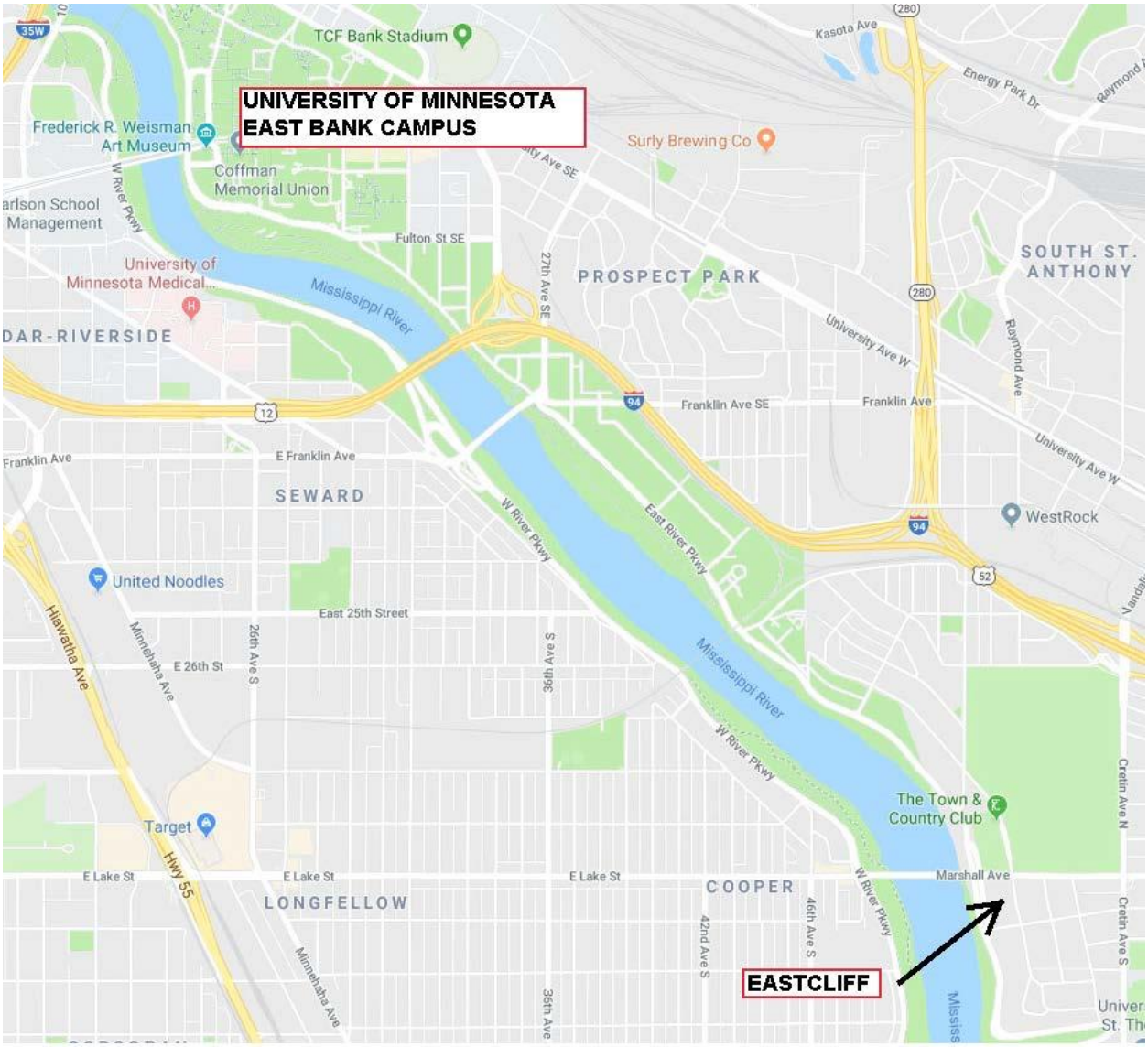
_____

Lyndel King, Weisman Art Museum Director, Eastcliff Technical Advisory Committee Chair

_____

Brian Burnett, Senior Vice President for Finance and Operations

Capital Budget Amendment: Eastcliff
Renovation and Repair
Twin Cities Campus
Project No. 01-095-19-1184



Eastcliff Renovation and Repair

Lyndel King, Director, Weisman Art Museum, and Chair, Eastcliff Technical Advisory Committee

Michael Berthelsen, Vice President, University Services

Finance & Operations Committee

December 13, 2018

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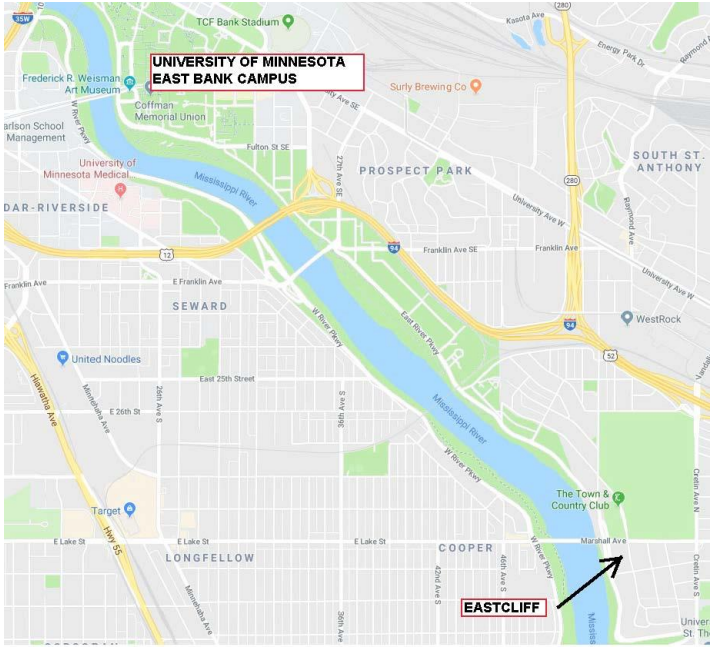
Event Center and Official Residence for the University of Minnesota President



Safe, Efficient, Functional Infrastructure

- Eastcliff will likely be unoccupied Summer 2019
- Opportunity to address deferred facility maintenance
- Minimize disruption during Presidential transition periods

Presidential Transition Priority List

- Eastcliff Technical Advisory Committee recommends two high-priority projects
  - Heating infrastructure replacement
  - Electrical distribution improvements

Heating Infrastructure Replacement

- Replace 1960’s gas fired boilers
- Replace terminal units
- Upgrade thermostats from pneumatic to direct digital control (DDC)

Electrical Distribution Improvements

- Abandon original cloth insulated wiring in the walls
- Install code compliant wiring throughout residence

original 1920's wiring

Funding and Schedule

- Cost Estimate:
  - Total Project $970,000
- Capital Funding:
  - Univ. Rental Income $970,000
- Project Schedule:
  - Design: Nov 2018 - Apr 2019
  - Construction: May - Aug 2019

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BOARD OF REGENTS
DOCKET ITEM SUMMARY

Finance & Operations **December 13, 2018**

AGENDA ITEM: Collective Bargaining Agreement: AFSCME Local 3260 (Health Care Unit)

☐ **Review** ☒ **Review + Action** ☐ **Action** ☐ **Discussion**

☐ *This is a report required by Board policy.*

PRESENTERS: Kathryn F. Brown, Vice President, Human Resources
Patti Dion, Senior Director, Human Resources

PURPOSE & KEY POINTS

The purpose of this item is for the committee to review and act on a collective bargaining agreement (CBA) between the Regents of the University of Minnesota and AFSCME Local 3260 (Health Care Unit). Once approved, the CBA will define the terms and conditions of employment for covered employees between June 11, 2018 and June 30, 2019.

Covered Employees

The employees covered by this CBA are health care workers as defined by the Minnesota Public Employee Labor Relations Act Unit 4. The total number of employees is 202.

Summary Economic Highlights

The FY2019 wages will be adjusted by 2 percent.

Base annual Payroll	$ 8,827,768

Financial Impact—Recurring Costs for FY2019

Base Salary Adjustments	$ 176,555
Total Recurring Cost	$ 176,555

BACKGROUND INFORMATION

Negotiations began on August 2, 2018 and a settlement was reached on November 8, 2018. The Union's contract ratification process was completed on November 30, 2018. Board approval is required before this CBA can be implemented.

PRESIDENT'S RECOMMENDATION

The President recommends approval of the resolution related to the proposed labor agreement with AFSCME Local 3260 (Health Care Unit).

REGENTS OF THE UNIVERSITY OF MINNESOTA

RESOLUTION RELATED TO

The Proposed Labor Agreement with
AFSCME Local 3260 (Health Care)

WHEREAS, the parties have met and negotiated and have reached agreement regarding terms and conditions of employment regarding the employees of this bargaining unit; and

WHEREAS, The AFSCME Local 3260 (Health Care) has ratified acceptance of this agreement; and

WHEREAS, according to Board of Regents Policy: *Reservation and Delegation of Authority*, approval of labor agreements by the Board of Regents is required.

NOW, THEREFORE, BE IT RESOLVED that on the recommendation of the President, the Board of Regents approves this labor agreement as outlined in the docket for December 13, 2018.

BOARD OF REGENTS
DOCKET ITEM SUMMARY

Finance & Operations **December 13, 2018**

AGENDA ITEM: Strategic Priorities: Supporting the Mission Initiatives, Part 1

☐ **Review** ☐ **Review + Action** ☐ **Action** [X] **Discussion**

☐ *This is a report required by Board policy.*

PRESENTERS: Bernard Gulachek, Vice President and Chief Information Officer

PURPOSE & KEY POINTS

The purpose of this item is to review and discuss the role of information technology in supporting the University of Minnesota's mission.

The University's information technology (IT) management function works in direct support, enablement, and advancement of the objectives and goals of each part of the institution's mission. It does this by providing:

- ways to connect and collaborate;
- reliable, effective, and cost-efficient solutions;
- an enhanced education and research environment;
- a focus on protecting and maintaining the integrity of our information; and
- an exceptional user experience.

IT is committed to each campus' strategic plan, and is positioned to provide technology infrastructure, services, and innovation resources that support, enable and advance the themes of the systemwide strategic priorities. At the same time, IT is at the administrative heart of institutional productivity and efficiency.

IT operations across the University's five-campus system represent approximately 6 percent of the institution's total expenditures ($222 million in FY 2018), roughly $75 million of which is managed directly by the VP/CIO's Office of Information Technology (OIT). Information technologists represent approximately 6 percent of the institution's total staff (1267), 445 of which are managed directly by OIT.

In recognition that the pedagogy, research, and business of the University is being transformed through the use of information technologies, the VP/CIO is responsible for managing a systemwide IT portfolio of services and organizational design that is distributed, yet highly integrated. Unique pedagogical and business related locally managed services are supported by commodity-like centralized services. Informed by a thorough and robust IT governance process, these services deliver quality, value, and efficiencies as measured by employee productivity and service cost containment. Transparency to all services ensures that they are complementary – and not competitive – to each other.

A major continuing initiative of the VP/CIO office is to manage the alignment and performance of each of these services in the context of a comprehensive University IT ecosystem. Deepening each chancellor's, dean's, and vice president's understanding of the intersection of central services with those that are provided locally ensures the value and appropriate expenditures of all IT services in the ecosystem.

OIT is the University's central IT unit, providing centralized enterprise-level technology services in support of the University's three part mission that are:

- broadly consumed across the institution's system of five campuses;
- core to central academic and administrative business operations; and
- offer commodity-like economies of scale.

OIT has consistently led the University's IT centralization efforts over the last several years. The consolidation of server rooms/data centers, servers, network management, help-desks, and computer device management has increased IT efficiency. It has also reduced IT expenses as a percentage of overall University expenses over the same time.

Several large-scale IT initiatives are currently underway at the University. Examples include the course management system transition, two-factor cybersecurity requirement initiative, systemwide network upgrade, enterprise asset management, data analytics projects, and an emphasis on innovation.

Supporting the Mission Initiatives: Part 1

Bernard Gulachek, Vice President and CIO

Finance & Operations Committee

December 13, 2018

SENIOR VICE PRESIDENT FOR FINANCE AND OPERATIONS

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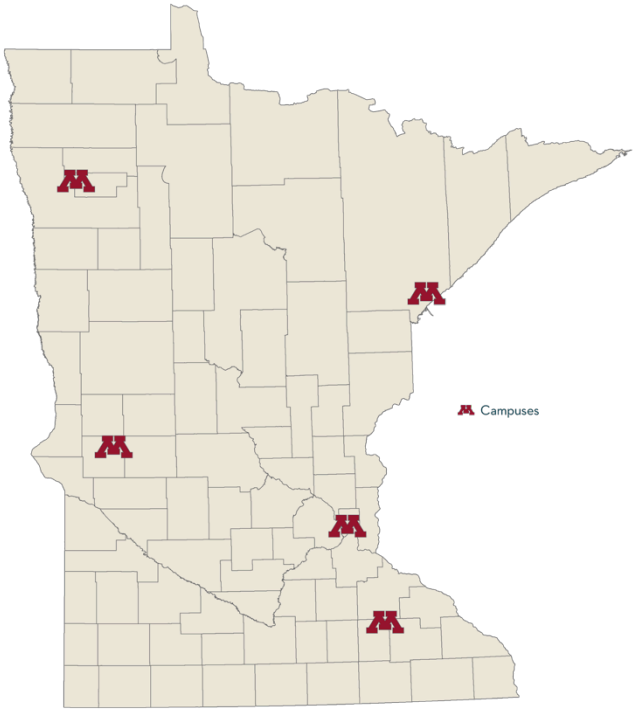
INFORMATION TECHNOLOGY

Agenda

- Facts
- Role
- Governance
- Services
- Performance Management | Metrics
- Large Initiatives Underway
- Questions & Discussion

University IT: Facts

- IT services span **5** system campuses
- Technologists represent ~**6%** of total University staff
- Technology represents ~**6%** of total University expenditures
- **22** centralized services with more than **150** public facing technologies



University IT: Role

Information Technologies **support**, **enable** and **advance** the objectives, goals and mission of the University of Minnesota

University IT: Governance

IT governance is the process by which University IT ensures alignment of services to **mission**, **priorities** and **user satisfaction**.

Customized, targeted technology user survey: **6,000 technology users**

+

50 focus groups with collegiate and support units leaders to discuss strategic priorities

=

Insights to help guide service and support planning.

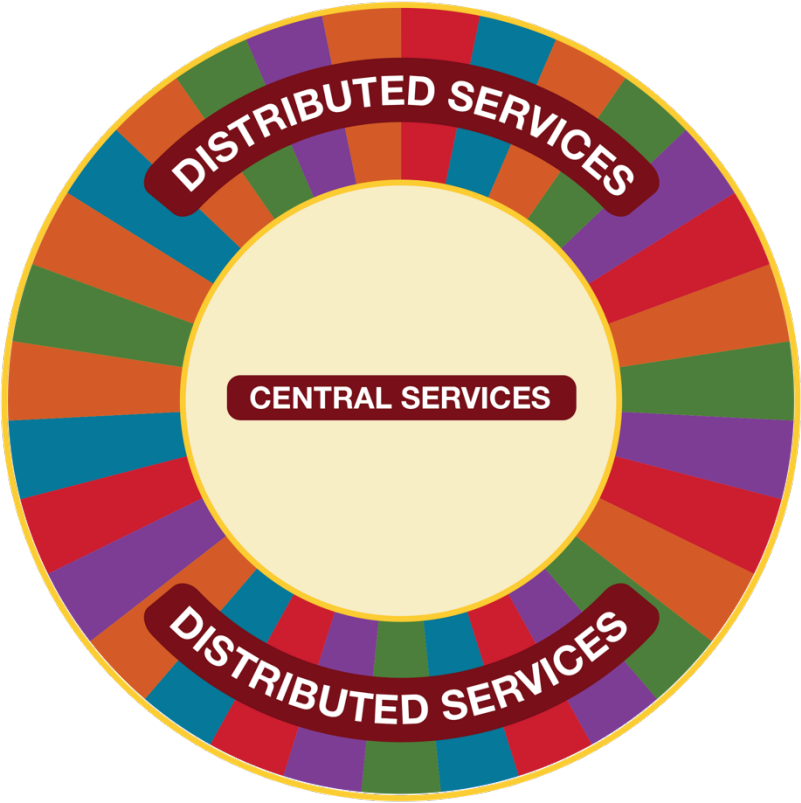
University IT: Services

Service model is:

- Integrated
- Distributed
- Complementary
- Non-competitive

Service model delivers:

- Quality
- Efficiency
- Value



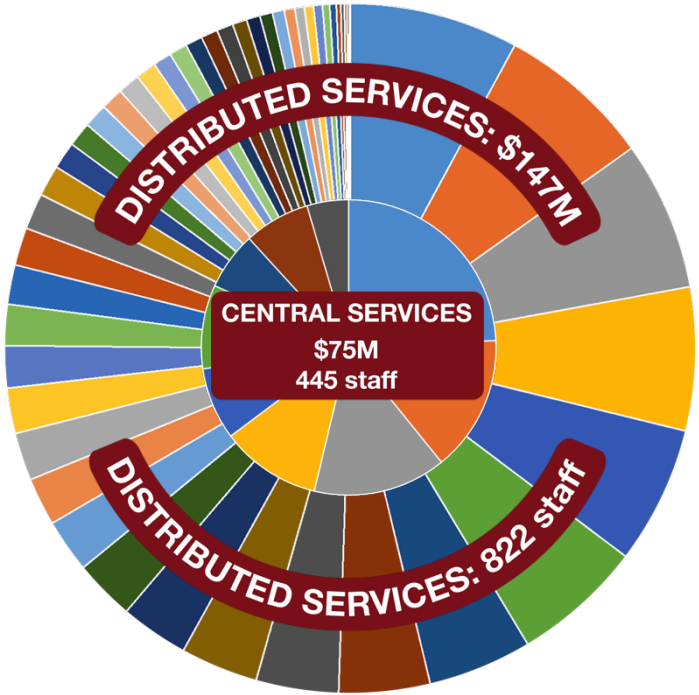
University IT: Performance

IT Value

- Productivity
- Efficiencies
- Strategic opportunities

University IT: Performance

- Total Spend FY18: **$222M**
- Total IT staff: **1,267**
- Includes:
  - IT Payroll
  - IT Equipment
  - Software
  - IT Services
  - etc…



Academic Unit

Information Technology Unit Profile

1.6% of all Unit Employees are IT Professionals

2.0% of all Employees in an Average Academic Unit are IT Professionals

Total IT Cost Per Staff/Faculty for Unit

Headcount
211 employees

$3k per person

Average Academic Cost Per Staff/Faculty for Average Academic Unit

Headcount
13,141 employees

$4k per person

Total IT Cost Per Student for Unit

Headcount
1,580 students

$360 per person

Average Academic Cost Per Student for Average Academic Unit

Headcount
67,176 students

$800 per person

Unit IT Staff Job Distribution

- Business/Systems Analysts 1
- Developers 2
- End User Support 1
- IT Management 1

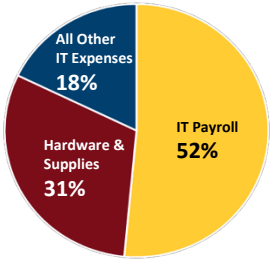
Unit IT Lead & Direct Reports

4

Total Unit IT Staff

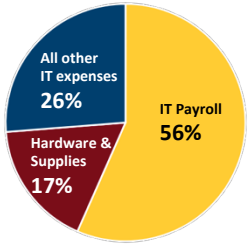
5

IT Cost: Unit



Total: $0.6M

IT Cost Comparison: Avg. Academic Unit

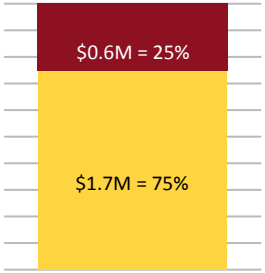


Total: $56M

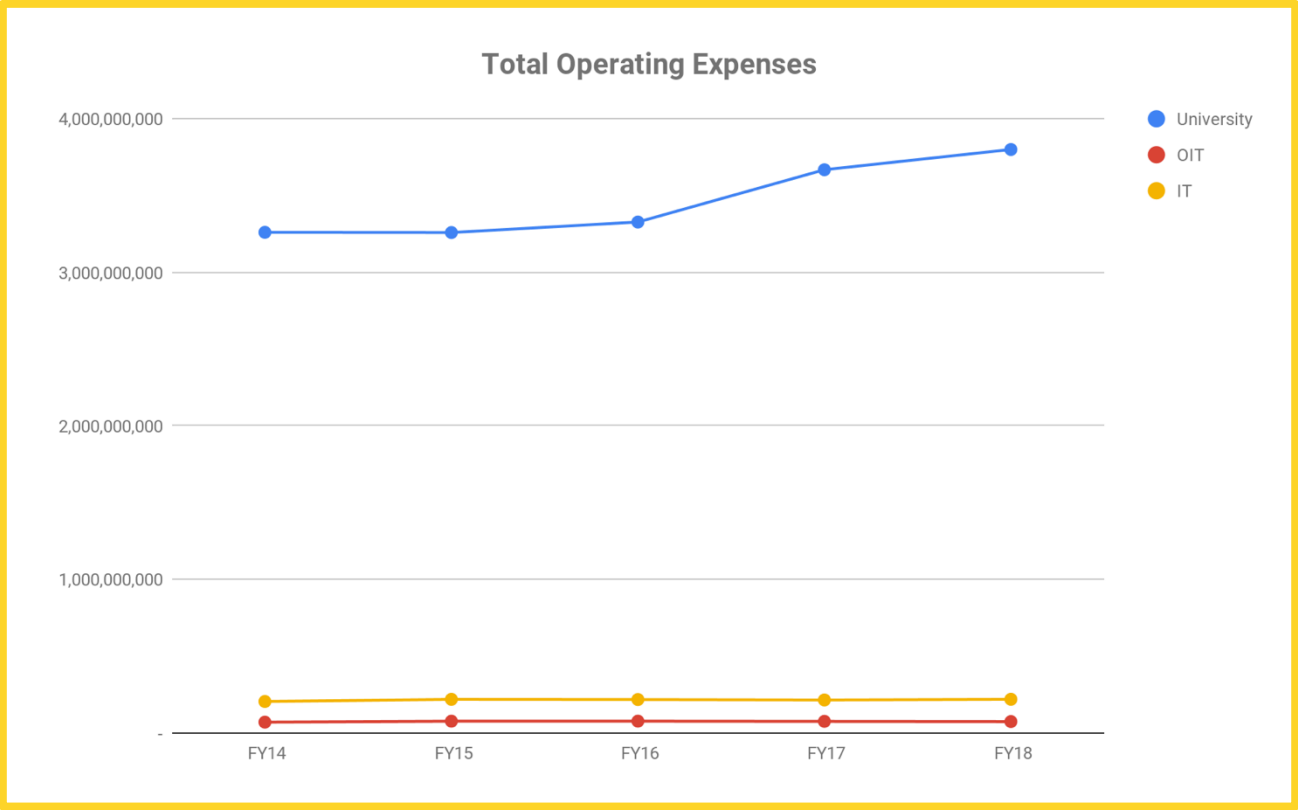
Service	Supporting Technology

Total IT Expenses

$2.3M



IT Performance



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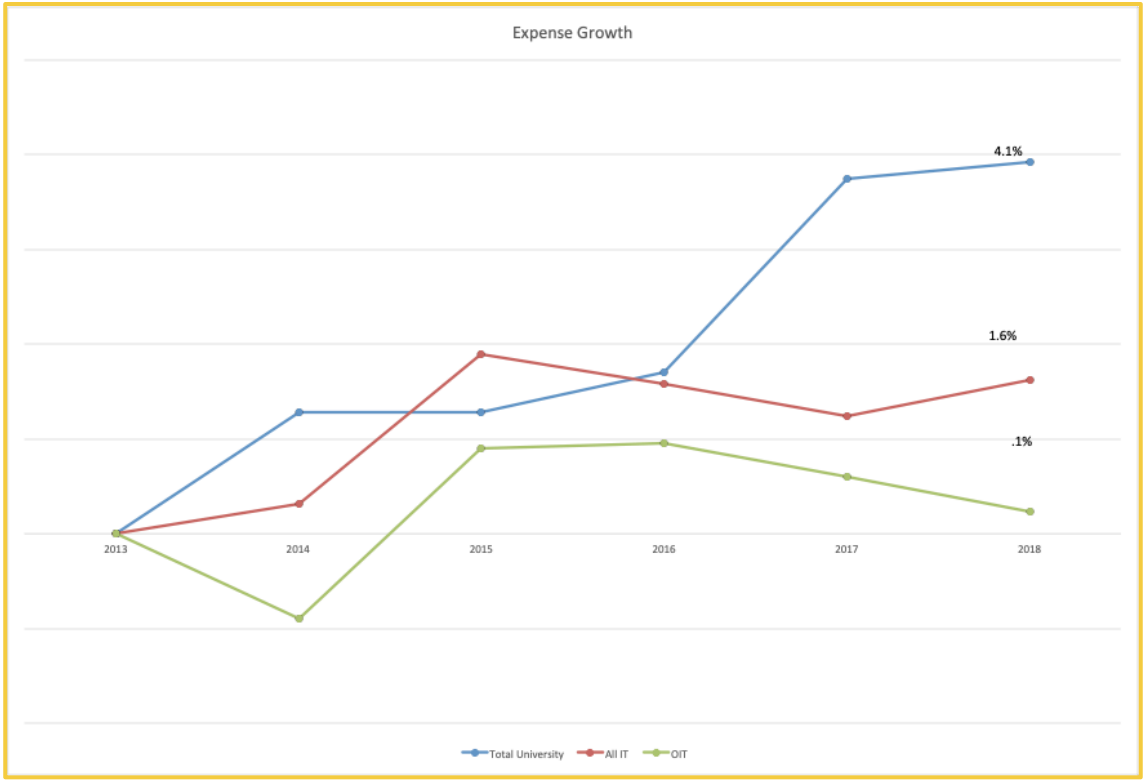
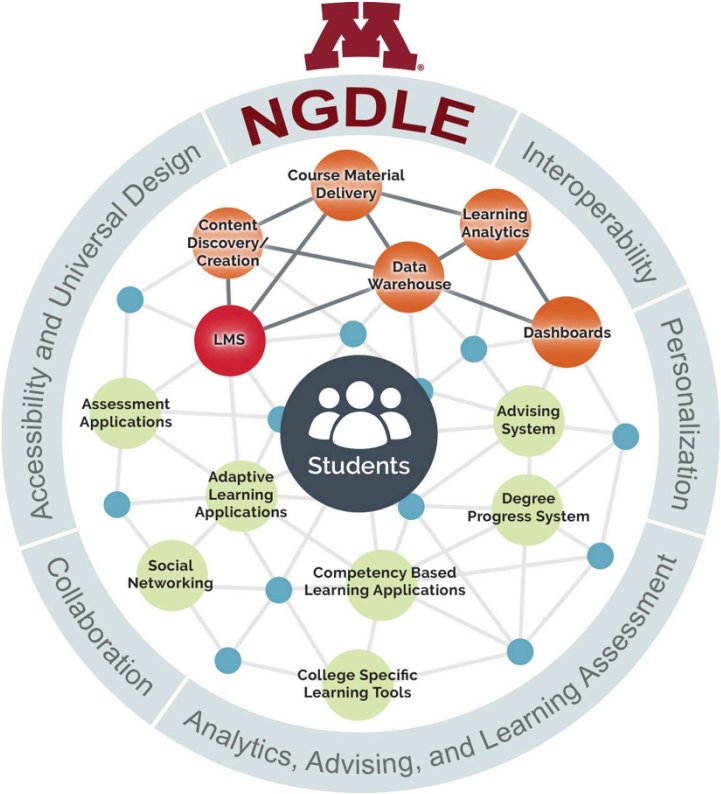


Large IT Initiatives Underway

Academic Technology



Unizin Products

- Course Material Delivery (Unizin Engage)
- Unizin Pressbooks (Authoring and publishing)
- Learning Analytics
- Data Warehouse (Unizin Data Platform)
- Dashboards (UMN-customized)
- LMS (Canvas by Instructure)

Duo Two-Factor Security

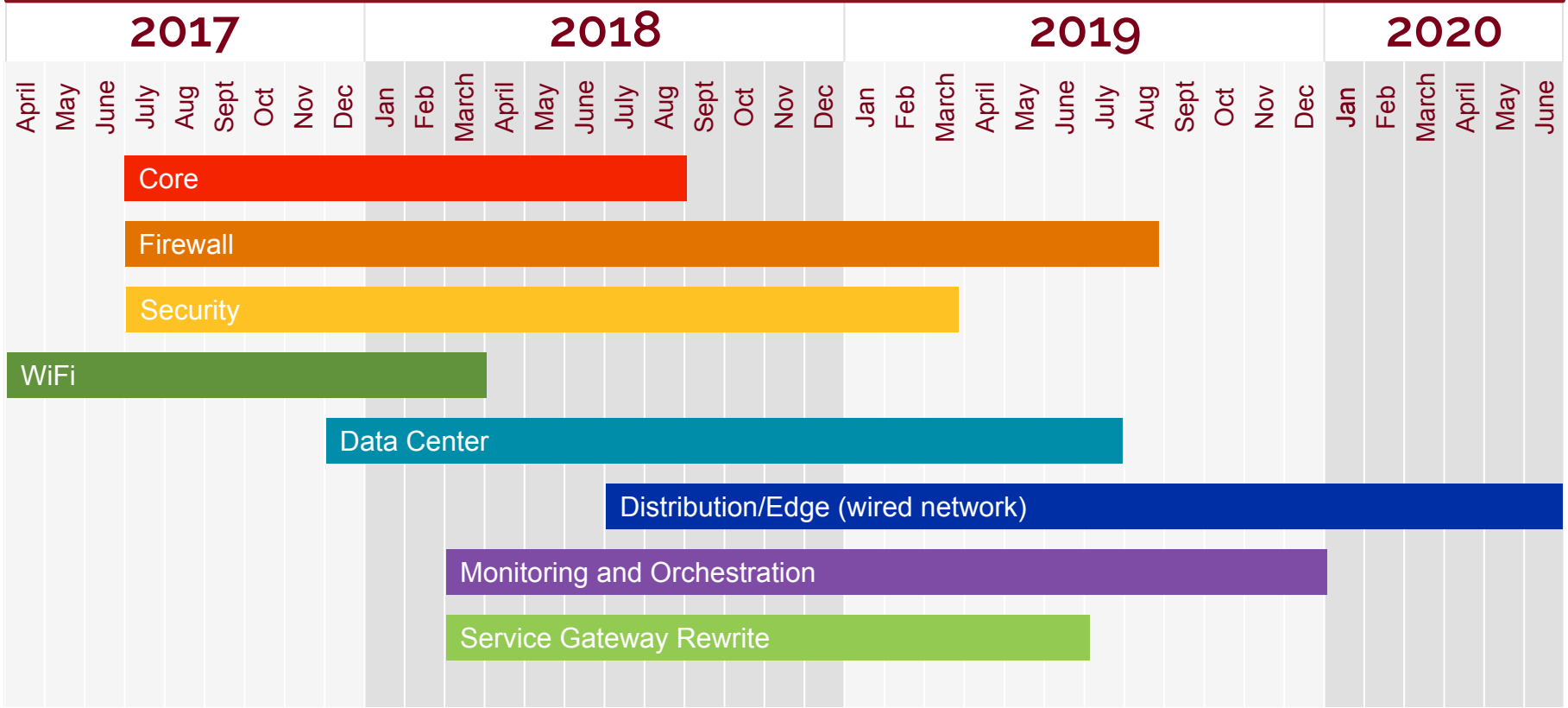
The University of Minnesota is taking meaningful action to help students, faculty, and staff safeguard themselves against cybercrime. **Duo Security (two-factor authentication) will be required at the University of Minnesota Sign-In page.**

- **Duo Security** is **required** for current students, faculty, staff, POI, and sponsored accounts.
- **16+ passphrase and Duo Security** = No more annual password reset requirement.
- Timing: **November 2018-November 2019** at the time of one's annual password reset.

UPDATE

- Since November 1, more than **16.7k** accounts created
- **~1%** of enrollees requested Technology Help

Network Upgrade Milestones



Enterprise Asset Management

Large Initiatives Underway

Optimizing Physical Assets to Create a Better Campus Experience at a Lower Cost

Enterprise Asset Management = Better Campus Experience

Consistent Processes

Informed Decisions

Shared and Powerful application

BUILD for lower life cycle cost and greater flexibility in use

OPERATE at lower cost with increased reliability

MANAGE SPACE to improve productivity, increase utilization, and lower total space.

University IT: Key Takeaways

- IT is at the heart of the University's administrative **productivity & efficiency**
- The central IT unit is the IT management function's **efficiency engine**
- **Centralization** of IT services continues as technologies evolve, **mature**, **scale**, and **use is common**
- IT as a **strategic enabler** in addition to **cost-center** role

Questions?

UNIVERSITY OF MINNESOTA

Driven to Discover®

Crookston Duluth Morris Rochester Twin Cities

BOARD OF REGENTS
DOCKET ITEM SUMMARY

Finance & Operations **December 13, 2018**

AGENDA ITEM: Consent Report - **REVISED**

☐ **Review** ☒ **Review + Action** ☐ **Action** ☐ **Discussion**

☐ *This is a report required by Board policy.*

PRESENTERS: Brian D. Burnett, Senior Vice President

PURPOSE & KEY POINTS

General Contingency

The purpose of this item is to seek approval for allocations from General Contingency greater than $250,000. There are no items requiring approval this period.

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

The purpose of this item is to review and approve the following purchases of goods and services of $1,000,000 and over.

- To Factory Mutual Insurance Company (FM Global) for an estimated amount of $6,630,000 to purchase property insurance for the University of Minnesota for the Office of Risk Management and Insurance for the period July 1, 2019 through June 30, 2021. This contract is funded through the Office of Risk Management and Insurance's property insurance recharge cost pool. See enclosed documentation for basis of supplier selection.

- To Finish Line Flooring and S2 Services Inc. for approximately $1,425,000 for providing floor care services as needed for Facilities Management for the period of January 1, 2019 through December 31, 2024. Contract floor care services are budgeted by a variety of organizations on the Twin Cities campus through their facilities budget. Suppliers were selected through a competitive process.

- To IONpath for $1,750,000 for Multiplexed Ion Beam Imaging System (MIBI) and service agreement for Department of Laboratory Medicine and University Imaging Centers for the period of December 1, 2018 through December 31, 2023. The MIBI system will be purchased from existing departmental funds available for this research and managed by the University Imaging Centers for availability for use to the widest possible research community. Supplier was selected through a competitive process.

- To John Wiley & Sons, Inc. (Wiley) for an estimated $3,841,000 for journal subscriptions available via Wiley Online Library as needed for the University Libraries for the three-year

period of January 1, 2019, through December 31, 2021. The estimated costs for this subscription to Wiley over the next three years is included in the University Libraries and Law Libraries 2019, 2020, and 2021 expected budgets. Supplier was selected through a competitive process.

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- To Roche Diagnostics for $2,040,100 for COBAS 8000 Clinical Chemistry Analyzer, related Roche Middleware IT Solutions, and consumable Chemistry and Immunodiagnostic Reagents for the Advanced Research and Diagnostic Laboratory (ARDL) as part of Laboratory Medicine and Pathology, Medical School for the period of January 1, 2019 through December 31, 2024. The reagents from Roche Diagnostics will be purchased with departmental funds. As an Internal Sales Organization (ISO), the ARDL will order reagents as needed for University researchers. See enclosed documentation for basis of supplier selection.

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In addition to the purchases listed above, the following item corrects an error in the identification of one vendor in a purchase of goods and services from October 2018. The erroneously named vendor is stricken, and the correct vendor has been inserted. All other details were correct as listed in the docket.

- To Egan, Nasseff, ~~Northern Air Corporation~~ Northland Mechanical Contractors, and Metropolitan Mechanical Contractors, Inc. for an estimated $2,000,000 for providing

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Employment Agreement

The purpose of this item is to seek approval for the following employment agreement:

- Third amendment to employment agreement - Head Football Coach, Twin Cities campus

Off Cycle Tuition Approval

In an effort to accommodate industry-driven schedules for working professionals, some specialized post-baccalaureate programs operate on an academic year of summer-fall-spring rather than the traditional fall-spring-summer. For communication and implementation purposes, final tuition rates for these programs must be set prior to the May/June presentation of rates in the operating budget for the next fiscal year.

The President recommends approval of tuition rates for the following programs for Summer 2019, Fall 2019, and Spring 2020:

	A	B	C	D	E	F
	2018-2019 (Effective Summer 2018) Semester Rates		2019-2020 (Effective Summer 2019) Semester Rates		2019-2020 Semester Rates	
	Resident	Nonresident	Resident	Nonresident	Resident % Increase	Nonresident % Increase
Twin Cities						
Carlson School of Management						
Master of Science in Business Analytics *						
Per Credit	$960.00	$1,370.00	$990.00	$1,410.00	3.1%	2.9%
Master of Science in Finance						
Per Credit	$960.00	$1,370.00	$990.00	$1,410.00	3.1%	2.9%
College of Science and Engineering						
Master of Science in Security Technologies						
Per Credit - Year 2 Students **	$1,250.00	$1,250.00	$1,250.00	$1,250.00	0.0%	0.0%
Per Credit - Year 1 Students	$1,250.00	$1,250.00	$1,325.00	$1,325.00	6.0%	6.0%
Master of Science in Medical Device Innovation						
Per Credit - Year 2 Students **	$1,250.00	$1,250.00	$1,250.00	$1,250.00	0.0%	0.0%
Per Credit - Year 1 Students	$1,250.00	$1,250.00	$1,325.00	$1,325.00	6.0%	6.0%

* Effective Fall 2019, tuition rates for Master of Science in Business Analytics Part-Time Program will be approved with the regular academic year rates effective for Fall semester. The academic year for the part-time program begins with Fall semester.

** Current year rates for Year 2 Students in the Master of Science in Security Technologies and Master of Science in Medical Device Innovation reflect the rate currently paid by Year 1 students who will be Year 2 students beginning Spring 2019. Rates are guaranteed for the 4 terms of a cohort's enrollment (Summer-Fall-Spring-Summer).

The Master of Science in Security Technologies (MSST) and the Master of Science in Medical Device Innovation (MDI) are high-service professional programs marketed to full-time working professionals. For both programs, a 6 percent increase from $1,250 to $1,325 per credit is

requested for the cohorts entering Summer 2019. Parity in tuition rates for these programs is desirable as many students take electives from the other program. The decision to increase tuition is based on an assessment of market demand, including a review of competing programs.

For the MSST program, several new cybersecurity-related programs have launched in the local market (e.g. St. Thomas University and Metro State) and various on-line and distance programs are being advertised locally (e.g. Brown University). However, the name brand of the University of Minnesota, the quality of the instruction and student experience, and the cohort-based model with a guaranteed 4-term graduation timeframe all differentiate the MSST program and allow it to maintain a competitive advantage even at a higher price point than some of its competitors.

The MDI program is a niche program without many direct competitors. Carlson School of Management's (CSOM) Medical Industry Leadership Institute (MILI) is the most often cited program to which prospective students compare the MDI program, and the MDI program's tuition rates compare favorably to those of CSOM's graduate programs. The limited competition coupled with the name brand of the University of Minnesota, the quality of the instruction and student experience, and the cohort-based model with a guaranteed 4-term graduation timeframe ensure the MDI program will maintain its competitive advantage.

For both programs, early indicators point to meeting or exceeding recruitment goals at the proposed new rates.

The proposed increases for the CSOM programs result in rates that remain competitive with peer programs and reflect strong demand for enrollment. The two full-time programs, Master of Science in Business Analytics (MSBA) and Master of Science in Finance (MSFIN), are one-year programs so there is no impact to current students. Student demand for these programs continues to be strong and we expect MSBA enrollment to remain at full capacity and MSFIN enrollment to increase for 2019-2020.

Capital Budget Amendments

The purpose of this item is to seek approval for amendments to the FY 2019 Annual Capital Improvement Budget for the following projects:

- *CHS Teaching and Learning Lab Renovation (Twin Cities campus)*
- *Essex Corridor Reconstruction (Twin Cities campus)*
- *Horticulture Operations Headquarters (Landscape Arboretum)*

Project data sheets for each project are included in the docket materials and addresses the basis for request, project scope, cost estimate, funding, and schedule. Site maps locating the projects are also included.

Resolution Related to the Issuance of Debt

The purpose of this item is to review and approve the attached resolution authorizing the issuance of debt in the principal amount of up to $150,000,000 to finance and/or reimburse the University for purchases of land and buildings, construction and remodeling projects, the acquisition and installation of equipment, and costs of issuance. The amount also includes the refunding of commercial paper previously issued for a portion of the projects. Because of current economic and market conditions, and interest rate uncertainty, the resolution is being submitted at this time to provide the University with flexibility as to the timing of the issuance over the next twelve months.

The specific capital projects are listed on the schedule included in the docket materials. These projects have all been previously approved by the Board as part of the University's capital planning process.

Resolution Related to the Refinancing of Debt

The purpose of this item is to review and approve the attached resolution authorizing the issuance and sale of debt to refund all, or a portion of, certain outstanding general obligation bonds and to pay costs of issuance.

The American Recovery and Reinvestment Act of 2009 authorized the University to issue taxable bonds known as "Build America Bonds" (BABs) to finance capital expenditures for which it could issue tax-exempt bonds and to elect to receive a subsidy payment from the federal government equal to 35 percent of the amount of each interest payment on such taxable bonds. The BABs are therefore considered tax-advantaged taxable bonds.

Due to the implementation of federal sequestration effective with the subsidy payment received beginning June 1, 2013, the subsidy payments received have been reduced by 6.6 percent - 7.3 percent since that time. The current interest rate environment in the municipal bond markets may cause conditions to become optimal in the near future to realize savings through a refunding of one or more outstanding general obligation bonds initially issued as BABs. To afford flexibility in timing to match the occurrence of optimal market conditions, the resolution will remain in effect up to the respective optional call dates for each series.

The results of any refunding will be reported to the Finance & Operations Committee at the meeting following the completion of the transaction.

Schematic Designs

The purpose of this item is review and action on schematic designs for the following project:

- *CHS Teaching and Learning Lab Renovation (Twin Cities campus)*

Approval of this project as both a capital budget amendment and schematic design at the December Board of Regents meeting will help Capital Project Management quickly serve the needs of the Department of Agricultural Education in time to host fall 2019 courses.

A project data sheet is included in the docket and addresses the basis for request, project scope, cost estimate, funding, and schedule for this project. A map locating the project on the Twin Cities campus is also included.

BACKGROUND INFORMATION

Approvals are sought in compliance with Board of Regents policy as follows:

- Purchase of Goods and Services $1,000,000 and Over: *Reservation and Delegation of Authority*, Article I, Section VII, Subd. 6.
- Employment Agreements: *Reservation and Delegation of Authority*, Article I, Section IV, Subd. 1.
- Capital Budget Amendments: *Reservation and Delegation of Authority,* Article I, Section VIII, Subd. 8.

- Issuance and Refinancing of Debt: *Reservation and Delegation of Authority,* Article I, Section VII, Subd. 4.
- Schematic Designs: *Reservation and Delegation of Authority,* Article I, Section VIII, Subd. 9.

Resolution Related to Issuance of Debt

In October 2017, the Board authorized a revolving commercial paper facility (facility) through which the University may issue tax-exempt and taxable variable rate debt from time to time as general obligation indebtedness for the short or long-term financing of capital projects.

Board of Regents Policy: *Debt Transactions* requires approval of any issuance of debt, including the refunding of debt issued under the facility to long-term debt.

Resolution Related to Refunding of Debt

Refunding of bonds is the issuance of a new bond for the purpose of retiring an already outstanding bond issue. Outstanding debt may be refunded to achieve interest rate savings, restructure principal and/or interest payments, or eliminate burdensome covenants with bondholders. The refunding is considered an advance refunding when done prior to the optional redemption date (call date).

Though issued as taxable bonds, both series identified in the resolution were issued with an optional 10-year par call, allowing for refinancing of the bonds after ten years. The tax law changes enacted on December 22, 2017 eliminated the advance refunding of tax-exempt bonds but a recent ruling by the Internal Revenue Service indicated that tax-exempt bonds may be issued to advance refund BABs because a legal defeasance results in the loss of their tax-advantaged status.

A legal defeasance occurs when the proceeds of new bonds that are sufficient to pay all principal and interest on the outstanding bonds up to and including the call date are deposited in escrow at a bank. The escrow is irrevocably pledged to the retirement of such debt and thus the escrow and the refunded debt do not appear on the University's balance sheet.

The specific advance refunding opportunities that currently exist for consideration were discussed at the December 12, 2018 meeting of the Debt Management Advisory Committee.

PRESIDENT'S RECOMMENDATION

The President recommends approval of the Consent Report.

BOARD OF REGENTS
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being advertised locally (e.g. Brown University). However, the name brand of the University of Minnesota, the quality of the instruction and student experience, and the cohort-based model with a guaranteed 4-term graduation timeframe all differentiate the MSST program and allow it to maintain a competitive advantage even at a higher price point than some of its competitors.

The MDI program is a niche program without many direct competitors. Carlson School of Management's (CSOM) Medical Industry Leadership Institute (MILI) is the most often cited program to which prospective students compare the MDI program, and the MDI program's tuition rates compare favorably to those of CSOM's graduate programs. The limited competition coupled with the name brand of the University of Minnesota, the quality of the instruction and student experience, and the cohort-based model with a guaranteed 4-term graduation timeframe ensure the MDI program will maintain its competitive advantage.

For both programs, early indicators point to meeting or exceeding recruitment goals at the proposed new rates.

The proposed increases for the CSOM programs result in rates that remain competitive with peer programs and reflect strong demand for enrollment. The two full-time programs, Master of Science in Business Analytics (MSBA) and Master of Science in Finance (MSFIN), are one-year programs so there is no impact to current students. Student demand for these programs continues to be strong and we expect MSBA enrollment to remain at full capacity and MSFIN enrollment to increase for 2019-2020.

Capital Budget Amendments

The purpose of this item is to seek approval for amendments to the FY 2019 Annual Capital Improvement Budget for the following projects:

- *CHS Teaching and Learning Lab Renovation (Twin Cities campus)*
- *Essex Corridor Reconstruction (Twin Cities campus)*
- *Horticulture Operations Headquarters (Landscape Arboretum)*

Project data sheets for each project are included in the docket materials and addresses the basis for request, project scope, cost estimate, funding, and schedule. Site maps locating the projects are also included.

Resolution Related to the Issuance of Debt

The purpose of this item is to review and approve the attached resolution authorizing the issuance of debt in the principal amount of up to $150,000,000 to finance and/or reimburse the University for purchases of land and buildings, construction and remodeling projects, the acquisition and installation of equipment, and costs of issuance. The amount also includes the refunding of commercial paper previously issued for a portion of the projects. Because of current economic and market conditions, and interest rate uncertainty, the resolution is being submitted at this time to provide the University with flexibility as to the timing of the issuance over the next twelve months.

The specific capital projects are listed on the schedule included in the docket materials. These projects have all been previously approved by the Board as part of the University's capital planning process.

Resolution Related to the Refinancing of Debt

The purpose of this item is to review and approve the attached resolution authorizing the issuance and sale of debt to refund all, or a portion of, certain outstanding general obligation bonds and to pay costs of issuance.

The American Recovery and Reinvestment Act of 2009 authorized the University to issue taxable bonds known as "Build America Bonds" (BABs) to finance capital expenditures for which it could issue tax-exempt bonds and to elect to receive a subsidy payment from the federal government equal to 35 percent of the amount of each interest payment on such taxable bonds. The BABs are therefore considered tax-advantaged taxable bonds.

Due to the implementation of federal sequestration effective with the subsidy payment received beginning June 1, 2013, the subsidy payments received have been reduced by 6.6 percent - 7.3 percent since that time. The current interest rate environment in the municipal bond markets may cause conditions to become optimal in the near future to realize savings through a refunding of one or more outstanding general obligation bonds initially issued as BABs. To afford flexibility in timing to match the occurrence of optimal market conditions, the resolution will remain in effect up to the respective optional call dates for each series.

The results of any refunding will be reported to the Finance & Operations Committee at the meeting following the completion of the transaction.

Schematic Designs

The purpose of this item is review and action on schematic designs for the following project:

- *CHS Teaching and Learning Lab Renovation (Twin Cities campus)*

Approval of this project as both a capital budget amendment and schematic design at the December Board of Regents meeting will help Capital Project Management quickly serve the needs of the Department of Agricultural Education in time to host fall 2019 courses.

A project data sheet is included in the docket and addresses the basis for request, project scope, cost estimate, funding, and schedule for this project. A map locating the project on the Twin Cities campus is also included.

BACKGROUND INFORMATION

Approvals are sought in compliance with Board of Regents policy as follows:

- Purchase of Goods and Services $1,000,000 and Over: *Reservation and Delegation of Authority*, Article I, Section VII, Subd. 6.
- Capital Budget Amendments: *Reservation and Delegation of Authority,* Article I, Section VIII, Subd. 8.
- Issuance and Refinancing of Debt: *Reservation and Delegation of Authority,* Article I, Section VII, Subd. 4.
- Schematic Designs: *Reservation and Delegation of Authority,* Article I, Section VIII, Subd. 9.

Resolution Related to Issuance of Debt

In October 2017, the Board authorized a revolving commercial paper facility (facility) through which the University may issue tax-exempt and taxable variable rate debt from time to time as general obligation indebtedness for the short or long-term financing of capital projects.

Board of Regents Policy: *Debt Transactions* requires approval of any issuance of debt, including the refunding of debt issued under the facility to long-term debt.

Resolution Related to Refunding of Debt

Refunding of bonds is the issuance of a new bond for the purpose of retiring an already outstanding bond issue. Outstanding debt may be refunded to achieve interest rate savings, restructure principal and/or interest payments, or eliminate burdensome covenants with bondholders. The refunding is considered an advance refunding when done prior to the optional redemption date (call date).

Though issued as taxable bonds, both series identified in the resolution were issued with an optional 10-year par call, allowing for refinancing of the bonds after ten years. The tax law changes enacted on December 22, 2017 eliminated the advance refunding of tax-exempt bonds but a recent ruling by the Internal Revenue Service indicated that tax-exempt bonds may be issued to advance refund BABs because a legal defeasance results in the loss of their tax-advantaged status.

A legal defeasance occurs when the proceeds of new bonds that are sufficient to pay all principal and interest on the outstanding bonds up to and including the call date are deposited in escrow at a bank. The escrow is irrevocably pledged to the retirement of such debt and thus the escrow and the refunded debt do not appear on the University's balance sheet.

The specific advance refunding opportunities that currently exist for consideration were discussed at the December 12, 2018 meeting of the Debt Management Advisory Committee.

PRESIDENT'S RECOMMENDATION

The President recommends approval of the Consent Report.

General Contingency

Fiscal Year 2019
(7/1/2018-6/30/2019)

Current Activity:

	Recipient	Amount	Balance	Purpose
1	**FY19 General Contingency**		**1,000,000**	
2	Carryforward from FY18 to FY19	913,210	1,913,210	
3	**New items this reporting period:**			
4	n/a		1,913,210	
5	**Current Balance**		**1,913,210**	

Commitments*:

	Recipient	Amount		Purpose
6	Office of the Board of Regents	(350,000)	1,563,210	University President search activities. Spending approved October, 2018.
7	**Projected Balance**		**1,563,210**	

* Items $250,000 or more Subject to Board approval.

FY19 r. December, 2018

Purchase of Goods and Services $1,000,000 and over

To Factory Mutual Insurance Company (FM Global) for an estimated amount of $6,630,000 to purchase property insurance for the University of Minnesota for the Office of Risk Management and Insurance for the period July 1, 2019 through June 30, 2021.

The Office of Risk Management and Insurance purchases property insurance through Factory Mutual Insurance Company (FM Global). FM Global is a proprietary insurance company with which the University does business on a direct basis (without a broker intermediary).

The University has been insured by FM Global since Fiscal Year 17. FM Global was selected to replace the previous insurers because they offered a lower rate, superior loss prevention service and coverage terms, and a rate guarantee (Premium = Rate x Value of Insured Property) through 06/30/19.

Recent high frequency of national catastrophic losses, combined with volatility in the markets, create a risk that there will be property insurance rate volatility in the near-to-mid-term. In order to pre-empt that risk a two-year extension of the current guaranteed policy rate has been negotiated, which freezes rates for an additional two years and ensures that property insurance premiums will increase only because of additions to University property values. FM Global also added coverage that automatically applies to otherwise excluded property in mines, such as Tower Soudan.

This contract is funded through the Office of Risk Management and Insurance's property insurance recharge cost pool.

Submitted by: Steven Paul Pardoe, Director,
Office of Risk Management and Insurance
207 West Bank Office Building
Phone: 612-625-0062

Approval of this item is requested by:

Michael D. Volna
Associate Vice President & Assistant CFO

11/27/18
Date

Rationale for Exception to Competitive Bidding

This purchase has not been competitively bid because traditionally, large-scale property programs are not "bid" in the traditional sense; rather they are marketed to qualified insurers via our insurance broker who compares pricing, terms, coverage, etc. In this case the current supplier, FM Global, has offered a unique extension of coverage that remains extremely competitive by providing a combination of guaranteed pricing and enhanced coverage, as noted below.

FM Global's baseline pricing, in the context of its current coverage terms, insurance limit and deductible level, is recognized by Risk Management and the local commercial brokerage community, as being very low and difficult to materially improve on.

As part of this extension, FM Global has offered a fixed rate since FY17, and has agreed to continue the same rate through June 30, 2021. Fixed rate programs are increasingly rare. Risk Management sees potential for commercial property insurance rates to trend adversely in the near to mid-term. Potential catalysts include the recent history of catastrophe coastal storm events and the possibility of a stock market correction, both of which can drive rates independently or in synergy. Risk Management's judgment is that locking the rate for the next two and a half years may avoid adverse volatility and will be advantageous to the University.

Finally, the Office of Risk Management & Insurance believes that the stability afforded by extending coverage offers additional advantages in terms of budgetary (premium) stability, and continuity of service, as Risk Management is in the midst of two property loss / preservation initiatives and feels it is advantageous to complete them prior to remarketing the coverage.

Based on this rationale, Purchasing Services concurs with the decision to not competitively bid the property insurance coverage, and is comfortable with the reasonableness of pricing and basis for extension of the current vendor's contract.

Purchase of Goods and Services $1,000,000 and over

To Finish Line Flooring and S2 Services Inc. for approximately $1,425,000 for providing floor care services as needed for Facilities Management for the period of January 1, 2019 through December 31, 2024.

High quality floor care is vital for providing safe, reliable and efficient buildings for the University community and to maximize the useful life span of our floors. In recent years floor care services have been provided through multiple suppliers awarded through a competitive Request for Proposal (RFP) process. Having contract suppliers allows the University to efficiently manage its preventive maintenance program in the most cost effective way possible.

In September 2018 a competitive RFP process was completed. The two suppliers that were selected provided the best value (combination of price, work plan, and staffing). The overall level of anticipated spending will be consistent with prior years but the contracts will better manage costs by providing a more efficient process and fixed labor rates over the five years of the contract.

Contract floor care services are budgeted by a variety of organizations on the Twin Cities campus through their facilities budget.

Submitted by: Bill Paulus, Facilities Management Associate Vice President
Suite 300 Donhowe Building
Minneapolis Campus
Phone: (612) 626-1091
Fax: (612) 626-0234

Approval for this item requested by:

Michael Berthelsen

Michael Berthelsen
Vice President of University Services

11-7-18
Date

Purchase of Goods and Services $1,000,000 and over

To IONpath for $1,750,000 for Multiplexed Ion Beam Imaging System (MIBI) and service agreement for Department of Laboratory Medicine and University Imaging Centers for the period of December 1, 2018 through December 31, 2023.

Biomedical research needs continue to demand validation of historic and molecular composition for the evaluation of healthy and disease states. Confirmatory by optical microscopy are limited to a relatively small number of simultaneous detection probes and artifacts related to sequential staining or image registration and conventional mass spectroscopy don't have the spatial resolution to map the molecules to the functional areas of cells and tissues.

Recent advances in labeling technologies and multiplexing mass spectroscopy imaging are permitting deep profiling of archival formalin-fixed, paraffin-embedded (FFPE) and fresh tissue samples. The requested Multiplexed Ion Beam Imaging (MIBJ) by IONpath is a mass spectrometry based imaging platform permitting simultaneous measurement of up to 54 biomolecules (proteins, DNA and RNA) on a single tissue section with resolution ranges validated by light microscopy. MIBI is quantitative, the fastest available system, and compatible with existing sample processing methods, enabling it to integrate into research and clinical workjlows within a shared facility resource like our University Imaging Centers. By preserving the information that is available in tissue architecture and cellular morphology in combination with proven probes, researchers can gain new insights in the context of the tissue microenvironment, all at subcellular resolution. The request includes the purchase of the system and a total of five years of service contract support.

Through a competitive Request for Proposal, the IONpath MIBI system was determined to provide the highest throughput, highest resolution, re-probability and fewest infrastructure modifications and expendables.

The MIBI system will be purchased from existing departmental funds available for this research and managed by the University Imaging Centers for availability for use to the widest possible research community.

Submitted by: Mark Sanders, Program Director
University Imaging Centers
Room 1-220D Cancer and Cardiovascular Research
Building Ph: (612) 626-6190

Approval for this item requested by:

Tucker LeBien Vice Dean for Research

11.20.18
Date

Purchase of Goods and Services $1,000,000 and over

To John Wiley & Sons, Inc. (Wiley) for an estimated $3,841,000 for journal subscriptions available via Wiley Online Library as needed for the University Libraries for the three-year period of January 1, 2019, through December 31, 2021.

Wiley journal content, hosted via Wiley Online Library, provides online access to unique digital journal content totaling approximately 1500 journals. Wiley journal content covers major academic, scientific and professional subject areas. Wiley is the only publisher to offer this unique journal content.

The Wiley purchase is a consortia purchase through the Big Ten Academic Alliance (BTAA). This is a three-year license with Wiley. The first year (2019) will cost an estimated $1,261,000 and increase approximately 1.5% in 2020 and 2021 (approximately $1,280,000 and $1,300,000, respectively) totaling the three-year contract at an estimated $3,841,000. The Law Library will be contributing funds to the subscription as well, so the total contributions by each unit for the three-year license will be:

- *University Libraries: $3,798,000*
- *Law Library: $43,000*

The estimated costs for this subscription to Wiley over the next three years is included in the University Libraries and Law Libraries 2019, 2020 and 2021 expected budgets.

Submitted by: Wendy Lougee, University Librarian
499 Wilson Library
Phone: (612) 624-1807
Fax: (612) 626-9353

Approval for this item requested by:

VP or Exec VP Signature

11/20/18

Date

Purchase of Goods and Services $1,000,000 and over

To Minnesota Elevator, Inc. for an estimated $236,040 for providing vertical transportation maintenance services on the Duluth Campus as needed for Facilities Management for a period of February 1, 2019 through January 31, 2020 with possible contract extensions through January 31, 2025 for an additional $1,279,437. Total contract value if all additional options are exercised would be $1,515,477.

The University outsources its vertical transportation maintenance services to a single vendor in order to help us efficiently manage the operational performance of our vertical transportation equipment in the most cost effective way possible.

The maintenance and repair of 62 elevators is vital for providing safe, reliable vertical transportation for the University community and to maximize their useful life.

In October 2018, a Request for Proposal (RFP) process was completed. Minnesota Elevator, Inc. was determined to be the best value for the University (based on a combination of price, work plan, and staffing levels).

The funding source for the maintenance and operations of elevators is the Department of Facilities Management Operating and Maintenance budget.

Submitted by: John Rashid
241 Darland
1049 University Drive
Duluth, MN 55812
Phone: 218-726-6930
Fax: 218-726-8127

Approval for this item requested by:

Steve Keto
Vice Chancellor for Finance and Operations

11/12/18
Date

Purchase of Goods and Services $1,000,000 and over

To OCHIN, Inc. for an estimated $3,500,000 for OCHIN's Epic practice management and electronic health record (EHR) solutions for Community-University Health Care Center (CUHCC) for the period of July 1, 2019 through June 30, 2026.

CUHCC is a Federally Qualified Health Center (FQHC) which opened in 1966 and now employs over 160 staff members, serving approximately 11,500 patients a year through over 58,000 visits annually. OCHIN's Epic practice management and electronic health record (EHR) solution will replace an outdated system, that is being phased out by the supplier, and thus drive operational improvements: enhance physicians' ability to provide high-quality patient care; enable physician-patient engagement; maximize staff productivity by supporting team-based care; promote care coordination with the ability to track referrals, consultations, orders and laboratory tests; promote interoperability and data exchange; reduce cognitive workload by supporting medical decision-making with concise, context-sensitive real-time data; and accommodate physicians' practice patterns by allowing them to configure their environment to best suit their workflows and the patient population (composed of over 12 different racial and ethnic groups that span five continents).

Community-University Health Care Center (CUHCC) issued a Request for Proposal (RFP) in March 2018. After careful evaluation, OCHIN's Epic solution was selected as the top choice for CUHCC. This agreement does not have an expiration date but can be terminated at any time. Prior to June 30, 2026 a comprehensive review of the system will be conducted to determine if it is in CUHCC's best interest to continue the agreement or conduct a new RFP.

Community-University Health Care Center (CUHCC) has the financial reserves needed to meet all obligations for the purchase of the new Electronic Health Record (EHR) system, including the implementation cost; a cost that has been identified as a line item in the FY2019 budget approved by its community board.

Submitted by: Colleen McDonald Diouf.
Chief Executive Officer
Community-University Health Care Center
P: 612-301-0698

Approval for this item requested by:

TOLAR

Jakub Tolar, Vice President for Clinical Affairs

2 NOV 18

Date

Purchase of Goods and Services $1,000,000 and over

To Roche Diagnostics for $2,040,100 for COBAS 8000 Clinical Chemistry Analyzer, related Roche Middleware IT Solutions, and consumable Chemistry and Immunodiagnostic Reagents for the Advanced Research and Diagnostic Laboratory (ARDL) as part of Laboratory Medicine and Pathology, Medical School for the period of January 1, 2019 through December 31, 2024.

ARDL is a high volume accredited clinical laboratory that primarily serves as a central testing laboratory for numerous large scale NIH sponsored clinical trials, and has successfully done so since 1983. The ARDL operation continues to grow in volume, with over $4Min direct cost recovery in FY2018 and over $2M in indirect recovery. It is estimated ARDL will realize over $22M of direct and indirect business by FY2022, and continue to be the central laboratory of choice for NIH and its subsidiaries.

Roche Diagnostics has provided the methods of choice for numerous assays used on large scale studies to date. Methods utilized remain an utmost important focus of clinical trials, continuity of methods must be maintained over time to meet study expectations and design parameters. In addition, Roche has exceeded customer service and local instrument support expectations, extremely important needs in any high volume production clinical laboratory such as ARDL.

The reagents from Roche Diagnostics will be purchased with departmental funds. As an Internal Sales Organization (ISO), the ARDL will order reagents as needed for University researchers and studies.

Submitted by: Robert Janicek
Business Manager, Advanced Research and Diagnostic Laboratory
1200 Washington Ave S., Suite 340
Minneapolis, MN
612-625-4448
Jani0007@umn.edu

Approval for this item requested by:

TOLAR
VP or Exec. VP Name
VP or Exec. VP Title

26 NOV 18
Date

Rational for Exception to Competitive Bidding

This purchase was not competitively bid because Roche Diagnostics has provided reagents for ARDL studies since 1983. ARDL performs clinical laboratory testing services for numerous NIH funded studies. These ongoing studies demand continuity of test methods over time, thus the Roche methods must be maintained for ARDL to continue to support these NIH funded study obligations.

Roche provides high quality methods at a fair price and also excellent timely field support and follow up to ensure instrumentation is supported as needed. This contract maintains the current reagent fee schedule, are competitive compared to market, and also are acceptable per ARDL's numerous approve NIH funded studies that are currently using ARDL services.

Purchase of Goods and Services $1,000,000 and over

To Zoom Video Communications, Inc. for $1,423,720 to provide an enterprise online meeting solution for all University of Minnesota faculty, staff, and students for the Office of Information Technology (OIT) for the period February 1, 2019 through January 31, 2024 with possible contract extensions through January 31, 2026 for an additional $569,488. Total value of the contract if all options are exercised would be $1,993,208.

The use cases of Zoom spans several mission critical areas: teaching and learning, healthcare, research, outreach, and administrative.

The estimated cost is for a five-year contract with up to two additional option years. The contemplated contract would provide web conferencing technology for students, faculty, and staff across all five system campuses. The incumbent web conferencing technology supports student instruction in online courses, University outreach efforts, and facilitates over 75,000 meetings annually.

Zoom was selected as the result of a competitive Request for Proposal process conducted in accordance with Board of Regents purchasing policy.

This requirement is currently budgeted and will be funded utilizing O&M funds.

Submitted by: Name of person submitting approval request to VP.
Campus Address
Phone
Fax

Approval for this item requested by:

Bernard S. Gulachek
Vice President & CIO

11-21-18
Date

Purchase of Goods and Services $1,000,000 and over

To Egan, Nasseff, Northland Mechanical Contractors, and Metropolitan Mechanical Contractors, Inc. for an estimated $2,000,000 for providing contract mechanical and electrical maintenance support services and supplemental facilities management construction services as needed for Facilities Management for the period of November 1, 2018 through October 31, 2023.

Maintenance and repair of mechanical and electrical systems is vital for providing safe, reliable and efficient buildings for the University community and to maximize the useful life span of said equipment. In recent years contract mechanical and electrical maintenance support services and supplemental facilities management construction services has been provided through various contract methods that led to varying levels of service delivery and an inefficient approach to asset management. Having contract mechanical and electrical maintenance support services and supplemental facilities management construction services allows the University to efficiently manage its preventive maintenance program and construction service delivery in the most cost effective way possible.

In August 2018, a competitive RFP process was completed and four suppliers were selected who provided the best value (combination of price, work plan, and staffing). The overall level of anticipated spending will be consistent with prior years but the contracts will better manage costs by providing a more efficient process and fixed labor rates over the five years of the contract.

Contract mechanical and electrical maintenance support services and supplemental facilities management construction services is budgeted by a variety of organizations on the Twin Cities campus through their facilities budget.

Submitted by: Bill Paulus, Facilities Management Associate Vice President
Suite 300 Donhowe Building
Minneapolis Campus
Phone: (612) 626-1091
Fax: (612) 626-0234

Approval for this item requested by:

Michael Berthelsen

Michael Berthelsen
Vice President of University Services

11-15-18
Date

Finance & Operations Committee
Consent Report - REVISED
December 13, 2018

Amendment to Employment Agreement

Pending approval by the Board of Regents, P.J. Fleck's employment agreement as Head Football Coach, University of Minnesota, Twin Cities, will be amended.

Position Overview

Head football coach is a leadership position reporting directly to the deputy athletics director and athletics director. The head football coach must be adept at building and maintaining a football program of more than 100 students and dozens of staff that achieves at high levels academically, athletically and socially. As the most visible head coach among the more than 20 head coaches within Intercollegiate Athletics (ICA), the head football coach must also be a strong collaborator, working with ICA staff and campus leadership as an advocate for the football program and to advance the missions of ICA and the University.

It is expected the head football coach will oversee all aspects of the football program and its operations. These expectations include:

- developing and maintaining a competitive intercollegiate football program within the NCAA and Big Ten Conference;
- leading the recruitment/hiring, goal setting, coaching and performance review of all football staff;
- instructing and teaching student-athletes in fundamentals of football technique and strategy;
- directing all aspects of football staff in recruiting, practice and game competitions;
- planning and executing practice and competition plans, including the evaluation of opponents;
- evaluating and recruiting qualified student-athletes to the University of Minnesota whose athletic skills make them highly competitive in the Big Ten and whose academic abilities make them good candidates for a meaningful academic experience and graduation from the University of Minnesota;
- performing significant administrative responsibilities, including budget planning and management, scheduling of competitions and planning and executing team travel;
- providing opportunities for student-athletes to develop life and leadership skills;
- assisting in monitoring the academic performance of student-athletes to help them achieve full potential;
- establishing and maintaining effective relationships within the athletics department, the University, community, booster clubs, alumni, high school coaches, media and the general public;
- assisting with departmental or University fund raising and public relations;

- representing the football program in fulfilling contacts with or requests from, the news media, including appearances on radio and television;
- assisting in advancing the department's mission, vision, and strategic plan, including its commitment to equity and diversity;
- adhering to all rules and regulations of the department, the University, the Big Ten Conference, and the NCAA; and,
- representing in a positive fashion the University and its athletic programs in private and public forums.

Appointee Background and Qualifications

P.J. Fleck joined the University of Minnesota from Western Michigan University in January 2017. Coach Fleck has a career record of 41-35 and is 11-13 in two seasons at Minnesota. In 2018, Fleck led Minnesota to a 6-6 record and wins against Wisconsin, Purdue, Indiana, Fresno State, Miami (Ohio), and New Mexico State.

Under Fleck, Minnesota beat rival Wisconsin for the first time since 2003 and for the first time on the road since 1994 to reclaim Paul Bunyan's Axe. The Gophers also limited Purdue's potent offense in a 41-10 victory, as they held the Boilers to a season low in points and yards. Minnesota also beat Mountain West champion Fresno State to give the Bulldogs one of their two regular season defeats.

In the classroom, Minnesota has posted program record GPAs under Fleck. In 2018, Minnesota had 39 players named Academic All-Big Ten and led the Big Ten with three players (two first team and one second team) named Academic All-American.
Off the field, Fleck and his team can often be found at the University of Minnesota Masonic Children's Hospital and gave back to the community by hosting a diaper drive, canned food drive and turkey drive this year.

Prior to coming to Minnesota, Coach Fleck served as head football coach at WMU from 2013-16, a time during which he engineered a historic turnaround on the field, from a 1-11 season in his first year to a 13-1 finish in his last. Coach Fleck's Broncos won the Mid-American Conference (MAC) championship for the first time in 29 years, advanced to the Cotton Bowl (one of major college football's prestigious "New Year's Six" bowl games) and finished the season ranked No. 12 in the country. Coach Fleck was twice named MAC Coach of the Year (2014, 2016) while at WMU, compiling a 30-22 overall record.

Background Information

Coach Fleck's initial employment agreement as head football coach went into effect on February 2, 2017. The first and second amendments to the initial employment agreement were approved by the Board of Regents on December 15, 2017.

Summary of Third Amendment to the Employment Agreement

The third amendment would add one year to Coach Fleck's existing employment agreement with the University. Salary considerations in this amendment reflect those from the initial agreement. Coach Fleck will continue to receive approximately $1 million annually in base pay, plus $2.5 million annually in supplemental pay. In his original agreement, his base pay was scheduled to increase by $50,000/year, and that would continue into the 2023 season under this new amendment. When factoring in this $50,000/year increase, his base salary would be $1.3 million for the 2023 season.

The only other financial considerations from the third amendment is that it re-establishes the initial termination payments due to either party should the other end the agreement early and without just cause. Those amounts, which would be less any prorating related to the exact date of termination, are as follows:

Coach Fleck terminates agreement with University

- During 2019 calendar year: $5 million
- During 2020 calendar year: $4 million
- During 2021 calendar year: $3 million
- During 2022 calendar year: $2 million
- During 2023 calendar year: $1 million

University terminates agreement with Coach Fleck

- During 2019 calendar year: $12.5 million
- During 2020 calendar year: $9 million
- During 2021 calendar year: $5.5 million
- During 2022 calendar year: $3 million
- During 2023 calendar year: $1.5 million

Please note that this amendment preserves the mitigation clause in the event of the University choosing to terminate the initial agreement.

Comparable Market Data

Coach Fleck's salary (base plus supplement) for 2019 will be $3.6 million. Compared against the current pay of head football coaches across the Big Ten, Coach Fleck will rank eleventh in compensation among the conference's 14 head coaches in 2018.

Recommendation

The president recommends approval of the third amendment to the employment agreement for P.J. Fleck as Head Football Coach, University of Minnesota, Twin Cities.

THIRD AMENDMENT TO EMPLOYMENT AGREEMENT

This is a third contractual amendment to the Employment Agreement between the University of Minnesota ("University"), on behalf of its Department of Intercollegiate Athletics on the Twin Cities campus ("Department"), and Philip John Fleck ("Coach"), dated February 2, 2017 ("Employment Agreement"); as previously amended effective November 21, 2017 ("First Amendment"); and as amended again effective December 15, 2017 ("Second Amendment"). The University and Coach do now mutually desire to further amend certain terms of the Employment Agreement by entering in to this third amendment ("Third Amendment"), effective January 1, 2019.

NOW, THEREFORE, in consideration of the mutual promises and covenants contained in this Amendment, and such other good and valuable consideration the receipt and sufficiency of which the parties hereby acknowledge, the parties agree to amend their Employment Agreement, subject to formal approval of the University's Board of Regents, as follows:

1. **Paragraph 1.1 is deleted and replaced with the following:**

   1.1 Term. Subject to the terms and conditions of this Agreement, the University hereby employs Coach as head coach of the Team, and Coach agrees to be so employed by the University, for a term commencing on January 6, 2017, and ending on January 31, 2024 ("Term of Employment").

2. **Paragraph 3.2.1 is deleted and replaced with the following:**

   3.2.1. The University may terminate this Agreement at any time without cause upon thirty (30) days written notice to Coach. In such event, the University shall pay Coach a Termination Fee equal to the following cumulative amounts for each calendar year remaining on the contract: three million five hundred thousand dollars ($3,500,000) for calendar year January 1, 2019, to December 31, 2019; three million five hundred thousand dollars ($3,500,000) for calendar year January 1, 2020, to December 31, 2020; two million five hundred thousand dollars ($2,500,000) for calendar year January 1, 2021, to December 31, 2021; one million five hundred thousand dollars ($1,500,000) for calendar year January 1, 2022, to December 31, 2022; and one million five hundred thousand dollars ($1,500,000) for calendar year January 1, 2023, to December 31, 2023. It is understood by both parties that any partial year remaining at the time of termination will be prorated. For example, if the termination occurred on December 31, 2020, the payment would be five million five hundred thousand dollars ($5,500,000); or if the termination occurred half-way through the 2021 calendar year, the payment would be four million two hundred fifty thousand dollars ($4,250,000), i.e., one million two hundred fifty thousand dollars ($1,250,000) for the

remainder of that calendar year, and one million five hundred thousand dollars ($1,500,000) for each of the remaining two calendar years.

3. Except as expressly provided in this Amendment, each and every term and condition of the Employment Agreement shall remain unchanged.

4. The parties acknowledge and agree that this Third Amendment is subject to formal approval by the University's Board of Regents (BOR). This Third Amendment shall not be final or binding until formally approved by the BOR.

IN WITNESS WHEREOF, the undersigned have caused this Amendment to be effective as of the date first shown above.

Date:_____ _____

Philip John Fleck
Head Coach for Football

REGENTS OF THE UNIVERSITY OF MINNESOTA

Date: 12/13/18

By: _____
Eric Kaler
President

Recommended for Approval:

Date: 12/12/18

By: _____
Mark Coyle, Director
Intercollegiate Athletics

Approved as to Form and Execution:

Date: December 13, 2018

By: _____
Douglas Peterson
General Counsel

Capital Budget Amendment: Learning and Environmental Sciences
CHS Teaching and Learning Lab
Twin Cities Campus
Project No. 02-426-18-1755

1. **Basis for Project:**

   Working with the Office of Classroom Management (OCM) and funding donated by CHS Inc., CFANS and the Department of Agricultural Education plan to create the CHS Teaching and Learning Lab. CFANS has been working with OCM and has identified 2,800 SF on the second floor of Learning and Environmental Services (LES) on the Saint Paul campus.

   Leading experts in Agricultural, Food, and Natural Resources (AFNR) industries have identified a growing need for AFNR professionals now and in the future. Preparing the next generation of AFNR professionals will require innovative campus space where our students can develop the professional skills needed for their careers. Collaborating with OCM, there is also a demand for active learning classrooms on Saint Paul campus.

2. **Scope of Project:**

   The scope of the project is to construct three unique spaces designed for active learning:
   - large, technology-enhanced active learning classroom for approximately 56 students
   - smaller classroom focused on hands-on applied teaching and learning for approximately 24 students
   - lab support space connected to the smaller classroom, designed for small group and individual hands-on applied teaching and learning

3. **Master Plan:**

   The project is in compliance with the Twin Cities Campus Master Plan dated March 2009.

4. **Environmental Issues:**

   This project has no anticipated environmental issues.

5. **Cost Estimate:**

Construction Cost	$ 570,000
Non-Construction Cost	$629,000
Total Project Cost	$ 1,200,000

6. **Capital Funding:**

CHS Inc. (donor funds)	$1,100,000
Classroom Management	$100,000
Total Capital Funding	$ 1,200,000

7. **Capital Budget Approvals:**

   This project was identified as a Potential project in the FY2019 Annual Capital Budget. Funding was received from CHS Inc. after the Annual Capital Budget was approved. An amendment is requested so the project may proceed.

8. Annual Operating and Maintenance Cost:

The anticipated operating cost for the renovated space is $ 4.62 / SF (unchanged).

9. Time Schedule:

Proposed Design Completion:	February 2019
Proposed Substantial Completion:	August 2019

10. Project Team:

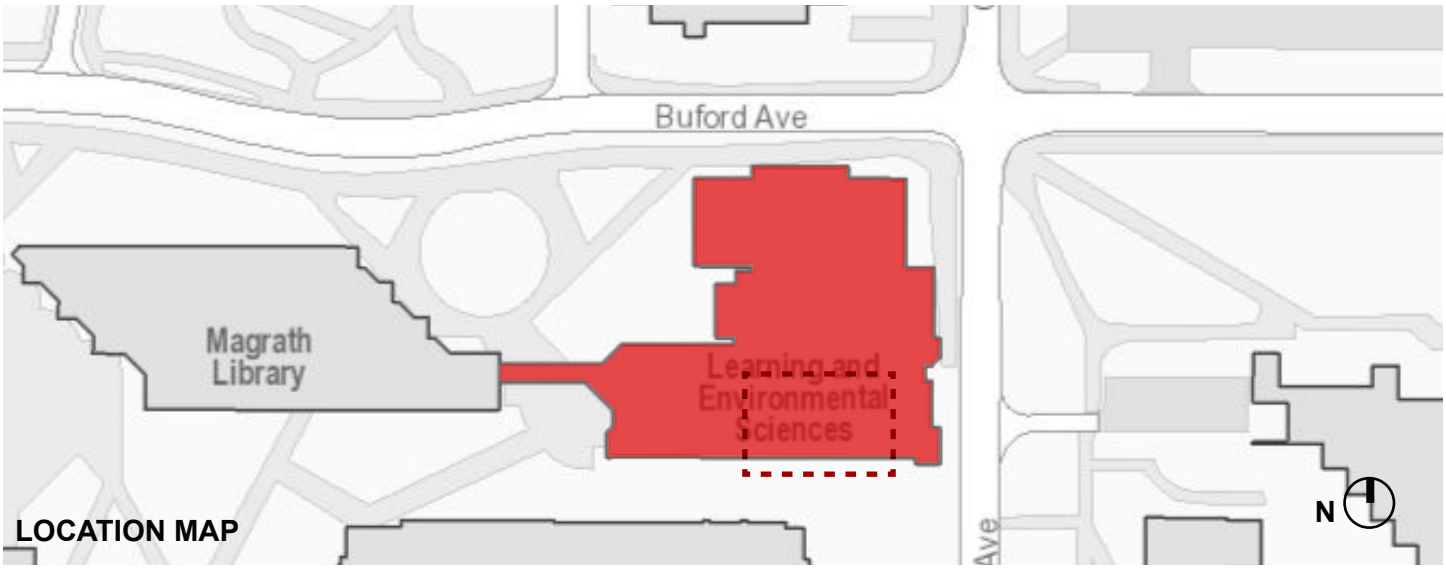
Architect:	Hay Dobbs Architects
General Contractor	TBD

11. Recommendation:

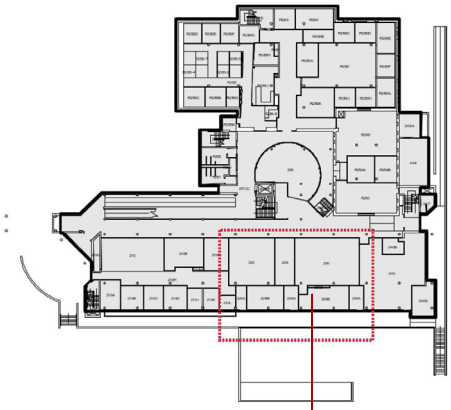
The above described project scope of work, cost, funding, and schedule is appropriate:

Karen Hanson, Executive Vice President and Provost

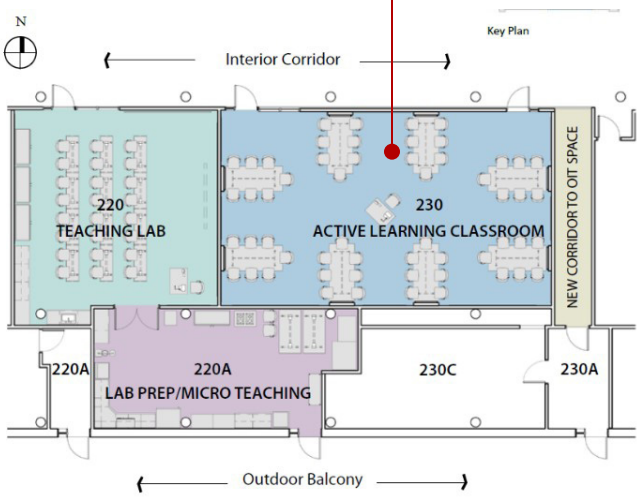
Brian Burnett, Senior Vice President for Finance and Operations



LOCATION MAP



KEY PLAN



PROPOSED FLOOR PLAN

Capital Budget Amendment: Essex Corridor Reconstruction
Twin Cities Campus
Project No. 01-000-17-1876

1. Basis for Project:

The Essex Corridor project is the result of long-range planning initiatives underway for the rapidly growing southeast area of the East Bank. This project addresses the primary open space of the Twin Cities campus southeast gateway area.

The Essex Corridor project enhances the pedestrian experience of doctors, researchers, and Health Sciences staff and students moving between the clinical enterprise area, parking ramps, the health sciences academic core, and Fairview hospital with campus expansion in this area. It also improves the outdoor spatial experience of the largest concentration of undergraduate students living on campus. The project will result in a more cohesive, connected campus fabric that better serves the University overall.

Currently there is no fire or emergency responder access to the center of the Superblock and buildings in that zone. This project addresses these needs and others:

- reduction of pedestrian-vehicle conflict on Harvard at the Fairview hospital driveway
- pedestrian connection improvements between health sciences core and clinical enterprise area
- emergency and paratransit access to all spaces and buildings in the area
- spaces for outdoor gathering and activities to enhance the student experience
- bicycle parking for nearby buildings

2. Scope of Project:

The project area comprises 3.2 acres on the East Bank of the Twin Cities campus between Harvard and Oak Streets. Project improvements include full site demolition and reconstruction, pavement upgrades, improved amenities, landscaping, and utility adjustments. The project specifically addresses changes needed to improve fire and emergency responder access, paratransit access, pedestrian circulation, security, electrical, and other utilities.

3. Master Plan:

The project complies with the University of Minnesota Twin Cities Campus Master Plan (2009). The concept was endorsed in the Long-Range Development Framework resolution approved by the Board of Regents (2016) due to its importance in the AHC Strategic Facility Plan (2016).

Site Plan

The site plan focusses on improved access and circulation. Pedestrian movement, in conjunction with access for fire, emergency, and paratransit vehicles (and at Welcome Week, new students and their move-in vehicles), provides the basis for the design.

The plan accommodates vehicular movements when needed, but the site is designed visually for pedestrians. It reflects existing buildings and open spaces, and integrates circulation patterns with student requests for multiple sizes/types of gathering space, sports courts, and other outdoor activity areas throughout the year.

4. **Environmental Issues:**

This project has no anticipated environmental issues.

5. **Cost Estimate:**

Construction Cost	$2,743,700
Non-Construction Cost	$593,200
Total Project Cost	$3,336,900

6. **Capital Funding:**

Auxiliary Services	$2,926,900
Facilities Management	$300,000
University Services	$110,000
Total Capital Funding	$3,336,900

7. **Capital Budget Approvals:**

A Capital Budget Amendment for this project is requested so that construction can proceed in spring 2019 for anticipated completion before fall 2019 student move-in.

8. **Annual Operating and Maintenance Cost:**

The anticipated operating cost for this project will be determined upon completion of the design.

9. **Time Schedule:**

Proposed Design Completion:	April 2019
Proposed Substantial Completion:	August 2019

10. **Project Team:**

Landscape Architect:	Confluence
Construction Manager at Risk:	McGough Construction

11. **Recommendation:**

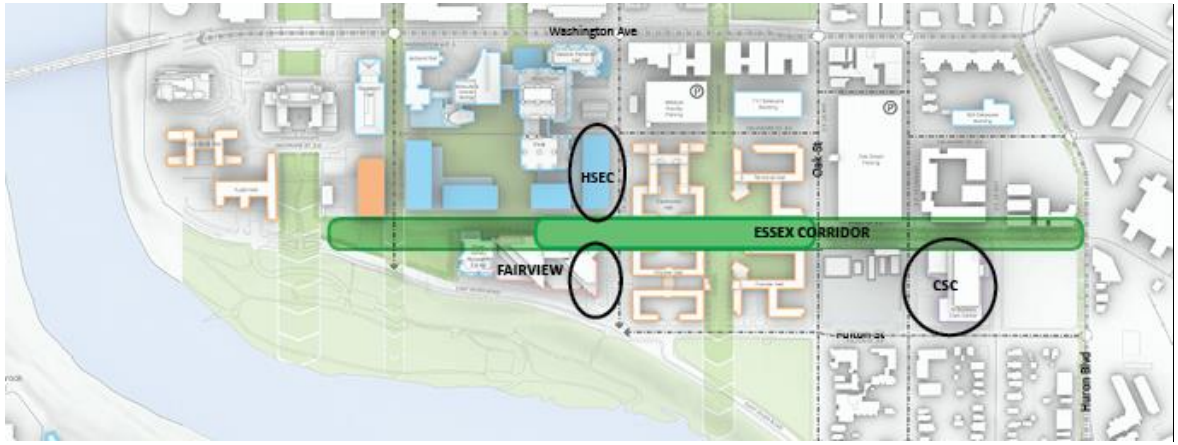
The above described project scope of work, cost, funding, and schedule is appropriate:

Michael Berthelsen

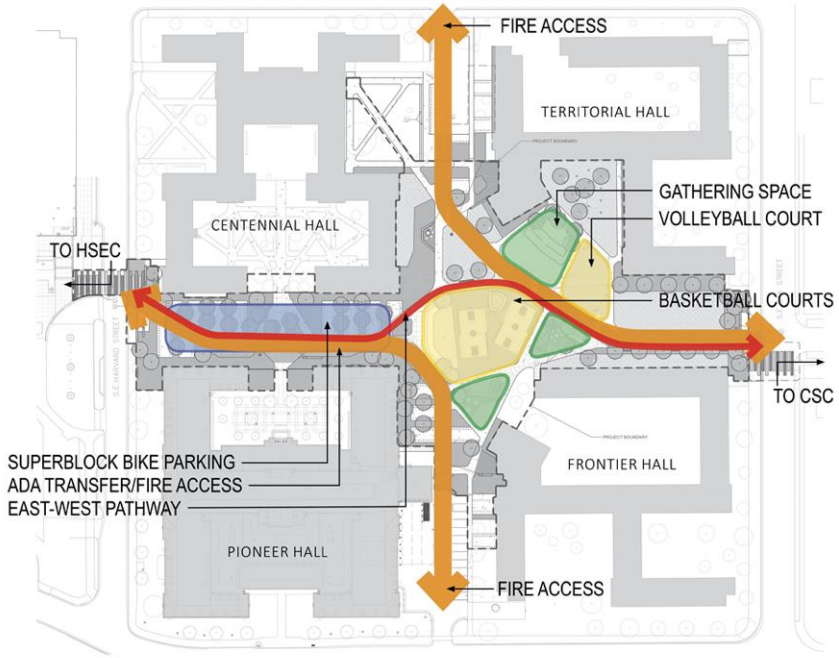
Michael Berthelsen, Vice President for University Services

Brian Burnett, Senior Vice President for Finance and Operations

Capital Budget Amendment: Essex Corridor
Campus: Twin Cities
Project No. 01-000-17-1876



ESSEX CORRIDOR: CONTEXT



SITE DIAGRAM

SITE PLAN

Capital Budget Amendment: Horticulture and Operations Headquarters
University of Minnesota Landscape Arboretum
Project No. 22-888-13-1593

1. **Basis for Project:**

   Space for plant collections, research plots, display gardens, and valuable equipment is lacking in the current Arboretum Operations facility; offices are operationally deficient and crowded. This project will promote and improve safety and efficiency, increase storage for valuable assets, and provide support for growing and propagation facilities at the Landscape Arboretum.

2. **Scope of Project:**

   The new facility will consist of 5,075 GSF of office and support spaces, including open office workstations for 16 staff, lockers and breakroom for the field and grounds crew and horticulturalists at the Landscape Arboretum. In addition, 4,250 GSF of enclosed maintenance bays and shop space will allow for ongoing repairs and maintenance of grounds machinery and vehicles on site. The total project is anticipated to be approximately 9,325 GSF. In addition to the new building, the project will make required improvements to site infrastructure.

3. **Master Plan:**

   The project was identified as a priority on the 2012 Landscape Arboretum Circulation and Development Master Plan, and is part of the Arboretum's Master Plan approved by the Board of Regents in 2013.

4. **Environmental Issues:**

   The project will improve storm water management strategies relative to area site modifications and enhancement.

5. **Cost Estimate:**

Construction Cost	$ 4,650,000
Non-Construction Cost	$ 1,000,000
Total Project Cost	$ 5,650,000

6. **Capital Funding:**

Landscape Arboretum (Donor Funds)	$ 5,650,000
Total Capital Funding	$ 5,650,000

7. **Capital Budget Approvals:**

   A Capital Budget Amendment for this project is requested so that construction can proceed in spring 2019. The Horticulture and Operations Headquarters was identified as a potential project in the FY2019 Capital Budget while efforts continued to identify funding; funding has been since been secured by the Arboretum for the current request of $5.65 million.

8. Annual Operating and Maintenance Cost:

$ 138,750

9. Time Schedule:

Proposed Design Completion:	May, 2019
Proposed Construction Completion:	February, 2020

10. Project Team:

Architect:	DLR
Construction Manager at Risk:	PCL

11. Recommendation:

The above described project scope of work, cost, funding, and schedule is appropriate:

Karen Hanson, Executive Vice President and Provost

Brian Burnett, Senior Vice President for Finance and Operations

Capital Budget Amendment: Horticulture and Operations Headquarters
University of Minnesota Landscape Arboretum
Project No. 22-888-13-1593

ARBORETUM SITE

REGENTS OF THE UNIVERSITY OF MINNESOTA

RESOLUTION RELATED TO

Issuance of Debt

WHEREAS, it has been proposed that the University proceed with a plan of financing which involves, among other things, the issuance and sale of indebtedness (such indebtedness, whether issued in the form of bonds, notes, or such other form of indebtedness as may be designated by the University, the "Debt"), the proceeds of which are to be used to refund outstanding commercial paper previously issued for certain capital projects, to provide the remaining financing to complete those projects and to provide financing for additional University capital projects which may include purchases of land and buildings, construction and remodeling projects, and the acquisition and installation of equipment, as well as the costs of issuance of the Debt;

WHEREAS, the Debt will be issued pursuant to one or more Order(s) of the University, which will contain the terms of such Debt and agreements and covenants of the University with respect to the payment of the principal of, premium or discount, if any, and interest on such Debt;

WHEREAS, current economic conditions and interest rate uncertainty over the next 12 months place increased focus on the timing of the issuance of long-term debt;

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

1. To provide funds to refund current outstanding commercial paper previously issued for certain capital projects, to provide the remaining financing to complete those projects and to finance additional capital projects which may include purchases of land and buildings, construction and remodeling projects, and the acquisition and installation of equipment, as well as the costs of issuance of such financing(s) the Board hereby authorizes the sale and issuance of Debt in the principal amount of up to $150,000,000. The Debt may be issued in one or more forms and one or more series, each to mature not later than the date that is 25 years after the date of issuance. The Treasurer is authorized to determine the form(s) in which the Debt will be issued, whether or not the Debt will be issued as general obligations of the University and whether or not the Debt will be issued in a form that is tax-exempt under Section 103 of the Internal Revenue Code of 1986, as amended. This

authorization shall remain in effect until the date that is 12 months from the date of this Resolution.

2. The purchases of land and buildings, construction and remodeling projects, or acquisition of equipment to be financed or refinanced by the proceeds of the Debt shall be those the source of funding of which is so designated by the Board or by the Treasurer as part of the University's capital planning process.

3. If issued in the form of bonds, the Debt may be sold in either a negotiated sale or a competitive process, as determined by the Treasurer. The Treasurer is authorized to negotiate and approve the terms and conditions of the appropriate agreement or agreements with financial advisors, banks, investment banking firms, or other financial institutions, including the terms and conditions upon which their services will be rendered and the terms and conditions upon which the Debt will be sold and issued. The Treasurer is further authorized to negotiate and approve the terms and conditions of any credit support or liquidity facility for any series of Debt. Such agreements shall be in the form and contain such rights, obligations, covenants, agreements, representations and warranties of the University as are approved by the Treasurer and the General Counsel.

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

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

6. The Treasurer is authorized to approve the Preliminary Official Statement, final Official Statement, Offering Memorandum, Offering Circular, or other offering material or any supplements or amendments thereto to be prepared and distributed to any purchaser or potential purchaser of a series of Debt, and the President is authorized to execute and deliver the final Official Statement or any supplements or amendments thereto. In the case of the sale of any series of Debt in a competitive process, the Treasurer is authorized to approve the Notice of Sale and any amendment thereto.

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

8. The Secretary and other officials of the University are authorized and directed to prepare and furnish to any purchasers of the Debt certified copies of all proceedings and records of the University as may be required or appropriate to evidence the facts relating to the legality of the Debt as such facts appear from the books and records in the officers' custody and control or as otherwise known to them; and all such certified copies,

certificates and affidavits, including any heretofore furnished, shall constitute representations of the University as to the truth of all statements contained therein.

9. The execution of any document by the appropriate University officers herein authorized shall be conclusive evidence of the approval of such documents in accordance with the terms hereof. In the absence of the President or Treasurer, any Order, final Official Statement, purchase agreement or any other document to be executed by the President or Treasurer in connection with the Debt may be executed by the Chair or Vice Chair instead of the President and by the Secretary instead of the Treasurer.

Resolution Related to Issuance of Debt – Estimate Of Issuance Amount
Finance & Operations Committee
December 13, 2018

Project	Project Description	Estimated Refunding of CP as of 4.30.19	Estimated Amount Needed for Project Completion	Estimated Total Amount for Issuance
Projects Currently Funded by CP		*(000s omitted)*	*(000s omitted)*	*(000s omitted)*
Pioneer Hall	Renovation and construction of an undergraduate student residence hall and dining facility on the Twin Cities campus.	$ 50,000	$ 32,900	$ 82,900
Health Science Center	Construction of a new 5-story building for health sciences education, partial renovation of Philips-Wangensteen building, and demolition of the existing Masonic Memorial Hospital and the VFW Cancer Center buildings.	13,000	19,100	32,100
Chemical & Materials Science Building	Construction of a new science and engineering laboratory building on the Duluth campus, including laboratory space for chemistry research, chemistry instruction, and applied materials science research.	12,000	2,000	14,000
CBS 3rd & 4th Floor Renovations	Renovation of the 3rd and 4th floors of the Biological Sciences Center to support the academic mission of the University and the student experience on the Twin Cities campus.	2,000	2,800	4,800
CBS Plant Growth Facility	Construction of a new greenhouse addition to the Plant Growth Facilities for the College of Biological Sciences Conservatory and demolition of the existing Biological Sciences Greenhouse on the St. Paul campus.	1,500	700	2,200
Moos Tower Chiller	Renovation of existing space for a new chiller to provide cooling to both Pioneer Hall and the new Health Sciences Education Center.	700	500	1,200
Property purchases	Purchase of 614 Huron; 1014 Fulton; 1018 Fulton	5,000	0	5,000
	Subtotal	**84,200**	**58,000**	**142,200**
New Funding Needed				
Aquatic Center HVAC	Construct a new mechanical room and replace the failing HVAC system in the University Aquatic Center.	0	3,200	3,200
UMD Ice Rink HVAC	Replace discontinued refrigerant and upgrade the HVAC systems in the UMD Sports and Health Center ice rink area.	0	2,400	2,400
CBS HVAC	Replace and upgrade HVAC equipment serving the 3rd and 4th floors of the Biological Sciences Center.	0	1,700	1,700
		0	**7,300**	**7,300**
	COI Estimate		**500**	**500**
	December 2018 Debt Resolution – Authorized Amount	**$ 84,200**	**$ 65,800**	**$ 150,000**

REGENTS OF THE UNIVERSITY OF MINNESOTA

RESOLUTION RELATED TO

Refunding of Debt

WHEREAS, the University has outstanding, among others, the following series of bonds the total outstanding principal amount of which is $61,310,000 and each of which by its terms has the stated optional redemption date (the "Outstanding Bonds"):

Series Name	Optional Redemption Date	Principal Outstanding
General Obligation Taxable Bonds, Series 2009D (Build America Bonds-Direct Payment to Issuer)	6/1/2019	$37,330,000
General Obligation Taxable Bonds, Series 2010D (Build America Bonds-Direct Payment to Issuer)	2/1/2020	$23,980,000

WHEREAS, Section V. Subd. 1(b) of Board of Regents Policy: *Debt Transactions* states that it shall be a goal to minimize University borrowing costs at acceptable levels of risk over the life of the debt;

WHEREAS, current economic conditions, including those presently existing and those that may exist up to the optional redemption date of the Outstanding Bonds may present an opportunity to realize significant savings to the University through the refunding of some or all of the Outstanding Bonds prior to the optional redemption date of each issue;

WHEREAS, it has been proposed that if it is determined by the President and the Treasurer, after consultation with the University's debt advisor, that a refunding of one or more series of the Outstanding Bonds is in the best interests of the University (such series, the "Identified Series"), the University proceed with a plan of financing to refund the Identified Series by the issuance and sale of indebtedness in the form of one or more series of bonds (the "Debt"), the proceeds of which will be used to refund the Identified Series and to pay the costs of issuance of the Debt;

WHEREAS, the Debt would be issued pursuant to one or more Indentures of Trust between the University and a bank or trust company acting as trustee or pursuant to one or more Orders of the University; and

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

NOW, THEREFORE, BE IT RESOLVED by the Board as follows:

1. To provide funds to refund the Identified Series of Outstanding Bonds, the Board hereby authorizes the sale and issuance of Debt in a total principal amount not to exceed the amount necessary to defease the Identified Series immediately prior to refunding and to pay costs of issuance thereof. The Debt may be issued in one or more series, each to mature not later than the current maturity date of the Identified Series being refunded, provided that if series are combined, the resulting series may bear the latest maturity date of the component series, subject to applicable tax law. The Treasurer is authorized to determine whether or not the Debt shall be restructured, and whether or not the Debt shall be tax-exempt under Section 103 of the Internal Revenue Code of 1986, as amended. This authorization shall remain in effect until February 1, 2020.

2. The Debt may be sold in either a negotiated sale or a competitive process, as determined by the Treasurer. The Treasurer is authorized to negotiate and approve the terms and conditions of the appropriate agreement or agreements with financial advisors, banks, investment banking firms, or other financial institutions, including the terms and conditions upon which their services will be rendered and the terms and conditions upon which the Debt will be sold and issued. Such agreements shall be in the form and contain such rights, obligations, covenants, agreements, representations and warranties of the University as are approved by the Treasurer and the General Counsel.

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

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

5. The Treasurer is authorized to approve the Preliminary Official Statement(s), final Official Statement(s), Offering Memorandum or Memoranda, Offering Circular(s), or other offering material or any supplements or amendments thereto to be prepared and distributed to any purchaser or potential purchaser of a series of Debt, and the President is authorized to execute and deliver the final Official Statement(s) or any supplements or amendments thereto. In the case of the sale of any series of Debt in a competitive process, the Treasurer is authorized to approve the Notice of Sale and any amendment thereto.

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

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

8. The execution of any document by the University officers herein authorized shall be conclusive evidence of the approval of such documents in accordance with the terms hereof. In the absence of the President or Treasurer, any Indenture of Trust, Order, final Official Statement, purchase agreement or any other document to be executed by the President or Treasurer in connection with the Debt may be executed by the Chair or Vice Chair instead of the President and by the Secretary instead of the Treasurer.

University of Minnesota - Summary of General Obligation Refunding Results

Assumes Full Refunding *

As of 11.26.18

	Series 2009D (BABs)		**Series 2010D (BABs)**	**Series 2010D (BABs)**
	Current Refunding		If Transaction is a Full "Advance Refunding"	If Transaction is a "Current Refunding"
Refunded Bonds				
Original par issued	$ 37,330,000		$ 27,200,000	$ 27,200,000
All-in TIC at issuance – (YTM)**	4.22%		3.48%	3.48%
Redemption Date (Call Date)	6/1/2019		2/1/2020	2/1/2020
Final Maturity	12/1/2028		2/1/2030	2/1/2030
Key Refunding Statistics				
Dated & Delivery Date	3/5/2019		3/5/2019	12/1/2019
Par outstanding @ refunding date	$ 37,330,000		$ 22,305,000	$ 20,585,000
Refunded Maturities	2022-2028		2020-2030	2021-2030
All-in TIC of refunding issue – (YTM)**	2.71%		2.77%	2.71%
Net Present Value Savings ($000)	$ 3,326,858		$ 574,305	$870,454
Net Present Value Savings (%) ***	8.91%		2.57%	4.23%
Industry Standard: Net Present Value Savings (%)	>3.0%		>3.0%	>3.0%

Note: Series 2010D BABs has an optional redemption date ("Call Date") of 2/1/2020. Depending on market conditions and when the refunding occurs, the transaction may be considered either an Advance Refunding or a Current Refunding. The summary above illustrates the potential savings under both Advance Refunding and Current Refunding scenarios.

*calculated amounts per PFM Financial Advisors LLC, as of 11.26.18

** TIC = true interest cost; YTM = Yield to maturity

***NPV Savings % = $ savings as a percentage of refunded par

Schematic Design: Learning and Environmental Sciences
CHS Teaching and Learning Lab
Twin Cities Campus
Project No. 02-426-18-1755

1. **Basis for Project:**

   Working with the Office of Classroom Management (OCM) and funding donated by CHS Inc., CFANS and the Department of Agricultural Education plan to create the CHS Teaching and Learning Lab. CFANS has been working with OCM and has identified 2,800 SF on the second floor of Learning and Environmental Services (LES) on the Saint Paul campus.

   Leading experts in Agricultural, Food, and Natural Resources (AFNR) industries have identified a growing need for AFNR professionals now and in the future. Preparing the next generation of AFNR professionals will require innovative campus space where our students can develop the professional skills needed for their careers. Collaborating with OCM, there is also a demand for active learning classrooms on Saint Paul campus.

2. **Scope of Project:**

   The scope of the project is to construct three unique spaces designed for active learning:
   - large, technology-enhanced active learning classroom for approximately 56 students
   - smaller classroom focused on hands-on applied teaching and learning for approximately 24 students
   - lab support space connected to the smaller classroom, designed for small group and individual hands-on applied teaching and learning

3. **Master Plan:**

   The project is in compliance with the Twin Cities Campus Master Plan dated March 2009.

4. **Environmental Issues:**

   This project has no anticipated environmental issues.

5. **Cost Estimate:**

Construction Cost	$ 570,000
Non-Construction Cost	$629,000
Total Project Cost	$ 1,200,000

6. **Capital Funding:**

CHS Inc. (donor funds)	$1,100,000
Classroom Management	$100,000
Total Capital Funding	$ 1,200,000

7. **Capital Budget Approvals:**

   This project was identified as a Potential project in the FY2019 Annual Capital Budget. Funding was received from CHS Inc. after the Annual Capital Budget was approved. An amendment is requested so the project may proceed.

8. Annual Operating and Maintenance Cost:

The anticipated operating cost for the renovated space is $ 4.62 / SF (unchanged).

9. Time Schedule:

Proposed Design Completion:	February 2019
Proposed Substantial Completion:	August 2019

10. Project Team:

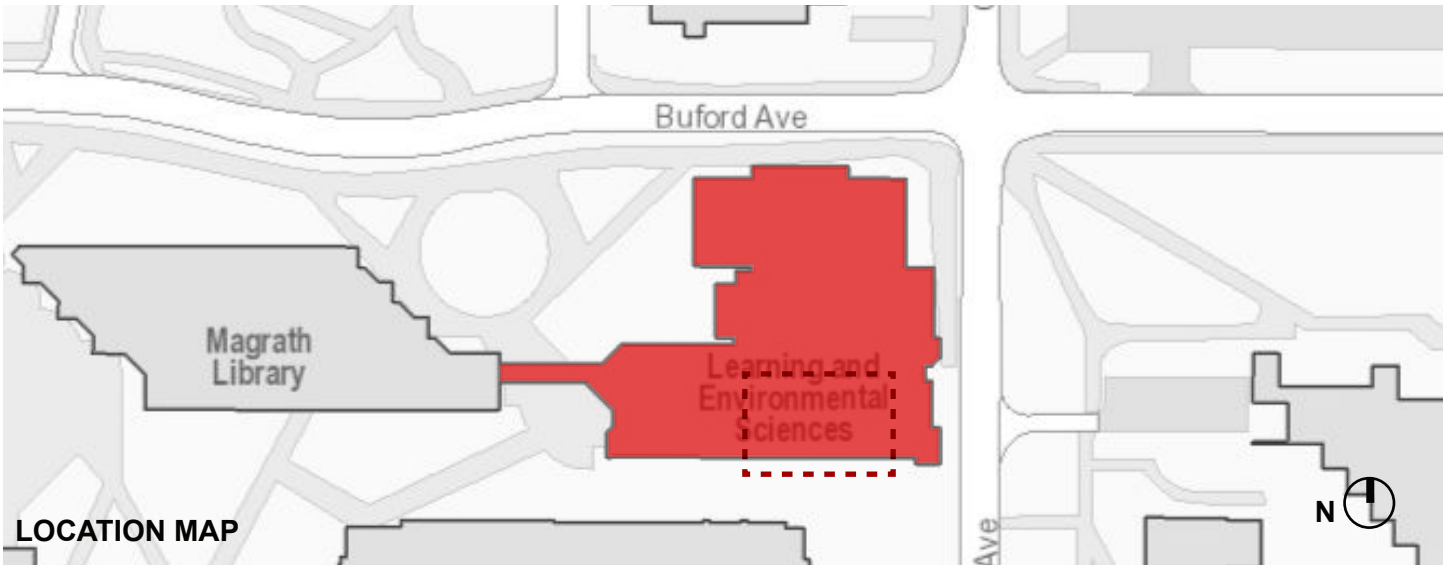
Architect:	Hay Dobbs Architects
General Contractor	TBD

11. Recommendation:

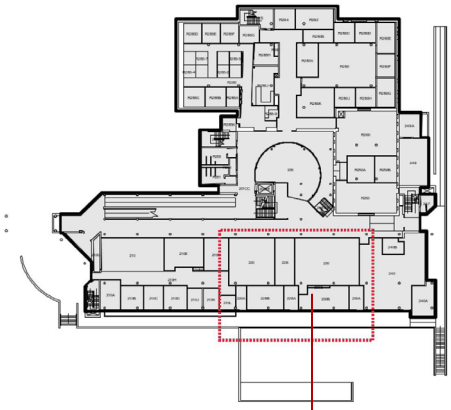
The above described project scope of work, cost, funding, and schedule is appropriate:

Karen Hanson, Executive Vice President and Provost

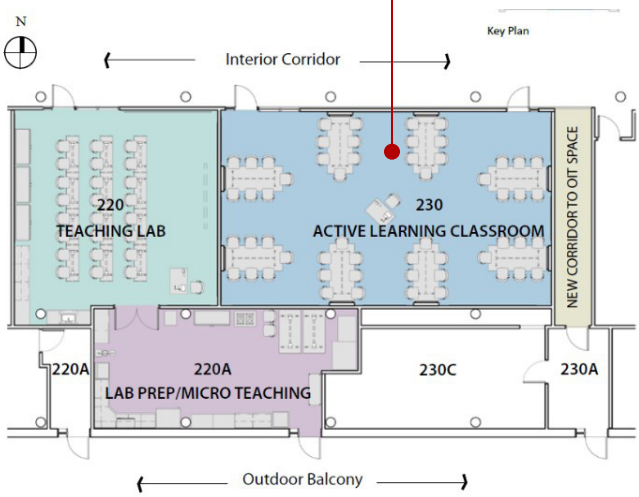
Brian Burnett, Senior Vice President for Finance and Operations



LOCATION MAP



KEY PLAN



PROPOSED FLOOR PLAN

BOARD OF REGENTS
DOCKET ITEM SUMMARY

Finance & Operations **December 13, 2018**

AGENDA ITEM: Information Items

☐ **Review** ☐ **Review + Action** ☐ **Action** ☒ **Discussion**

☐ *This is a report required by Board policy.*

PRESENTERS: Brian D. Burnett, Senior Vice President

PURPOSE & KEY POINTS

The December Information Items provide an update on the following:

A. Administrative Cost Definition and Benchmarking Update
B. Annual Report on Targeted Business, Urban Community Economic Development, and Small Business Programs
C. Completed Comprehensive Review of Board Policy
D. Debt Management Advisory Committee Update
E. Investment Advisory Committee Update
F. Quarterly Asset Management Report
G. Quarterly Purchasing Report
H. Semi-annual Capital Project Management Report

Administrative Cost Definition and Benchmarking Update

The attached report offers details on the goals, definitions and methodology behind the annual Administrative Cost Definition and Benchmarking analysis at the University of Minnesota. In addition, the results for the FY18 analysis are presented and explained in terms of variance from the prior year. Total spending at the University for FY18 (as defined for this purpose) was $3,605,143,000, which was a 2.6 percent (roughly $93 million) increase over the FY17 total of $3,512,102,000. This analysis does not attempt to link changes in spending with specific or tied increases in revenues; it is solely an analysis of spending changes and trends.

Once again, the results show that significant changes are not the norm at the full University level. In all but one of the categories of comparison on a percent-of-total basis, the shifts from FY17 to FY18 were significantly less than 1 percent. For example, as a percent of total expenditures, Mission personnel spending went up 0.1 percent, Leadership & Oversight personnel spending went up 0.2 percent, and Mission Support & Facilities personnel spending decreased an offsetting 0.3 percent. In the non-personnel categories as a percent of total expenditures, Mission decreased 1.1 percent, while the other three categories (Student Aid, Mission Support & Facilities and Leadership & Oversight) increased the offsetting 1.1 percent combined. That general level of change has occurred each year, some years slightly more and some slightly less, but the results for FY18 indicate nothing

out of the normal course of business. While overall spending increased, the pattern of spending on activities within that total remained relatively stable.

Within the full $93 million increase in expenditures, it is once again apparent and not surprising that personnel costs make up the majority of that change (80 percent). What is unique for FY18 is that a full 25 percent of the personnel cost increase is directly tied to changes in expenditures on fringe benefits. This is the result of artificially low FY17 fringe expenditures due to a one-time infusion of revenue into the fringe pool in FY15 from a positive legal settlement associated with pharmacy costs. That one-time infusion of revenue held down the costs for departments in FY17, so when the rates returned to their normal levels in FY18, it was actually a significant or exaggerated increase in cost. The remainder of the personnel cost increases are associated with a general increase in the salary pool of 2 percent, decisions on equity/market adjustments and promotions, and program growth in select areas. The changes are explained in more detail in the attached report.

The 20 percent of expenditure increase associated with non-personnel costs was largely associated with facility related costs and equipment. Again, this is similar to patterns seen in previous years.

The overall results for spending across the categories show stability: total spending on Mission remains just under 50 percent of the total; student aid remains between 8-8.5 percent of the total; Mission Support & Facilities hovers at about 35 percent of the total, and Leadership & Oversight remains between 8.5-9 percent of the total. The analysis continues to be useful in monitoring spending across the institution and providing a deeper understanding of activities in the units.

Annual Report on Targeted Business, Urban Community Economic Development, and Small Business Programs

This report provides a statistical overview of the University's expenditures with Targeted Businesses (Women, Minority, and Disabled Owned Business) and Small Businesses.

In FY18, the University of Minnesota had a significant growth in spend with Targeted Businesses. FY17 total spend was $82,559,797. In FY18 total spend was $91,868,569 for an increase of $9,308,772.

The total spend with Women-owned businesses continues to trend disproportionately higher than with Minority-owned businesses and Disabled-owned businesses.

a. Women - $47,119,619
b. Native American - $28,110,542
c. Asian - $7,672,766
e. Hispanic - $5,149,085
d. African American - $3,816,246
f. Disabled - $311

The most significant increase in spend occurred with Native Americans. Loeffler Construction revised their business model to include construction, design, engineering and consulting. As a result of Loeffler's enhanced business strategy, Native American spend increased from $8,741,868 in FY17 to $28,110,542 in FY18.

Comparative Analysis FY17-FY18 Spend:

Figure I – Overall Spend

Targeted Group	FY17	FY18	Change
Women	$58,230,595 (70.53%)	$47,119,619 (51.29%)	-$11,110,976
Native American	$8,741,868 (10.59%)	$28,110,542 (30.60%)	$19,368,674
Asian	$8,320,626 (10.08%)	$7,672,766 (8.35%)	-$647,860
Hispanics	$1,493,400 (1.81%)	$5,149,085 (5.60%)	$3,655,685
African American	$5,770,079 (6.99%)	$3,816,246 (4.15%)	-$1,953,833
Disabled	$3,230 (0.00%)	$311 (0.00%)	-$2919

Figure II – Goods and Services Spend

Targeted Group	FY17	FY18	Change
Women	$22,552,756 (27.32%)	$22,729,343 (24.74%)	$176,587
Native American	$1,084,426 (1.31%)	$2,348,849 (2.56%)	$1,264,423
Asian	$1,415,880 (1.71%)	$5,841,263 (6.36%)	$4,426,383
Hispanics	$688,795 (0.83%)	$896,659 (0.98%)	$207,864
African American	$593,585 (0.72%)	$1,388,396 (1.51%)	$794,811
Disabled	$3,230 (0.00%)	$311 ((0.00%)	-$2,919

Figure III – Construction Spend

Targeted Group	FY17	FY18	Change
Women	$35,677,839 (43.21%)	$24,390,276 (26.55%)	-$11,287,563
Native American	$7,657,442 (9.28%)	$25,761,693 (28.04%)	$18,104,251
Asian	$6,904,746 (8.36%)	$1,831,503 (1.99%)	-$5,073,243
Hispanics	$804,605 (0.97%)	$4,252,426 (4.63%)	$3,447,821
African American	$5,176,494 (6.27%)	$2,427,850 (2.64%)	-$2,748,644
Disabled	$0.00 (0.00%)	$0.00 (0.00%)	$0.00

Figure IV-Total University of Minnesota Spend - 3 Year Comparison

Fiscal Year	FY16	FY17	FY18
Total TGB Spend	$71,315,811	$82,559,796	$91,868,569

Targeted Business Assessment

For the past three years, we have consistently increased total University Targeted spend.

Recommendations for Continued Supplier Diversity Growth

- Partner with the *Disability Supplier Diversity Certification Network* to verify certification with businesses owned by persons with disabilities and increase spend with certified disabled-owned businesses.
- OBCED and Procurement create a strategic sourcing plan for increasing the utilization of Minority Suppliers. Focus on inclusion opportunities for African American and Disabled-owned businesses.
- Implement formal Supplier Diversity Training for all individuals with purchasing responsibilities within the University.
- Reintroduce the Awards Incentive and Recognition (AIR) Program for Departmental Excellence.

Completed Comprehensive Review of Board Policy

The purpose of this item is to inform the committee that the comprehensive review of the following Board policy has been completed and the policy implementer has recommended that no changes be made at this time:

- Board of Regents Policy: *Conflict Resolution Process for Employees*

The policy is in the docket for reference.

If there are items that the committee would like addressed, those will be recorded and referred back to the policy implementer. If the committee raises no additional items, the comprehensive review process will be complete and the date of last comprehensive review will be noted within the policy.

Debt Management Advisory Committee Update

The purpose of this item is to provide a summary of the meeting of the Debt Management Advisory Committee held on December 12, 2018. The agenda for the meeting included:

- A review of the University's current debt profile
- A review of the proposed Resolution Related to Issuance of Debt
- A review of the proposed Resolution Related to Refunding of Debt

Investment Advisory Committee Update

The purpose of this item is to provide a report on the quarterly meeting of the Investment Advisory Committee (IAC) held on November 14, 2018. The agenda for the meeting included:

- Portfolio Performance Review
- Manager Recommendation: Anzu Industrial Capital Partners II – Approved
- Manager Recommendation: Tritium II – Approved
- Public Equity Project Update
- FY19 Benchmarking Discussion – Action Deferred

Quarterly Asset Management Report

The purpose of this item is to report on the performance results for assets managed by the Office of Investments & Banking (OIB) for the period ending September 30, 2018. The OIB prepares this report, as required by Board policy, for review by the Board of Regents.

- The invested assets of the University totaled approximately $2.80 billion on September 30, 2018.
- The Consolidated Endowment Fund (CEF) value increased by $30 million to $1.44 billion and distributed $15 million to the University during the quarter. The total investment return for CEF during the quarter was 2.8 percent, compared to its short-term benchmark at 2.4 percent.
- The market value of the Short-term Reserves (TIP) was $1.20 billion as of September 30, 2018. The total return on the portfolio over the quarter was 0.5 percent compared to a benchmark return of 0.3 percent. The change in market value of during the quarter was largely due to the timing of cash flows as part of the University's normal business cycle.

Quarterly Purchasing Report

The purpose of this item is to provide a quarterly report of purchasing activity, including detailed reports with brief discussion on the following activity:

- Summary of Purchasing Activity
- Purchases made as Approved Exceptions to Competitive Process
- Purchases made as Preapproved Exceptions to Competitive Process
- Regents Purchasing Policy Violations

Semi-annual Capital Project Management Report

This report includes projects in process that have been approved in the annual capital improvement budget and for which the Regents are required to approve the schematic design. The report highlights progress performed and challenges encountered in delivering the project scope of work within the approved budget and schedule. The Capital Project Management Semi-Annual Report is presented in the summer and in the winter to provide performance information prior to the consideration of the annual capital improvement budget and the six-year capital plan.

Administrative Cost Definition and Benchmarking December, 2018

Executive Summary

The following pages offer details on the goals, definitions and methodology behind the annual Administrative Cost Definition and Benchmarking analysis at the University of Minnesota. In addition, the results for the FY18 analysis are presented and explained in terms of variance from the prior year. Total spending at the University for FY18 (as defined for this purpose) was $3,605,143,000, which was a 2.6% (roughly $93 million) increase over the FY17 total of $3,512,102,000. This analysis does not attempt to link changes in spending with specific or tied increases in revenues; it is solely an analysis of spending changes and trends.

Once again, the results show that significant changes are not the norm at the full University level. In all but one of the categories of comparison on a percent-of-total basis, the shifts from FY17 to FY18 were significantly less than 1%. For example, as a percent of total expenditures, Mission personnel spending went up .1%, Leadership & Oversight personnel spending went up .2%, and Mission Support & Facilities personnel spending decreased an offsetting .3%. In the non-personnel categories as a percent of total expenditures, Mission decreased 1.1%, while the other three categories (Student Aid, Mission Support & Facilities and Leadership & Oversight) increased the offsetting 1.1% combined. That general level of change has occurred each year, some years slightly more and some slightly less, but the results for FY18 indicate nothing out of the normal course of business. While overall spending increased, the pattern of spending on activities within that total remained relatively stable.

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The 20% of expenditure increase associated with non-personnel costs was largely associated with facility related costs and equipment. Again, this is similar to patterns seen in previous years.

The overall results for spending across the categories show stability: total spending on Mission remains just under 50% of the total; student aid remains between 8-8.5% of the total; Mission Support & Facilities hovers at about 35% of the total, and Leadership & Oversight remains between 8.5-9% of the total. The analysis continues to be useful in monitoring spending across the institution and providing a deeper understanding of activities in the units.

History and Purpose

The purpose of the cost benchmarking analysis is to define and categorize the University's costs in order to develop a shared understanding of University spending and improve the University's ability to set spending benchmarks and monitor changes in spending over time. As a result, the

analysis offers a view of spending through a different lens compared to the annual budget or the financial statements. Originally, it was created to answer questions related to "administrative costs" at the University. Prior to this analysis, there was no shared definition of those costs, so there was no accepted and standard way to answer those questions. Through a consultative process involving stakeholders throughout the institution, the analysis was shaped in a way to define mission (and student aid) related spending separately from all other spending on support functions and basic infrastructure. It was further decided at the time that these latter two categories would be the basis for how the University would define "administrative costs" for purposes of reallocation and communication to external parties.

FY12 was the first year of the cost benchmarking analysis. Goals for the analysis included:

- Develop a shared understanding of University spending
- Promote a broader dialogue of the University's cost structure – where the money goes
- Identify gaps in processes, data and information
- Improve the University's ability to set its own spending benchmarks
- Establish a repeatable methodology to monitor changes and patterns in spending over time

The analysis is achieving these goals. At the institutional and unit level, it is used to better understand cost components and how to manage them. It has also been used in conjunction with the "budget framework" (overall University budget balancing plan) as a tool for units in understanding the baseline for developing reallocation plans focused on administrative costs. It is also a valuable tool for investigating unit level activities and identifying trends outside of the norm, which may then spur recommendations for change.

The cost benchmarking analysis is unique to the University of Minnesota and cannot be used to compare spending patterns across institutions. While other institutions may be creating similar analyses, they have not progressed to the same level of detail. Other institutions also rely on unique aspects of their individual reporting and data elements, so the results will not be comparable.

Structure and Methodology

This analysis starts with total expenditures at the close of each fiscal year, but it will not equal expenditures as represented in the final audited financial statements for a number of reasons. Most significantly, institution-level accounting entries for accruals, deferrals, depreciation, amortization, etc., are not included because they do not contribute to the operational view of spending management at the unit level. Spending in ISO funds is excluded to avoid duplicating the effect of expenses charged internally. Expenses in system-wide management RRCs are excluded for much the same reason; for example, including direct payment of fringe benefit expense to service providers from the system-wide RRC would duplicate the fringe benefit charges assigned at the unit level and included in the personnel costs.

Within the analysis, categories of spending are identified as the following:

- Direct Mission Delivery – the expenses of the 'doers' of the mission
- Mission Support & Facilities – the expenses to 'support' the delivery of mission activities
- Leadership & Oversight – the expenses for the 'leadership, direction, control and management' of the mission

Expenses in all three categories occur throughout the organization (in academic and support units) and are supported by multiple funding sources. The benchmarking analysis focuses on current

operating funds, including sponsored activity. The intent is to categorize expenditures that relate to the regular ongoing operations of the University supported by annual revenues. As a result, it excludes non-current and agency funds, internal service organization (ISO) funds, and cross-unit charges (with the exception of transfers for facility projects).

Within the analysis, different types of costs are distributed among the spending categories in different ways. Personnel costs are distributed based on job code: each individual job code has been reviewed and assigned to one of the three spending categories based on the definitions of those categories and a reasonable judgement of the function represented by the job code description. Non-personnel expenditures are distributed based on a combination of function designation (research, instruction, etc.) and account code definition (consulting, supplies, etc.). Examples of the types of expenditure included in each spending category are noted in the table below. Note that direct student aid is treated as a separate category related to but not included in the delivery of mission.

Expenditures by Expense Category

Direct Mission Delivery 'doers' of the mission	**Mission Support & Facilities** 'support' the delivery of the mission	**Leadership & Oversight** 'leadership, direction, control, and management' of the mission
Personnel: • Tenured and tenure-track Professors • Adjunct instructors, lecturers, clinical professors • Extension educators • Health science professionals • Scientists and laboratory technicians • Students in teaching assistant, research assistant, or fellowship roles	Personnel: • Audit/Finance/HR/Info Tech/Legal • Clerical Support • Advisors, librarians, curators, child care workers, coaches • Coordinators, "Skilled generalists" – analysts, associate to, administrative professional, etc. • Buildings and grounds workers • Skilled trades, engineers, safety technicians, environmental health and safety workers, police • Temp & Casual workers	Personnel: • Executive leadership – President, Vice Presidents, Chancellors, Provost & Vice Provosts • Academic leadership – Deans & Associate Deans, Department chairs and heads • Directors – program, department, campus, and system-wide (another "non-descriptive" set of job codes) • Supervisor and manager titles across the organization
Non-Personnel: All non-personnel expenses with instruction, research, or public service function codes –	Non-Personnel: Prorated share of supplies and services, etc. in non-mission functions; equipment purchases in non-mission functions, all consulting in non-	Non-Personnel: Prorated share of supplies & services, non-capital equipment, etc.

Excludes facility-related activity: utilities, rents, leases and repairs & maintenance, etc.	mission functions, facilities costs: utilities, rents, leases, repairs & maintenance, transfers for facilities projects, debt	

Note that the definition for **Leadership & Oversight encompasses all supervisory and manager positions** regardless of their function in the institution. For example, job codes that designate someone as a manager of x are included in that third column, rather than in the second (Mission Support & Facilities) column where their "functional" home would be.

The FY18 analysis has been updated to incorporate changes in the financial chart of accounts and new job codes. In addition, a few job codes were reassigned to a different spending category based on refined understanding of job duties. For instance, job code 9369ZA Grants/Cntrcts Prof 4 No Entry was reclassified from Mission Support & Facilities to Leadership & Oversight to reflect supervisory activities outlined as a potential responsibility of incumbents in that job code, even though the supervisory responsibilities are not indicated by the job title. Updates have been applied to all three years of the current analysis for comparability.

The FY18 analysis continues changes made to the FY17 version of the analysis: the addition of temporary and casual employees in the personnel section, and the addition of facility-related transfers and debt service at the institutional level in the non-personnel section. All of the expenses added for the FY17 version of the analysis and continued in the FY18 version fall within the Mission Support & Facilities expense category. Inclusion of these expenses in the analysis offers an even more complete reflection of management decisions affecting the allocation of annual resources to overall operating costs.

An important characteristic of the analysis is the ability it provides to compare expenditure trends over the past three years. To that end, personnel data in the analysis is modified to reflect current job codes for all fiscal years of the analysis for all employees whose job code changed due to the recent job family study. For example, the Development Job Family Study was completed in FY17, so employees in this job family whose job code changed may have shifted from one expense category to another solely due to an update to their job code without a change in their responsibilities. Due to the incorporation of these changes, the report presented this year is not comparable to reports presented in previous years.

Cost Benchmarking FY18 Results

The FY18 Expense Summary for Administrative Cost Benchmarking is included in Attachment A. Overall, expenditures increased 2.6% from FY17 to FY18.

Further, the analysis shows expenditure patterns modestly changed from prior years. Total expenditures for Mission and Student Aid are at 55.7% of the total spend (FY17: 55.8%), with expenditures for Mission Support & Facilities at 35.6% (FY17: 35.7%), and Leadership and Oversight at 8.7% (FY17: 8.5%). Personnel expenditures comprise 60% of all expenditures included in the analysis for all three years of the analysis. Facility project transfers and debt (included for the first time in FY17) comprise 4.0% of all expenditures (FY17: 4.1%). Details on changes and what contributed to those changes by spending category follow in the sections below.

Fringe Benefits

A special clarification needs to be outlined for the personnel cost changes for FY18, which applies to all of the categories of spending. Fringe benefit rates are a percentage applied to actual salary expenditures and charged to the same funding source to recover the full compensation costs for an employee. The fringe charges are included in the personnel expenditure totals for the Administrative Cost Benchmarking analysis. Fringe benefit rates for most personnel groups increased significantly between FY17 and FY18 contributing to the overall increase in personnel spending. The primary driver of that change was the allocation of a legal settlement related to pharmacy benefits into the fringe pool in FY15 – which artificially lowered the fringe rates/expenditures in FY17 due to the required federal methodology for calculating and applying fringe rates. The FY18 fringe rates then returned to the more "normal" level, which is reflected as a significant increase from that artificially low FY17 level. The rate for faculty, professional and administrative, and police increased 1.7% (most Leadership & Oversight category personnel) and the rate for civil service, AFSCME and Teamsters employees increased 1.2%. Roughly $19.3 million of the increase in overall personnel spending between FY17 and FY18 (0.9%) is due to the increase in the fringe benefit rates**: approximately 25% of the cost growth in personnel expenditures is attributed to the fringe costs alone.** Without the fringe benefit increase, the overall increase in personnel spending would be 2.6% rather than 3.5%. For Leadership & Oversight personnel, $3.2 million of the increase in personnel spending (1.3%) is due to the rate increase. Without the fringe benefit increase, the increase in Leadership & Oversight personnel spending would be 3.9% (rounded) rather than 5.1%. The remaining 75% of the cost growth in personnel expenses can be attributed to an average 2% general wage increase, targeted increases for equity or market adjustments, and program growth in select areas.

Mission

While Mission spending as a percent of total expenditures dropped 0.1% for FY18, total spending in this category increased 2.1% overall between FY17 and FY18, with personnel spending increasing 3.8%. On top of the general cost increases for salaries and benefits, this increase was driven largely by program growth in targeted areas. Notable shifts in mission spending on personnel include:

- $2.0 million increase (13.4%) for Direct Academic personnel in Boynton Health Service (auxiliary funds).
- $16.7 million increase (8.7%) for Direct Academic personnel in the Medical School, primarily on sponsored funds ($5.9 million, 11.3% increase), private practice funds ($5.4 million, 11.4% increase), and other restricted contracts ($3.9 million, 32.5% increase).
- $3.3 million increase (9.2%) in spending on personnel in mission categories in the College of Biological Sciences, mainly in sponsored and non-O&M unrestricted funds.

Personnel expenditures represent over 70% of the total mission spend.

Non-personnel spending decreased 2.0% from FY17 to FY18, primarily due to a reduction in subcontracts on sponsored grants of $11.9 million.

Student Aid

Student aid spending increased 4.9%, with the largest upticks occurring in state-funded financial assistance for undergraduate students and in fellowships, grants and scholarships funded by endowments.

Mission Support & Facilities

Mission support and facilities expenses increased 2.2% between FY17 and FY18, with a 2.5% increase in personnel spending and 2.0% increase in non-personnel. Some notable increases in personnel spending for this category include:

- Increased spending in the Audit/Finance/HR/Info Tech/Legal group related to infrastructure development for student systems in Undergraduate Education ($1.1 million, 15.2% increase).
- Spending on positions related to financial management, grant and contract management, and other positions related to compliance ($3.3 million, 7.6% increase); investments spread across many units of the University.
- In the Campus Operations group, increased personnel expenditures in Public Safety on the Twin Cities campus (roughly $640,000, 9.8% increase); in Duluth (over $140,000, 18.7% increase).
- Auxiliary Services and Facilities Management expenditures for Campus Operations personnel increased ($2.3 million, 3.6% increase), in part reflecting the need to hire continuing employees due to difficulty in filling student positions.
- Spending in the coordinator job code has been almost completely eliminated for FY18 (98.3% reduction) due to an intentional phase-out of this non-descriptive job code.

The non-personnel expenditures continue to be more volatile in terms of magnitude and where they occur within the institution. For Mission Support spending, changes are largely in the facility area. Rents/Leases increased significantly ($9.3 million, 30%), with the primary drivers being the lease of Radius Apartments as additional housing stock on the Twin Cities campus ($5.5 million), and one-time back payments on building additions for the Hormel Institute in Austin, MN ($2.2 million) due to an extended development period and renegotiation of terms. Increases in Utility costs were driven by a 19.5% increase in costs for steam heat. Planned replacement of beds in housing units on the Twin Cities stands out as a significant factor in the 5.5% increase in Equipment/Other Capital Assets.

Leadership & Oversight

Spending on leadership and oversight increased 5.0% between FY17 and FY18. A careful analysis occurs annually on changes in leadership and oversight spending to ensure a thorough understanding of decisions that affect institutional initiatives to control administrative costs. Spending on personnel in this category showed the greatest shift in terms of overall percent of total spending across all categories, going from 12.0% of total expenditures to 12.2% (see Attachment B). Aside from the general 2% salary pool increase and the fringe cost increases previously mentioned, there were a number of situations driving this change:

1. It appears there was less turnover generally in FY18 than in FY17 (closer to full employment);
2. There were new leadership hires in at a full year rather than a partial year as in FY17 (Sr. Vice President Finance & Operations, Vice President for University Relations, Dean of Pharmacy, and so on);
3. Naturally occurring promotions throughout the institution moved people from the Mission Support & Facilities column into the Leadership & Oversight column, sometimes without any, or any significant, increase in cost;
4. New hires planned in the budget.

From FY17 to FY18 noteworthy changes in personnel spending included:

- Direct Academic personnel spending increased $1.3 million (5.6%). Within that group, spending related to leadership personnel in Allied Health Care roles (managers and supervisors) increased 16.2% ($438,500), mainly in the Community-University Health Care Center (CUHCC) and Speech-Language-Hearing Sciences. In addition, the College of Education and Human Development increased spending on Research Managers and Education Program Managers by over $525,000. In other units, increased spending related to a change in the HR treatment of partial academic appointments in leadership roles or to promotional increases.
- Leadership personnel spending increased by only 1.5% ($867,000). Leadership spending in many units decreased even with the general 2% salary pool increase and even though fringe benefit rates increased significantly. In units with increased "leadership" costs, they could often be identified as intentional restructuring or leadership changes such as the following:
    - Medical School - $1,376,045. Increases related to a change in salary structure for department heads, newly filled department head positions, and increases for 5 associate deans to recognize new roles and responsibilities with the UMP collaboration.
    - Senior Vice President for Finance and Operations - $509,299. FY18 was the first full year of activity for the office of the Senior Vice President. The increase also reflects renegotiated contracts in Investment and Banking and a change of employee group due to a promotion.
    - College of Pharmacy - $312,137. Pharmacy hired a new Dean in FY18.
- Campus Operations personnel spending increased only 1.1% (roughly $250,000).
- Audit/Finance/HR/Info Tech/Legal personnel spending increased $2.0 million (4.4%) with the most notable increase in information technology job codes (over $919,000).
- Skilled Generalists personnel spending increased $4.8 million (9.2%). Increases occurred in many units and job codes, sometimes related to promotional situations reclassifying the position from a support role to a supervisory role or hiring replacement positions in a different job code. Of note:
    - Medical School - $1.4 million. Increases include some new appointments in administrative support roles and other promotional or pay adjustments.
    - Carlson School of Management – over $560,000. New administrative directors were hired in the Finance, Marketing and Strategic Management and Supply Chain and Operations departments.
    - Office of the Vice President for Research – over $500,000. Increases are related to replacement, and promotional appointments in the Hormel Institute, MN Supercomputing Center, Technology Commercialization, and Sponsored Projects Administration.
- Other Support positions spending increased $3.8 million (7.8%). Research Support Manager spending increased $843,000 due to positions added in the College of Science and Engineering, the Medical School, the Natural Resource Research Institute, Cancer Center, and Clinical Translation Sciences. In addition, spending in University Relations increased roughly $1 million due to the addition of gift officers (includes University of Minnesota Foundation personnel ramping up for the campaign). Spending in student support roles in Undergraduate Education increased over $575,000 with the addition of positions in Admissions and Academic Support Resources.

Non-personnel spending in the Leadership & Oversight category is prorated based on salaries.

Across all categories, Direct Academic personnel make up 46% of all personnel spending, by far the largest personnel group. Supply, Service and Miscellaneous spending makes up 31% of non-personnel spending, with 50% of that in the direct mission expense group. These proportions are consistent between FY17 and FY18.

Summary

The administrative cost benchmarking analysis is a valuable tool to monitor expense categories at the all-University level over time, but its greatest contribution is through providing a different lens to understand unit-level costs. The cost benchmarking analysis is but one of many tools that are used to effectively manage spending at the University. Cost Benchmarking characteristics include:

- Cost Benchmarking is most useful as a way to frame conversations about spending and as a tool for developing and tracking reallocation plans. Since the inception of the analysis in 2012, the cost categories of Mission, Mission Support & Facilities, and Leadership and Oversight have become part of the common parlance. There has never been greater awareness of the expectation to reduce and control administrative costs.
- It is difficult to shift percentages on an institutional basis; movement of a tenth of a percent in one of the analysis categories takes roughly $3.5 million (Attachment B).
- Non-personnel spending experiences the most volatility with fluctuations common in such items as sponsored subcontracts or significant equipment purchases.
- Increased personnel spending can often be connected to growth for specific activities (e.g., investment in additional recruiting efforts for NRNR students, additional responsibilities related to University of Minnesota Physicians, additional development officers). However, compensation is also subject to market forces and benefit cost increases, particularly medical benefits, which can result in spending increases without expansion of the work force.
- Shifts in sponsored awards disproportionately affect the mission category.
- Changes in mission spending also affect mission support and facilities and leadership and oversight.
- Program expansions and investment in essential services required to support the mission (such as maintaining library materials, technology licensing, compliance, etc.) result in increases to mission support and facilities and leadership and oversight expenditures without a corresponding increase in mission expenditures.
- One of the most valuable uses for cost benchmarking is the perspective it brings to unit-level analysis and its ability to highlight changes over time at that level. This analysis is the start of many in-depth conversations.

BACKGROUND INFORMATION

The cost definition and benchmarking analysis (methodology and results) has been presented to the Finance Committee of the Board of Regents annually beginning in the 2012-2013 academic year. Slight changes in methodology each year have been explained, and those changes have been implemented back three years each time for comparability. As a result of these changes, however, each individual annual report should be reviewed on its own and not compared to a report from a prior year.

ATTACHMENT A:

Expense Summary for Administrative Cost Benchmarking

FY18

University of Minnesota - Systemwide *

($$ in Thousands)

11/20/18

	a	b	c	d	e	d	e	f	g	h
1	**PERSONNEL**	**Mission**	Mission as % of Total	**Student Aid**	Student Aid as % of Total	**Mission Support & Facilities**	MS&F as % of Total	**Leadership & Oversight**	L&O as % of Total	**Total**
2	Direct Academic	978,736	97.5%					25,369	2.5%	1,004,106
3	Students **	264,588	85.6%			44,613	14.4%			309,201
4	Leadership							60,668	100.0%	60,668
5	Campus Operations ***					113,252	83.0%	23,206	17.0%	136,457
6	**Support:**									
7	*Audit/Finance/HR/Info Tech/Legal*					*199,626*	*80.4%*	*48,565*	*19.6%*	*248,190*
8	*Clerical Support*					*78,850*	*100.0%*	*0*	*0.0%*	*78,850*
9	*Coordinators*					*8*	*100.0%*			*8*
10	*Skilled Generalists*					*26,530*	*32.0%*	*56,495*	*68.0%*	*83,025*
11	*Other Support*					*191,174*	*78.6%*	*52,125*	*21.4%*	*243,299*
12	*Temp/Casual*					*17,275*	*100.0%*			*17,275*
13	**Support Subtotal**	0	0.0%	0	0.0%	513,462	76.6%	157,185	23.4%	670,648
14	**Total Personnel**	**1,243,324**	57.0%	**0**	0.0%	**671,327**	30.8%	**266,428**	12.2%	**2,181,079**
15										
16										
17	**NON-PERSONNEL**	**Mission**	Mission as % of Total	**Student Aid**	MS&F as % of Total	**Mission Support & Facilities**	MS&F as % of Total	**Leadership & Oversight**	L&O as % of Total	**Total**
18	**Operating Expense**									
19	*Direct Mission Subcontract/Participant*	*115,880*	*100.0%*							*115,880*
20	*Supply/Service/Misc*	*220,225*	*50.0%*			*180,071*	*40.9%*	*40,387*	*9.2%*	*440,683*
21	*Equipment/Other Capital Assets*	*42,260*	*45.9%*			*43,146*	*46.9%*	*6,687*	*7.3%*	*92,093*
22	*Consulting/Prof Services*	*84,123*	*66.3%*			*42,666*	*33.7%*			*126,788*
23	*Repair & Maintenance Supply*					*57,412*	*100.0%*			*57,412*
24	*Utilities*					*105,955*	*100.0%*			*105,955*
25	*Rents/Leases*					*40,255*	*100.0%*			*40,255*
26	*Student Aid*			*302,425*	*100.0%*					*302,425*
27	**Operating Expense Subtotal**	462,487	36.1%	302,425	23.6%	469,504	36.6%	47,074	3.7%	1,281,490
28	Debt/Capital Project Transfers **					142,574	100.0%			142,574
29	**Total Non-Personnel**	**462,487**	32.5%	**302,425**	21.2%	**612,078**	43.0%	**47,074**	3.3%	**1,424,064**
30										
31	**TOTAL EXPENSE**	**1,705,811**	47.3%	**302,425**	8.4%	**1,283,406**	35.6%	**313,502**	8.7%	**3,605,143**

* Excludes expenditures for Enterprise Systems Upgrade Project (RRC: Enterprise Resource Planning), real estate acquisitions, non-current and agency funds, cross-unit charges (except facilities projects), and ISO Funds.

** Inlcudes interfund transfers to support facility-related projects and the University's contribution to debt activities from direct cash or gifts (not including HEAPR or capital appropriations).

ATTACHMENT B:

Expense Summary for Administrative Cost Benchmarking
Summary of Results - FY16-FY18

($$ in Thousands)

		A		B		C		D		E
1		Mission	% of Total (E)	Student Aid	% of Total (E)	Mission Support & Facilities	% of Total (E)	Leadership & Oversight	% of Total (E)	Total
2	**Personnel**									
3	FY18	1,243,324	57.0%		0.0%	671,327	30.8%	266,428	12.2%	2,181,079
4	FY17	1,198,376	56.9%		0.0%	654,978	31.1%	253,418	12.0%	2,106,772
5	FY16	1,174,370	57.2%		0.0%	633,373	30.8%	246,721	12.0%	2,054,464
6	**Non-Personnel**									
7	FY18	462,487	32.5%	302,425	21.2%	612,078	43.0%	47,074	3.3%	1,424,064
8	FY17	471,695	33.6%	288,205	20.5%	600,227	42.7%	45,203	3.2%	1,405,330
9	FY16	478,437	34.3%	274,877	19.7%	596,326	42.7%	46,868	3.4%	1,396,508
10	**Total**									
11	FY18	1,705,811	47.3%	302,425	8.4%	1,283,406	35.6%	313,502	8.7%	3,605,143
12	FY17	1,670,071	47.6%	288,205	8.2%	1,255,205	35.7%	298,621	8.5%	3,512,102
13	FY16	1,652,806	47.9%	274,877	8.0%	1,229,699	35.6%	293,589	8.5%	3,450,972

* Excludes expenditures for Enterprise Systems Upgrade Project (RRC: Enterprise Resource Planning), real estate acquisitions, non-current and agency funds, cross-unit charges (except facilities projects), and ISO Funds.

** Inlcudes interfund transfers to support facility-related projects and the University's contribution to debt activities from direct cash or gifts (not including HEAPR or capital appropriations).

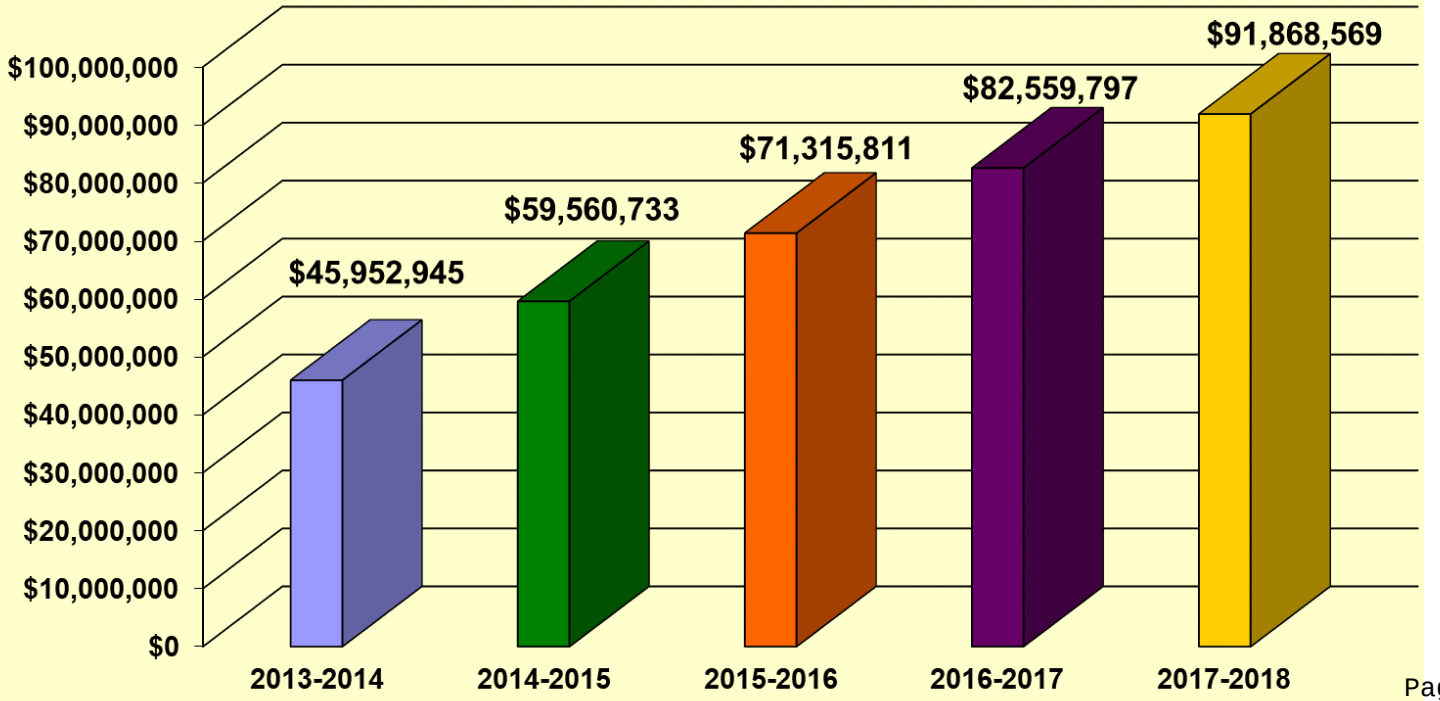
UNIVERSITY OF MINNESOTA

Driven to Discover℠

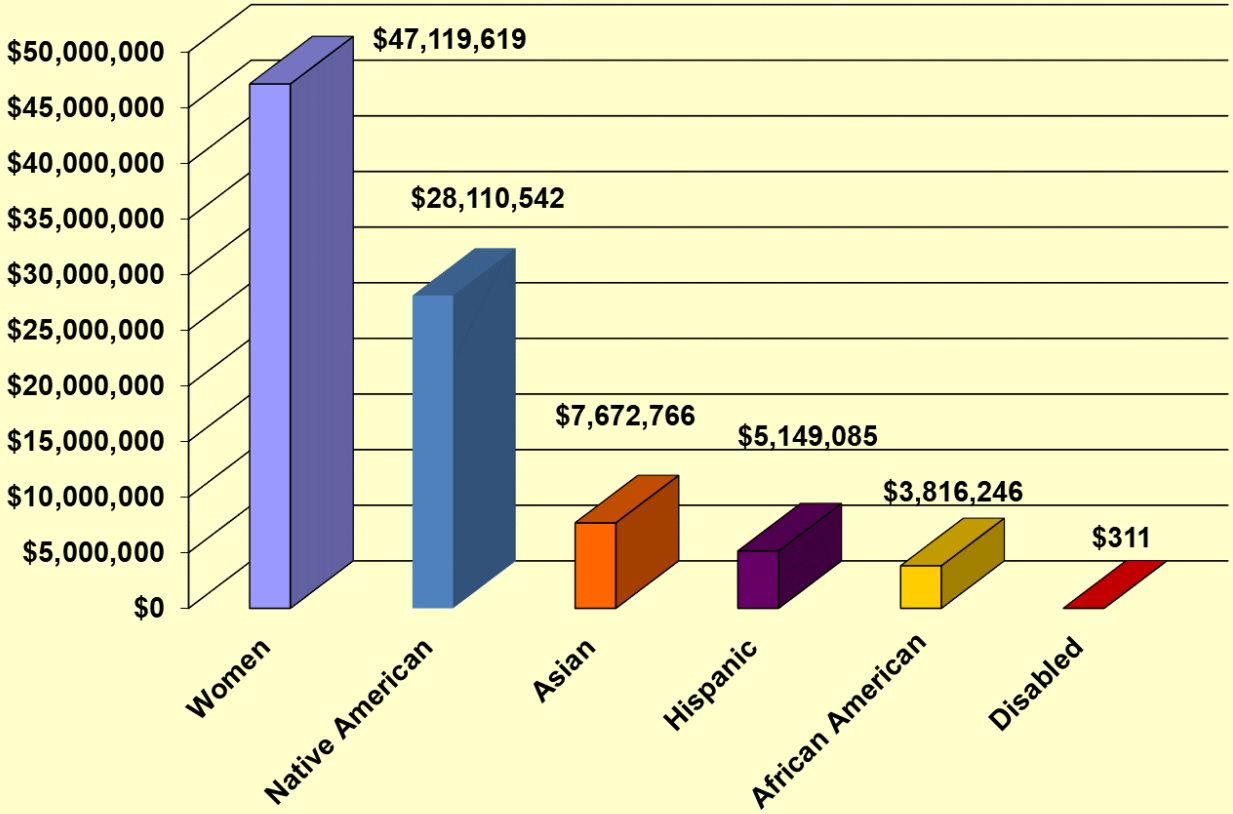
Targeted Business Cumulative Report
FY18
July 1, 2017 – June 30, 2018

Office for Business & Community Economic Development

TARGETED BUSINESS REPORT
EXPENDITURES WITH WOMEN, MINORITY AND DISABLED BUSINESSES (WMDB)
FY14 - FY18 FOURTH QUARTER
CUMULATIVE TOTAL COMPARISONS



TARGETED BUSINESS REPORT
EXPENDITURES BY PROTECTED CLASS
FY18 FOURTH QUARTER CUMULATIVE TOTALS



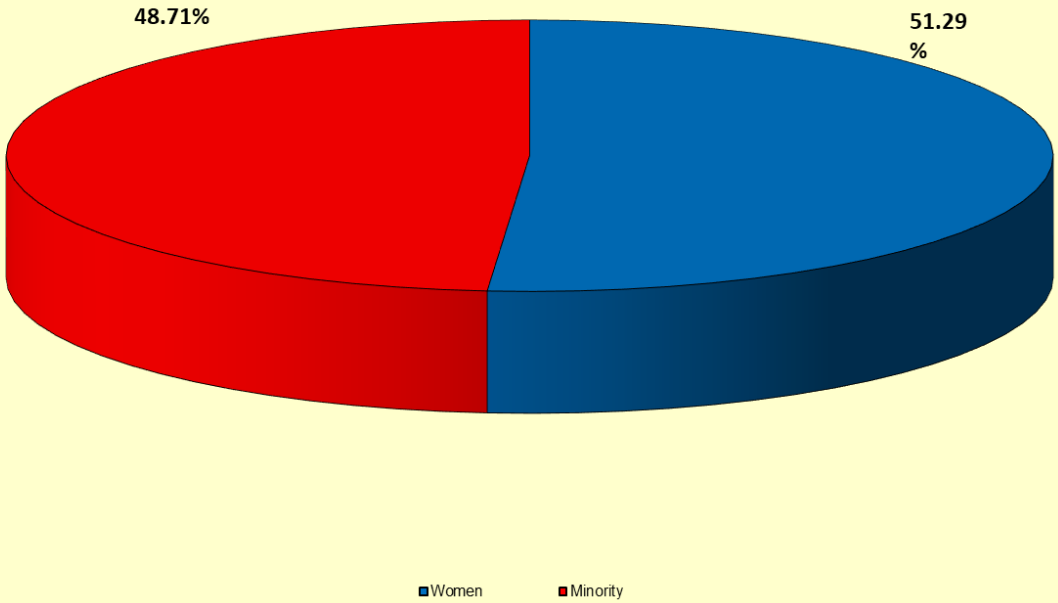
TARGETED BUSINESS REPORT
EXPENDITURES BY PROTECTED CLASS
FY18 FOURTH QUARTER CUMULATIVE TOTALS

Classification	Dollars Awarded	Percent Total WMDB Expenditures
Woman	$47,119,619	51.29%
Native American	$28,110,542	30.60%
Asian	$7,672,766	8.35%
Hispanic	$5,149,085	5.60%
African American	$3,816,246	4.15%
Disabled	$311	0.00%
Total	**$91,868,569**	**100.00%**

TARGETED BUSINESS REPORT
EXPENDITURES BY PROTECTED CLASS
FY18 FOURTH QUARTER CUMULATIVE TOTALS

Classification	Goods and Services	Percent of Total WMDB Expenditures	Construction	Percent of Total WMDB Expenditures
Woman	$22,729,343	24.74%	$24,390,276	26.55%
Native American	$2,348,849	2.56%	$25,761,693	28.04%
Asian	$5,841,263	6.36%	$1,831,503	1.99%
Hispanic	$896,659	0.98%	$4,252,426	4.63%
African American	$1,388,396	1.51%	$2,427,850	2.64%
Disabled	$311	0.00%	$0	0.00%
Total	**$33,204,821**	**36.14%**	**$58,663,748**	**63.86%**
Total WMDB Expenditures	**$91,868,569**			

TARGETED BUSINESS REPORT
SPEND PERCENTAGE BY PROTECTED CLASS
FY18 FOURTH QUARTER CUMULATIVE TOTALS



CONSTRUCTION EXPENDITURES

Total Construction Expenditures	**$194,717,216**
Total WMDB Construction	**$58,663,748**
Percent of Total Construction	**30.13%**

PURCHASING EXPENDITURES

Total Goods & Services Expenditures	**$679,045,801**
Total WMDBE Goods & Services Expenditures	**$33,204,821**
Percent of Total Goods & Services	**4.89%**

GRAND TOTAL

Total Goods, Services & Construction Expenditures	**$873,763,017** *
Total WMDB Expenditures	**$91,868,569**
WMDB Percent of Totals	**10.51%**

*UofM expenditures deemed non-biddable are not included in the total University Goods & Services and Construction Expenditures.

This includes but is not limited to: Big 10 dues, payments to University Construction, Government Agencies, i.e. IRS, Homeland Security, Met Council, payments to financial institutions, utilities and postage (approx. $581,076,510.63).

TARGETED BUSINESS REPORT
TOTAL PURCHASING & CONSTRUCTION EXPENDITURES
FOURTH QUARTER CUMULATIVE TOTALS
FY18 COMPARISON

CONSTRUCTION EXPENDITURES

	2017	2018	% change
Total Construction Expenditures	$189,470,936	$194,717,216	2.77%
Total WMDB Construction	$56,221,126	$58,663,748	4.34%
Percent of Total Construction	29.67%	30.13%	0.46%

PURCHASING EXPENDITURES

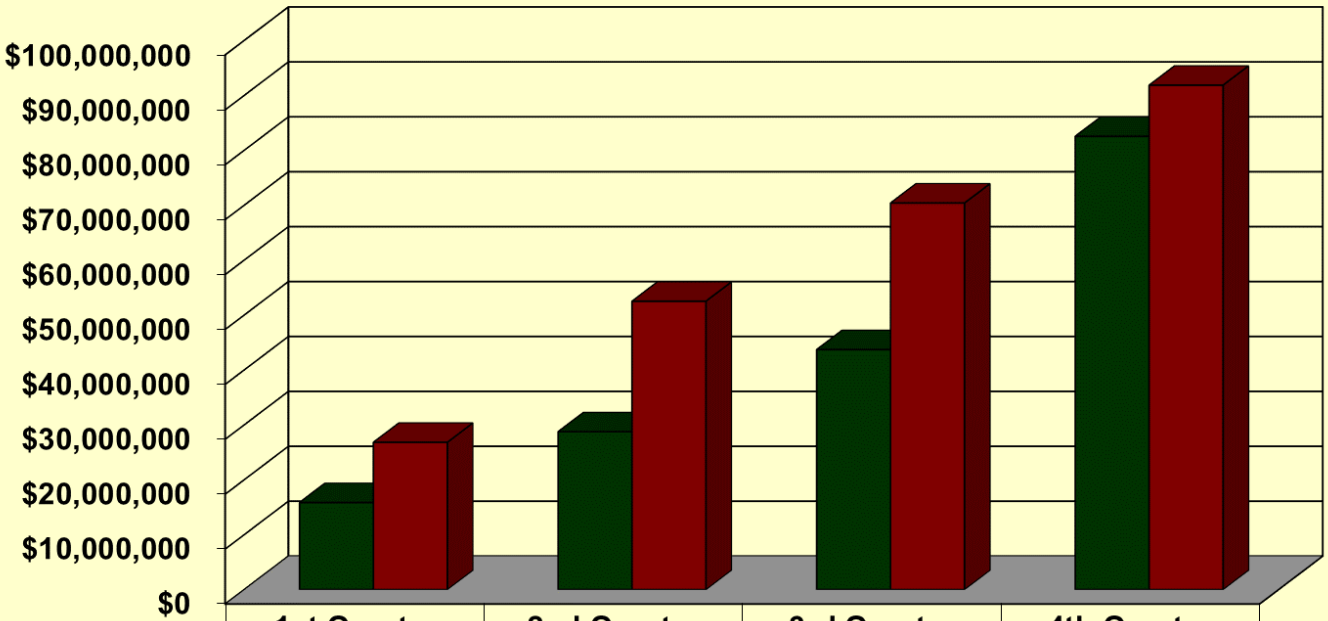
Total Goods & Services Expenditures	$712,557,116	$679,045,801	-5%
Total WMDB Goods & Services Expenditures	$26,338,670	$33,204,821	26.07%
Percent of Total Goods & Services	3.70%	4.89%	1.19%

GRAND TOTAL

Total Goods, Services & Construction Expenditures	$902,028,052	$873,763,017 *	-3.13%
Total WMDB Expenditures	$82,559,797	$91,868,569	11.28%
WMDB Percent of Totals	9.15%	10.51%	1.36%

*UofM expenditures deemed non-biddable are not included in the total University Goods & Services and Construction Expenditures.
This includes but is not limited to: Big 10 dues, payments to University Construction, Government Agencies, i.e. IRS, Homeland Security, Met Council, payments to financial institutions, utilities and postage (approx. $581,076,510.63).

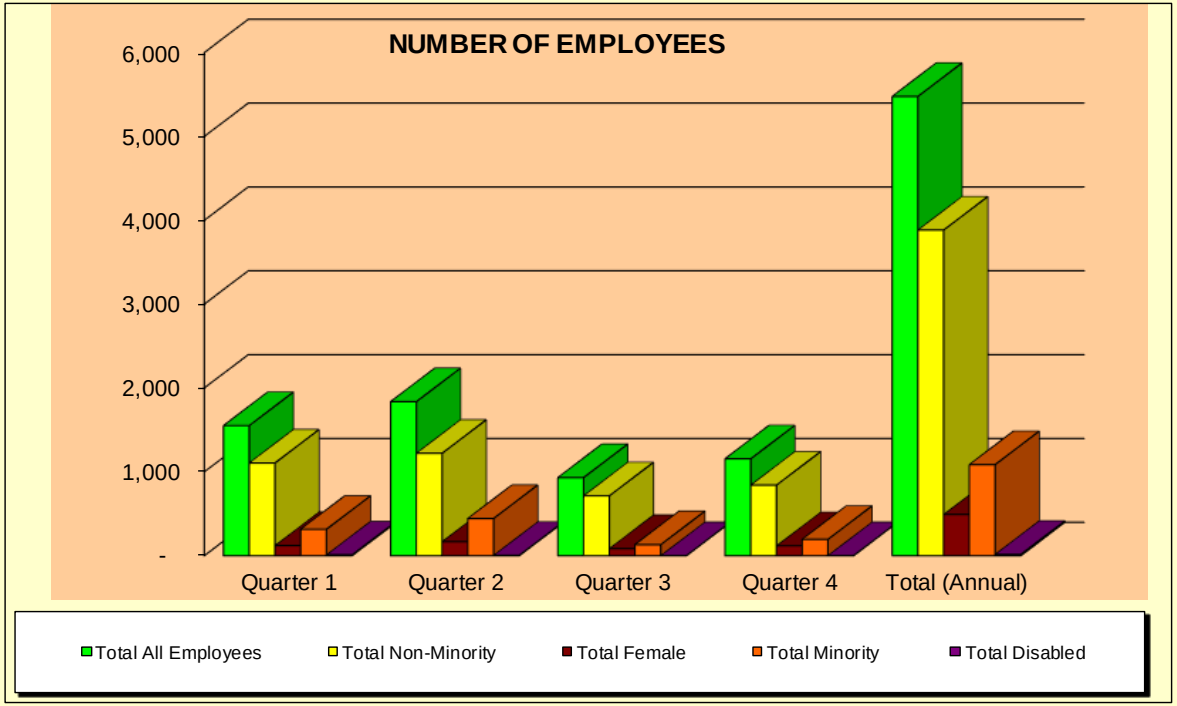
TARGETED BUSINESS REPORT
EXPENDITURES BY PROTECTED CLASS
LAST YEAR VS. CURRENT
FY18 FOURTH QUARTER CUMULATIVE TOTALS



	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
Fiscal 16-17	$15,862,309	$28,757,433	$43,717,148	$82,559,796
Fiscal 17-18	$26,825,159	$52,518,773	$70,405,270	$91,868,569

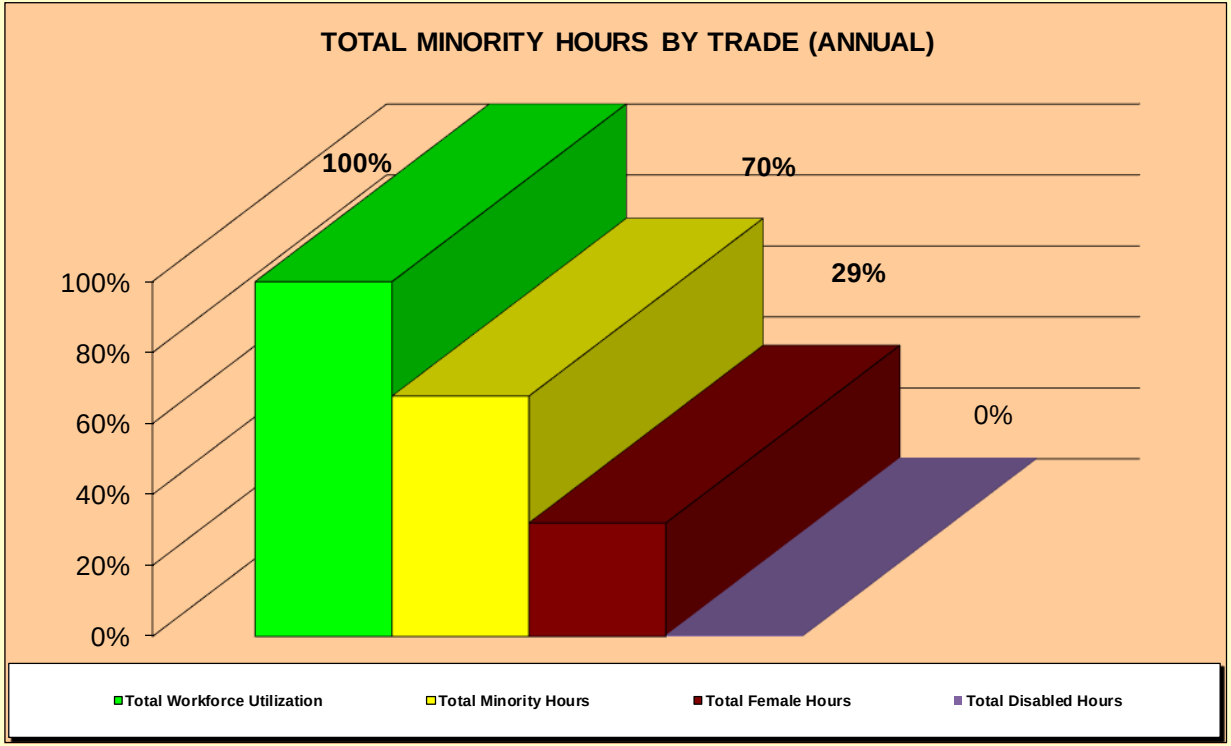
FY18 WORKFORCE UTILIZATION REPORT

	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Total (Annual)	% of Total Empl. (Annual)
Total All Employees	**1,552**	**1,838**	**932**	**1,156**	**5,478**	**100%**
Total Non-Minority	1,106	1,222	714	842	**3,884**	**71%**
Total Female	121	168	85	118	**492**	**9%**
Total Minority	315	444	132	195	**1,086**	**20%**
Total Disabled	10	4	1	1	**16**	**0%**



FY18 WORKFORCE UTILIZATION REPORT

	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Total (Annual)	Total Hours (Annual)
Total Workforce Utilization	**31,760**	**24,559**	**8,283**	**16,186**	**80,788**	**100%**
Total Minority Hours	19,514	18,270	5,934	11,017	**54,735**	**68%**
Total Female Hours	12,110	6,285	2,348	5,107	**25,850**	**32%**
Total Disabled Hours	136	4	1	62	**203**	**0%**



UNIVERSITY OF MINNESOTA

BOARD OF REGENTS POLICY

CONFLICT RESOLUTION PROCESS FOR EMPLOYEES

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

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

Subd. 2. Delegation of Authority. The following delegations shall govern the administration of this policy:

(a) except as provided in subd. 2 (b), the Board of Regents (Board) delegates to the president authority to administer this policy. The president, after consultation with the University Senate and the Conflict Resolution Advisory Committee, is authorized to adopt and amend administrative procedures to implement this policy; and
(b) complaints alleging that the president personally engaged in a challenged action shall be referred to the chair of the Board, who shall determine whether the conflict resolution process must be adjusted to ensure fair consideration of the matter.

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

Supersedes: Grievance procedure dates April 16, 1993.

Quarterly Asset Management Report

For the period ending September 30, 2018

Brian D. Burnett, Senior Vice President for Finance and Operations

Stuart Mason, Associate Vice President, Chief Investment Officer

Finance & Operations Committee

December 13th, 2018

SENIOR VICE PRESIDENT FOR FINANCE AND OPERATIONS

World Class Services for a World Class University

Office of Investments & Banking

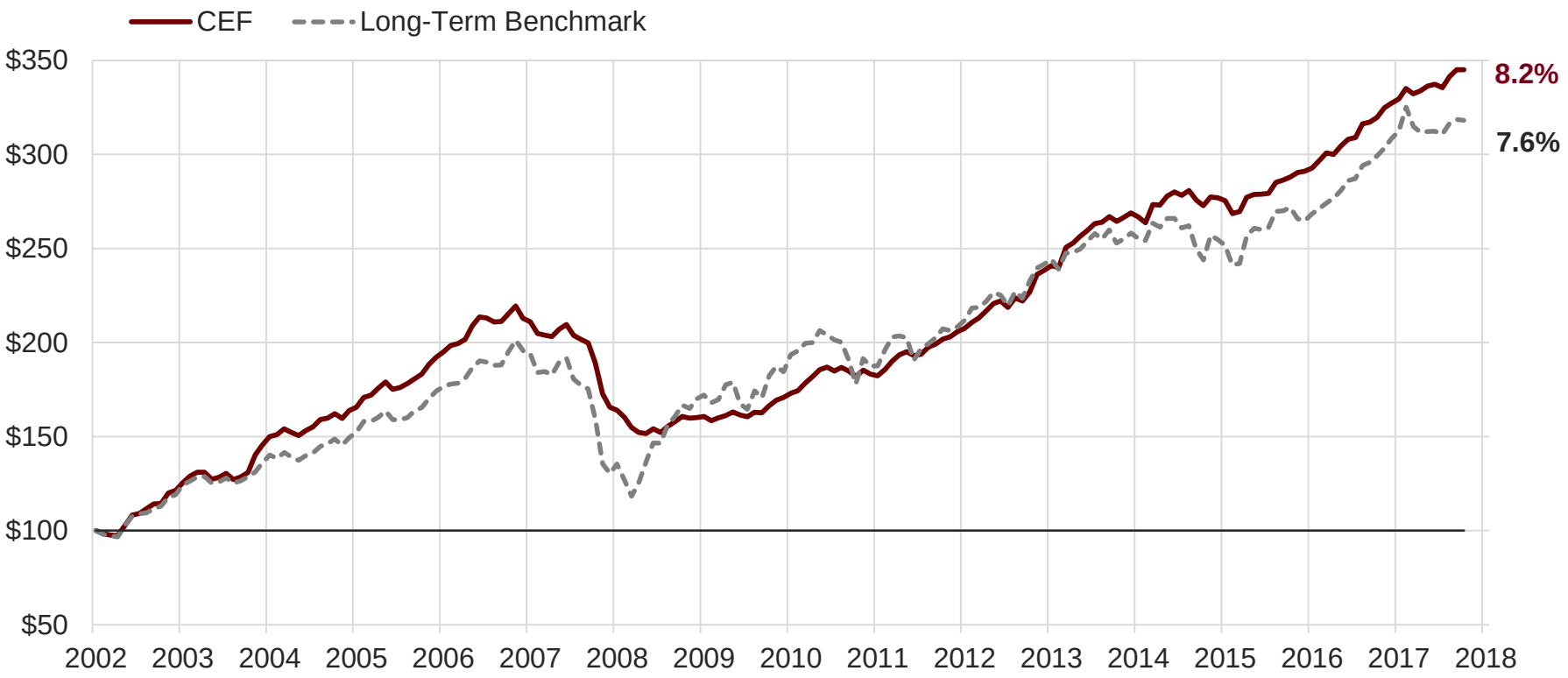
University of Minnesota

University Investment Funds

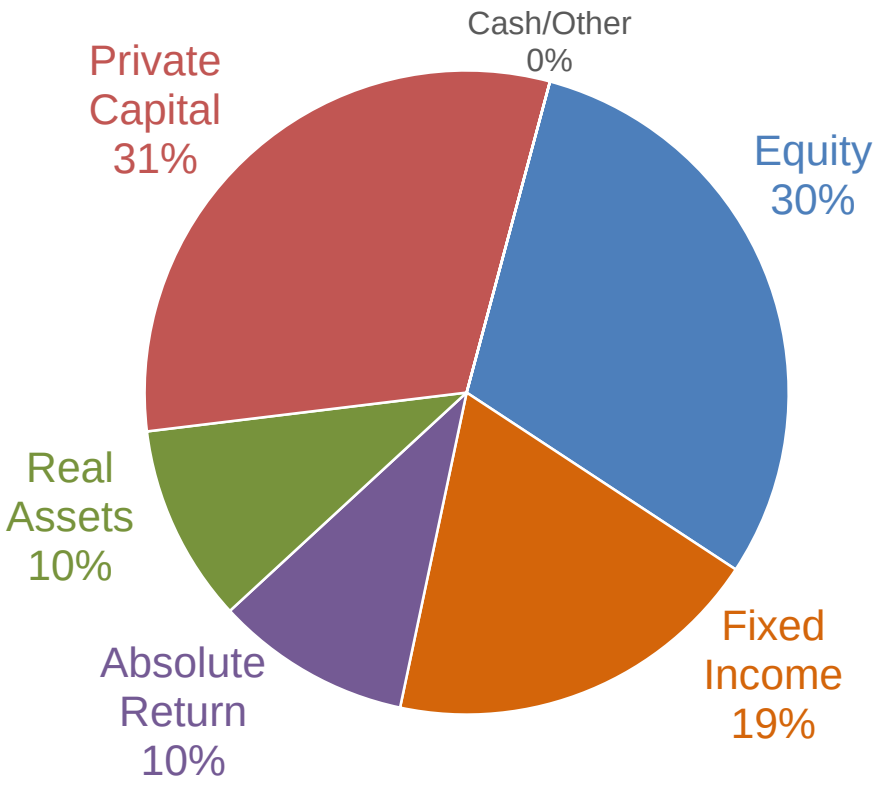
OIB Managed Funds ($ millions)	Q1 FY 2019	FY 2018	FY 2017	FY 2016	FY 2015	FY 2014
Consolidated Endowment Fund (CEF)	$ 1,441.1	$ 1,414.9	$ 1,351.8	$ 1,258.0	$ 1,293.6	$ 1,272.5
Long-Term Reserves (GIP)	70.7	70.8	71.3	65.8	52.7	45.9
Short-Term Reserves (TIP)	1,201.2	1,068.3	1,113.4	1,101.0	1,050.0	1,054.6
RUMINCO Ltd.	53.2	48.4	45.3	40.6	39.6	39.2
Invested Assets Related to Indebtedness	36.2	25.4	48.9	100.9	148.3	66.9
Total Managed Assets	**2,802.4**	**2,627.8**	**2,630.7**	**2,566.3**	**2,584.2**	**2,479.1**

Our goal is to **preserve** the inflation adjusted value of the endowment

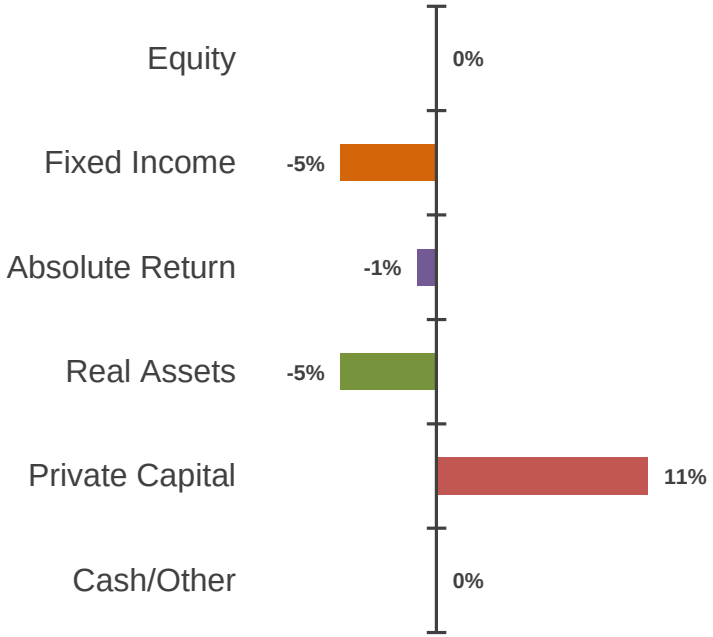
Growth of $100



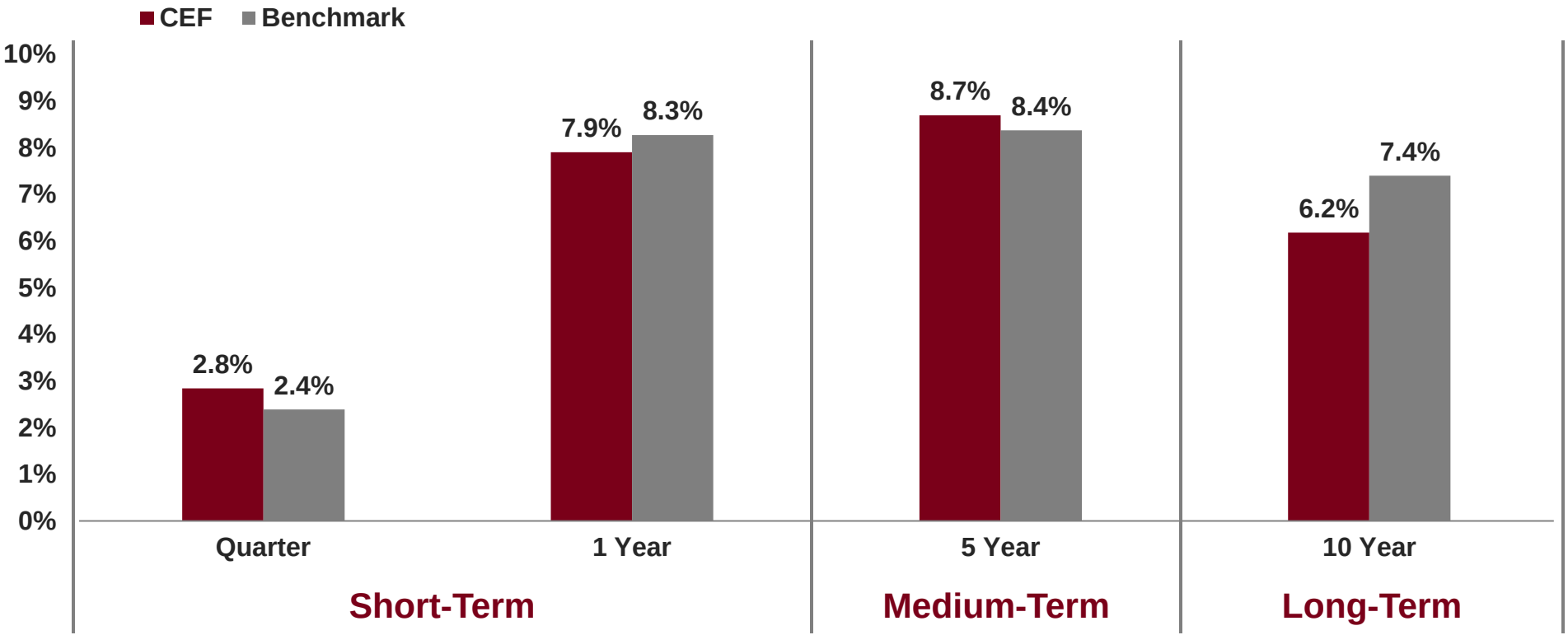
CEF Asset Allocation



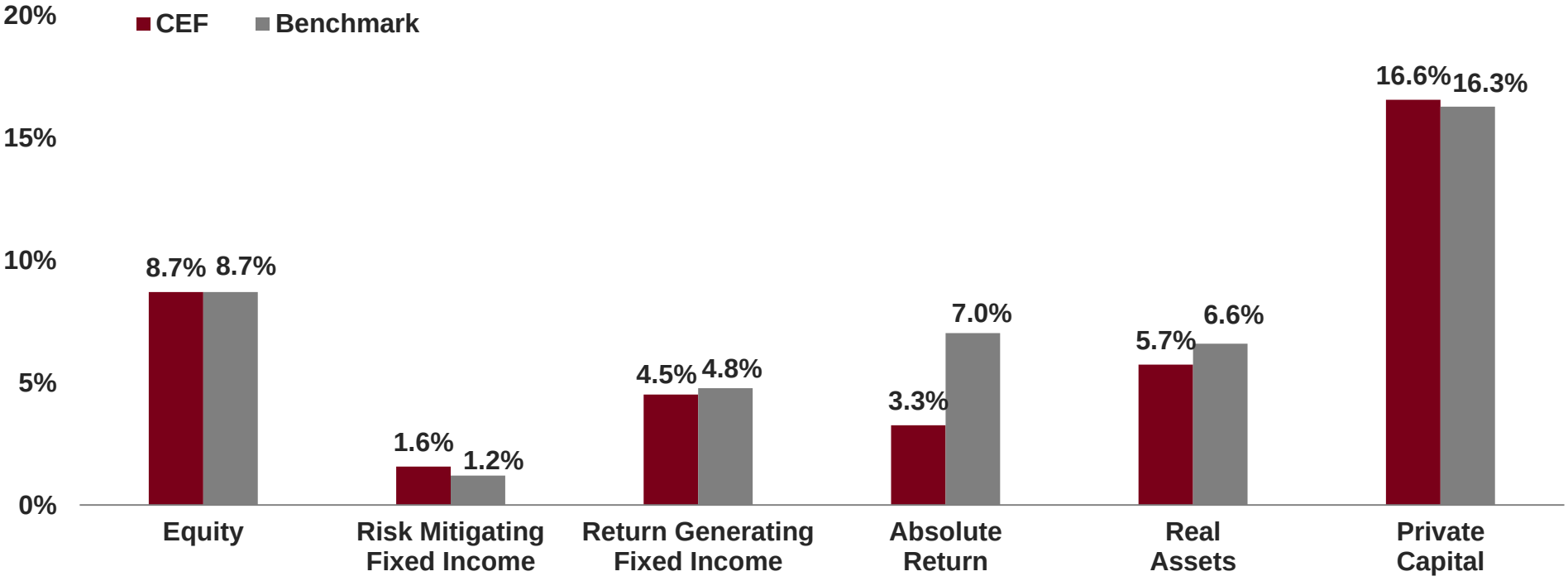
Over/Under Weight vs. Strategic Targets



CEF Performance Summary

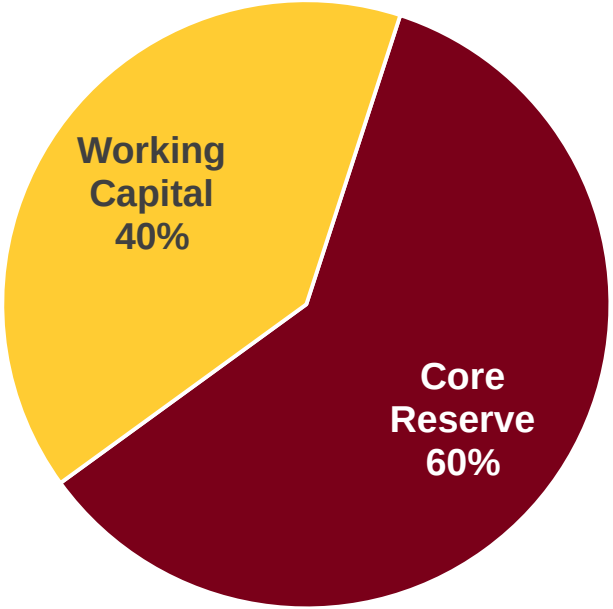


5-Year Returns for CEF Asset Classes vs. Medium-Term Objectives

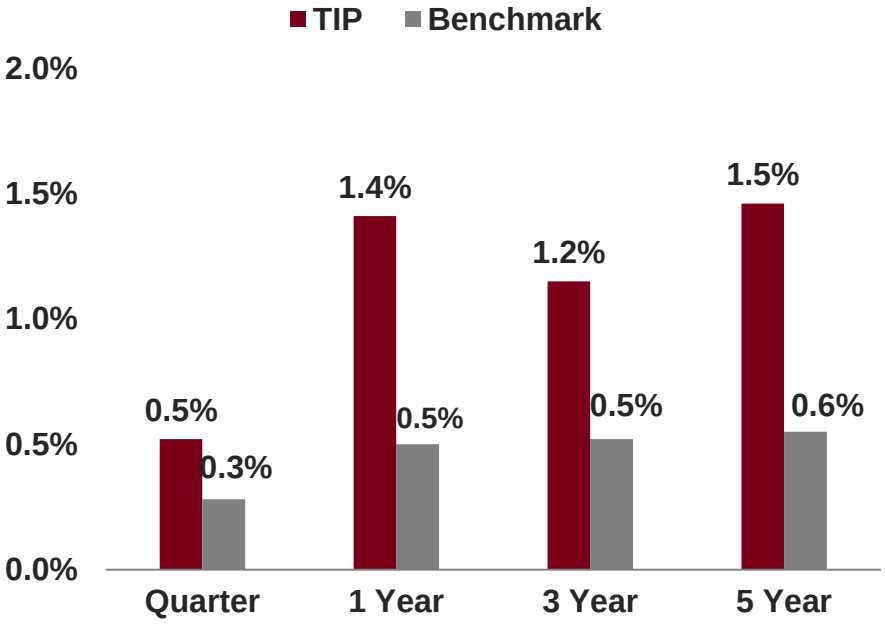


Short-Term Reserves (TIP)

Asset Allocation

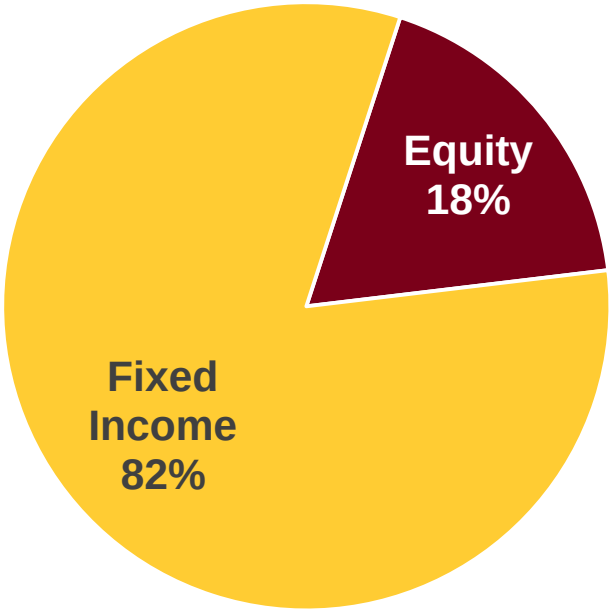


Performance Summary

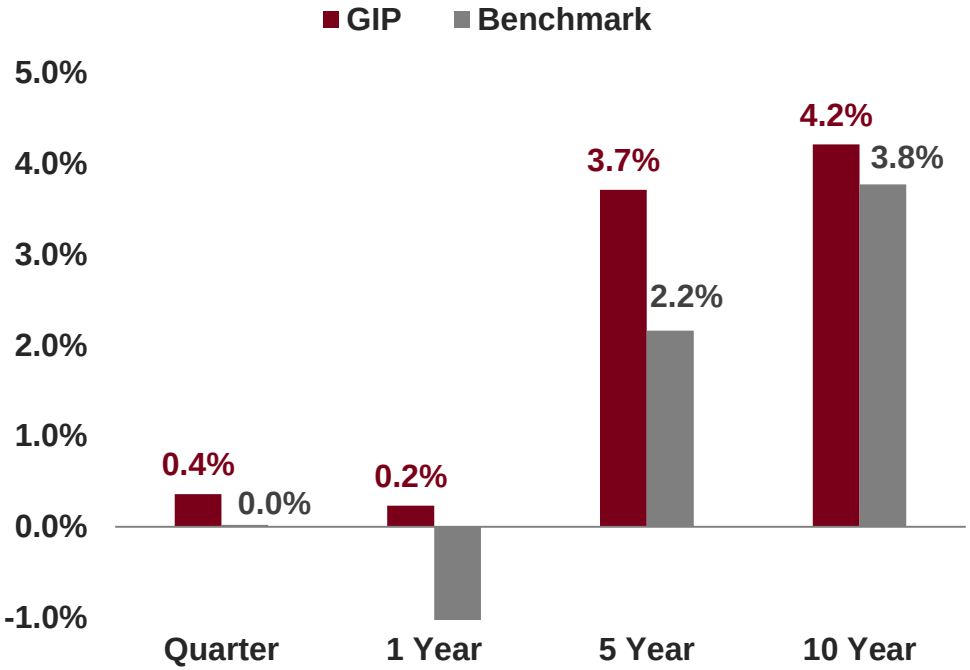


Long-Term Reserves (GIP)

Asset Allocation

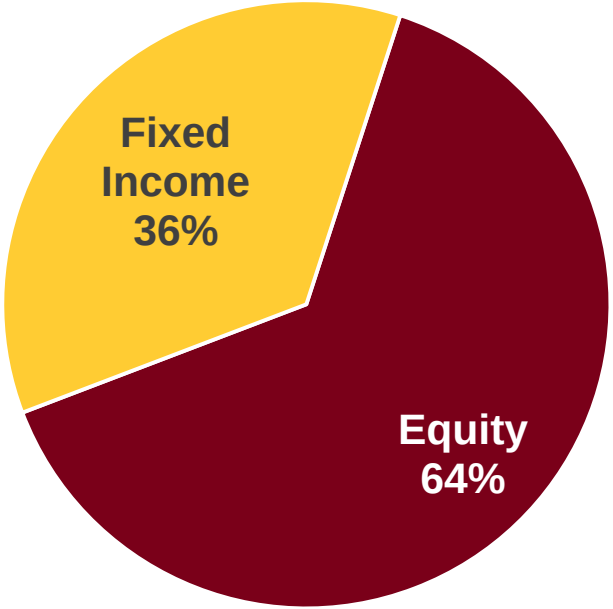


Performance Summary

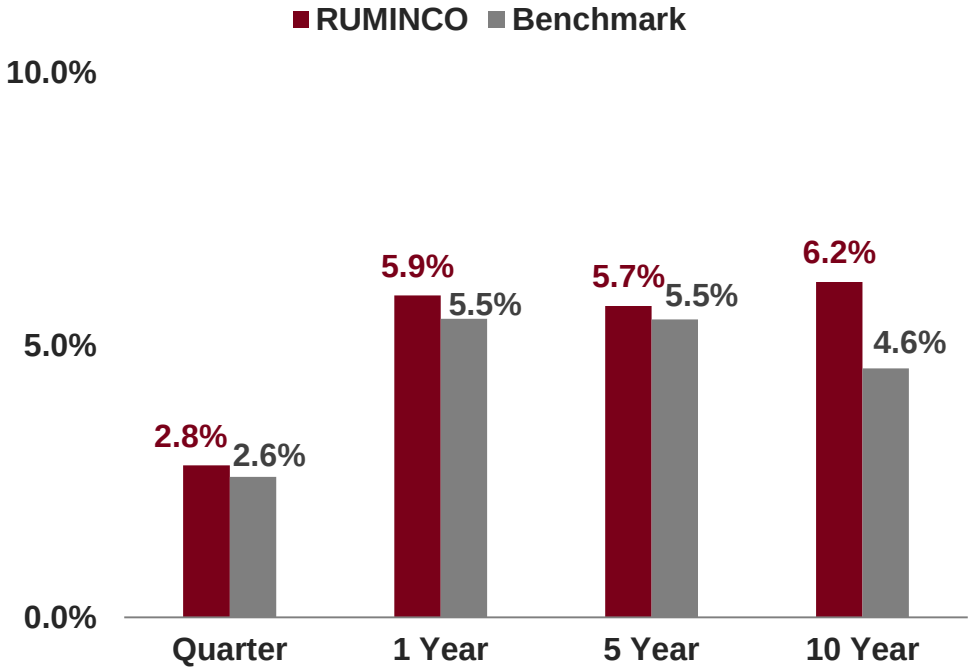


RUMINCO Ltd.

Asset Allocation



Performance Summary



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UNIVERSITY OF MINNESOTA

Twin Cities Campus *Office of the Controller*

205 West Bank Office Building
1300 S. 2nd Street
Minneapolis, MN 55454

http://controller.umn.edu
Email: controller@umn.edu

December 13, 2018

The Honorable Tom Anderson, Chair, Finance & Operations Committee
The Honorable Dean Johnson, Vice Chair, Finance & Operations Committee
The Honorable Richard Beeson
The Honorable Linda Cohen
The Honorable Michael Hsu
The Honorable Peggy Lucas
The Honorable David McMillan
The Honorable Abdul Omari
The Honorable Kendall Powell
The Honorable Darrin Rosha
The Honorable Randy Simonson
The Honorable Steven Sviggum

Committee Members:

Enclosed are Purchasing Services' reports on purchasing activity for the first quarter, fiscal year '19. Regents policy requires that purchasing activity, including exceptions to competitive purchases, be reported to the Board of Regents. This letter provides explanatory background and brief analysis of the report and attachments that follow.

Background

The enclosed reports and attachments provide statistics, graphics and some detail on four categories of purchasing activity for the one quarter:

- Summary of Purchasing Activity
- Purchases made as Approved Exceptions to the competitive purchasing process
- Purchases made as Preapproved Exceptions to the competitive purchasing process
- Regents Purchasing Policy Violations

"Total Purchasing Activity" represents the total amount of goods and services purchased for the quarter and year-to-date across all funding sources, including construction projects.

"Approved Exceptions" refers to purchases where, following proper protocol, the supplier was not selected through a Request for Bid or Request for Proposal process. All of the approved exceptions were justified in writing by the requisitioning department, with the justification reviewed and approved by the Director of Purchasing before the purchase took place. Additionally, the appropriate Vice President and the University Controller approved all exceptions of $250,000 and over, except pre-approved exceptions. Section II provides a listing of the transactions that followed this process and were approved as exceptions.

"Pre-approved Exceptions" are also purchases where the supplier has not been selected through a competitive process. However, they are exceptions that occur routinely with consistent reasons, so that the approval of the justification has become standardized. Refer to Section III of the report for a listing of transactions processed as pre-approved exceptions during the quarter.

"Regents Purchasing Policy Violations" refers to purchase transactions which bypassed the competitive process without following proper protocol and without the necessary approvals. Section IV provides a listing of purchasing violations.

The reports compare dollars spent on purchases in the respective quarter of the current year to dollars spent on purchases in same quarter of the previous year. The same quarter-to-quarter comparison is made for approved exceptions and for preapproved exceptions. With that in mind, the following observations are worth noting:

First Quarter:

- Total exception dollars were up 41% because of the following purchases which both received Board of Regents approval.
    - $16,000,000 for manufactured reagents and instrumentation service agreements from Illumina
    - $10,930,000 for the continuation of the Metropass, U-Pass and Campus Zone programs from Metropolitan Council

- There was one Regents Purchasing Policy Violations in the first quarter of FY19.

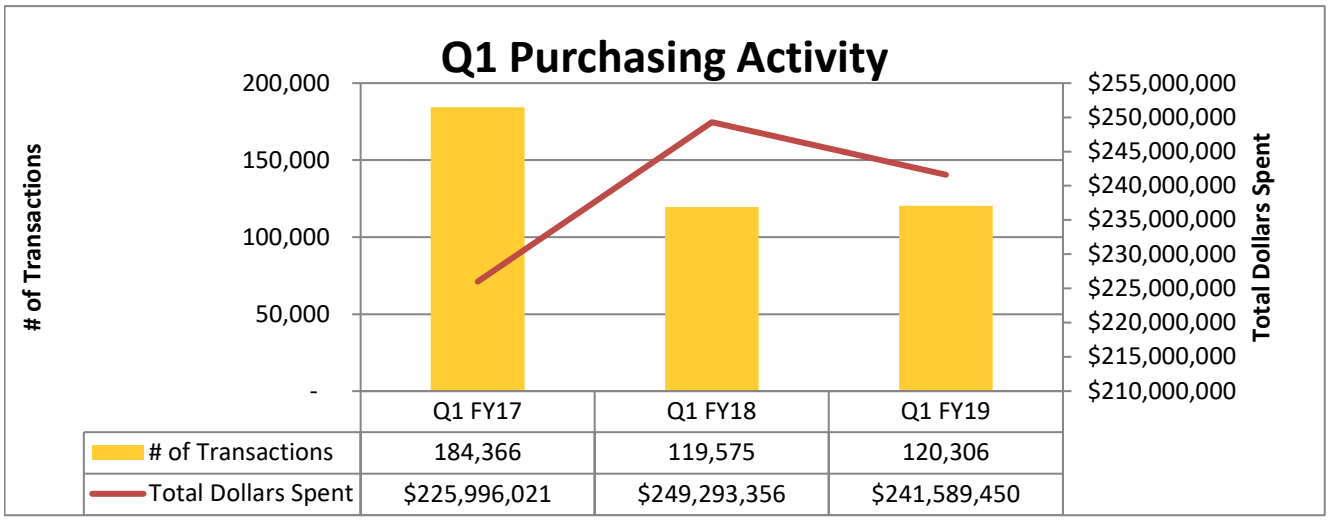
If you have any questions on the report, please do not hesitate to contact Beth Tapp, Director of Purchasing, or me.

Sincerely,

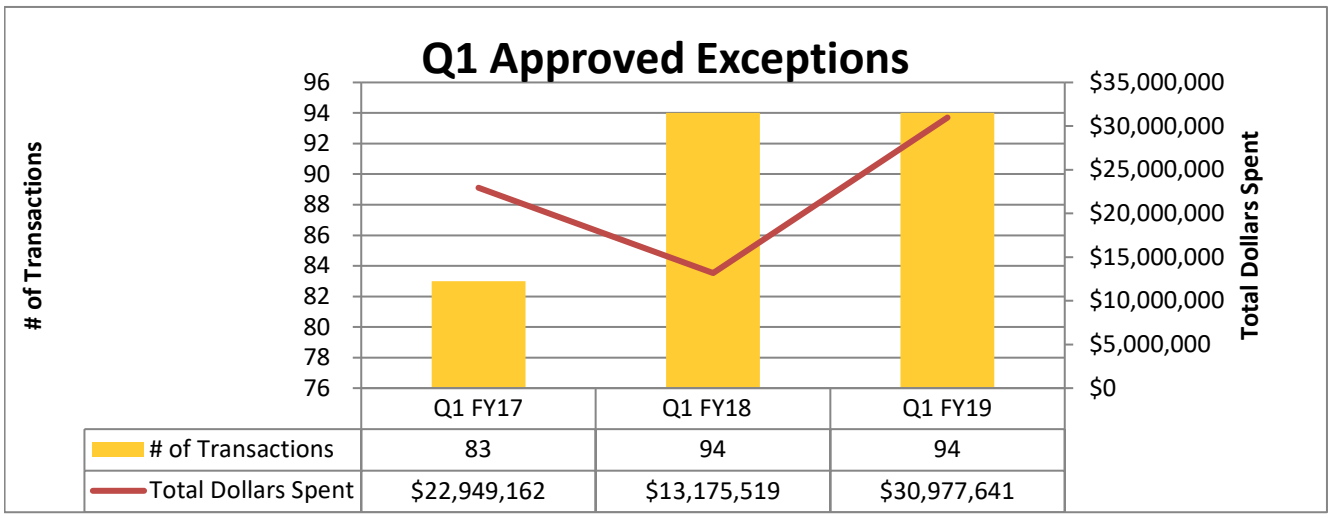
Suzanne Paulson
Controller

Cc: Michael Volna, Associate Vice President and Assistant Chief Financial Officer
Brian Steeves, Executive Director and Corporate Secretary, Board of Regents
Beth Tapp, Director, Purchasing Services

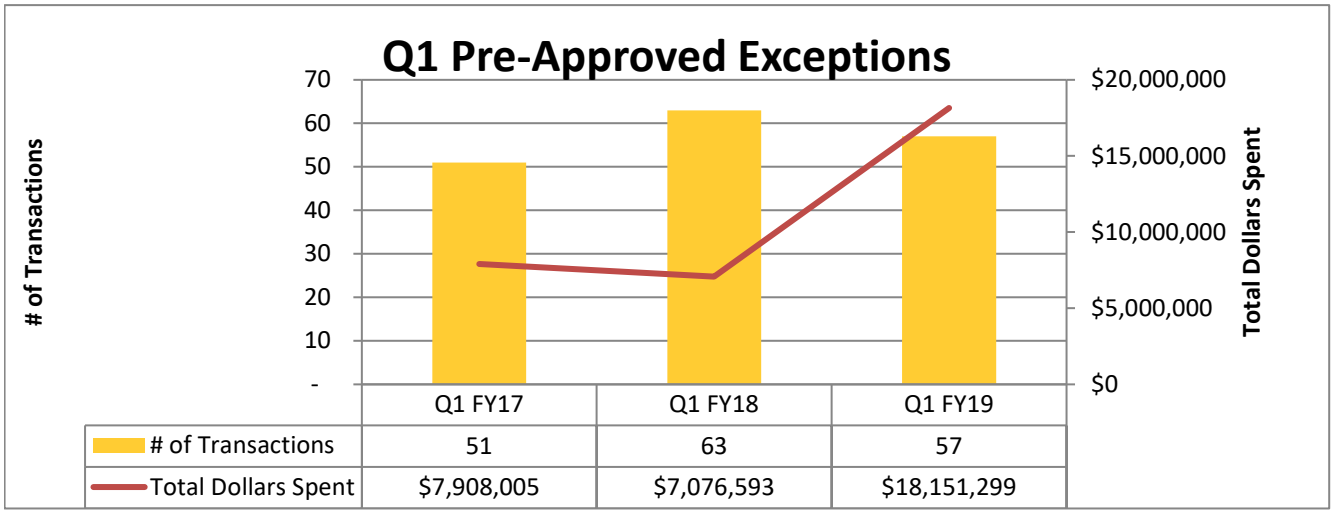
I. Summary of Purchasing Activity for Q1 FY19



	Q1 FY17	Q1 FY18	Q1 FY19
# of Transactions	184,366	119,575	120,306
Total Dollars Spent	$225,996,021	$249,293,356	$241,589,450



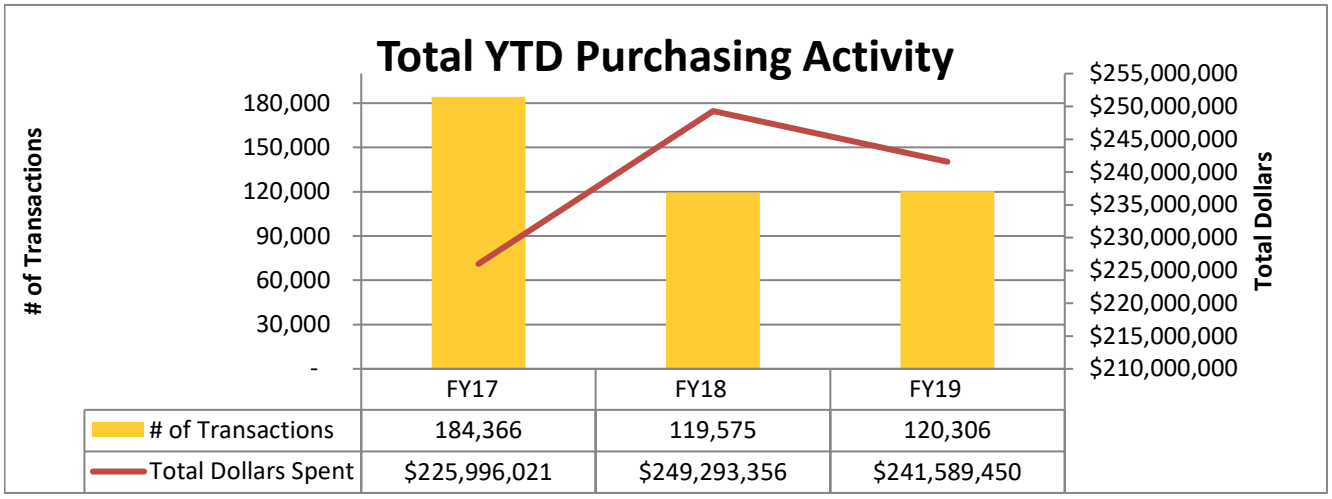
	Q1 FY17	Q1 FY18	Q1 FY19
# of Transactions	83	94	94
Total Dollars Spent	$22,949,162	$13,175,519	$30,977,641



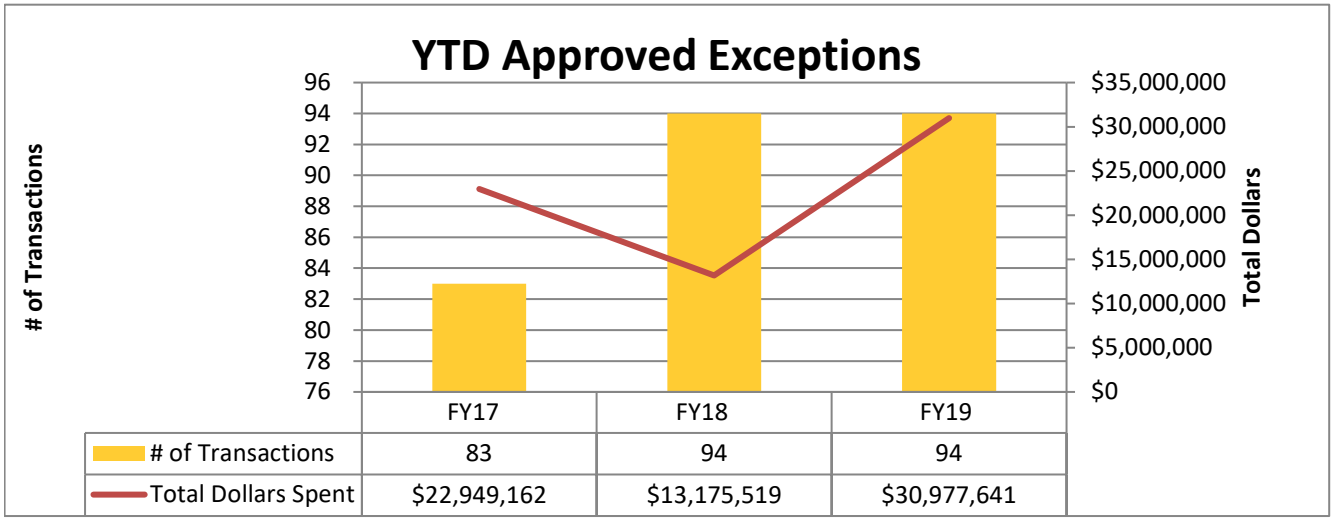
	Q1 FY17	Q1 FY18	Q1 FY19
# of Transactions	51	63	57
Total Dollars Spent	$7,908,005	$7,076,593	$18,151,299

Q1 Exceptions	134	157	151
Q1 Exception Dollars	$30,857,168	$20,252,112	$49,128,940

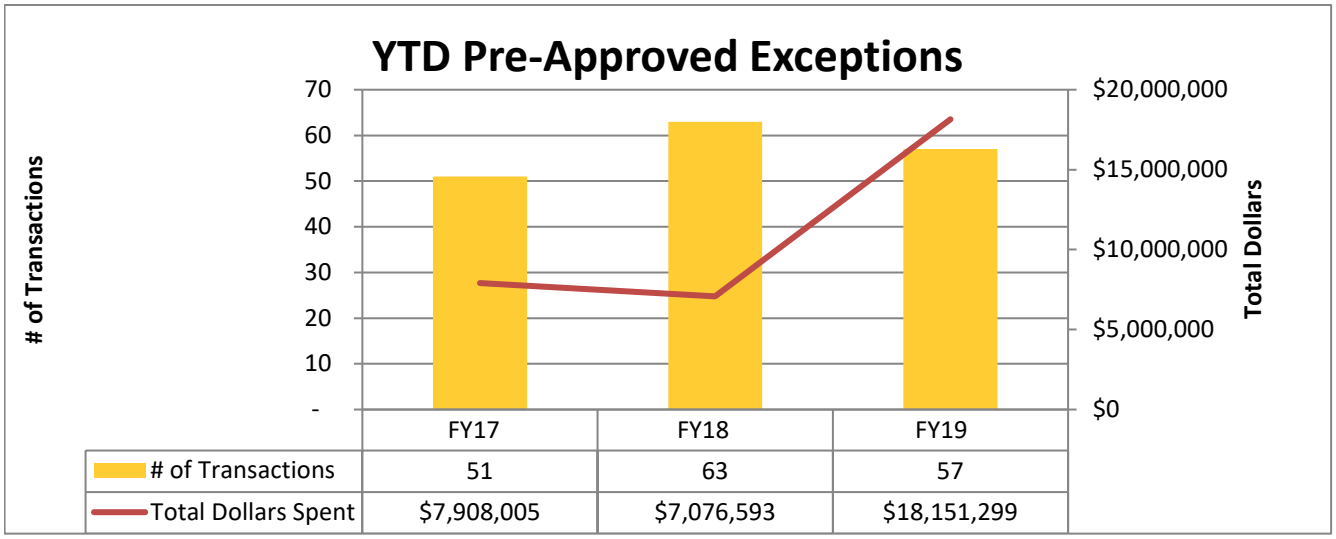
Summary of Purchasing Activity YTD FY17



	FY17	FY18	FY19
# of Transactions	184,366	119,575	120,306
Total Dollars Spent	$225,996,021	$249,293,356	$241,589,450



	FY17	FY18	FY19
# of Transactions	83	94	94
Total Dollars Spent	$22,949,162	$13,175,519	$30,977,641



	FY17	FY18	FY19
# of Transactions	51	63	57
Total Dollars Spent	$7,908,005	$7,076,593	$18,151,299

YTD Exceptions	134	157	151
YTD Exception Dollars	$30,857,168	$20,252,112	$49,128,940

II. Purchases made as Approved Exceptions to Competitive Purchasing Process — Q1FY19

Exception #1:	Total # of Exceptions	Total Dollars
Purchasing of research products (animal feed, serum, test equip/supplies) for clinical trials. Also purchasing from a previous supplier to ensure consistency of research results.	19	$20,429,457

Exception #2:	Total # of Exceptions	Total Dollars
Equipment that requires brand compatibility with existing equipment and is available only from manufacturer or sole source authorized distributor.	22	$3,630,940

Exception #3:	Total # of Exceptions	Total Dollars
Funding source or granting agency specified a single supplier.	5	$883,818

Exception #4:	Total # of Exceptions	Total Dollars
Other	46	$5,511,641

Emergency Exception #1:	Total # of Exceptions	Total Dollars
A threat to health, welfare, safety.	1	$471,785

Emergency Exception #2:	Total # of Exceptions	Total Dollars
A significant loss to the University.	0	$0

Emergency Exception #3:	Total # of Exceptions	Total Dollars
A failure to provide core services to University students/faculty/staff.	1	$50,000

Emergency Exception #4:	Total # of Exceptions	Total Dollars
Emergency equipment repairs and parts or emergency facility repairs and parts under $100,000.	0	$0

TOTAL Approved Exceptions	**94**	**$30,977,641**

III. Pre-Approved Exceptions to Competitive Purchasing — Q1FY19

Exception #1:	Total # of Exceptions	Total Dollars
Lodging, travel (does not include group airfare or charter air).	1	$98,010

Exception #2:	Total # of Exceptions	Total Dollars
Media advertising, purchase or access to uniquely compiled database information.	5	$597,338

Exception #3:	Total # of Exceptions	Total Dollars
Farm commodities such as grain or livestock.	2	$238,000

Exception #4:	Total # of Exceptions	Total Dollars
Closeout of used items which requestor or Purchasing has verified to be at least 30% below comparable new equipment (does not include refurbished or remanufactured furniture).	1	$209,233

Exception #5:	Total # of Exceptions	Total Dollars
Subcontractors previously arranged by Sponsored Projects Administration (SPA).	1	$258,000

Exception #6:	Total # of Exceptions	Total Dollars
Service (1) available only from another governmental agency or public entity or (2) required by law to be provided by another governmental entity.	6	$12,049,723

Exception #7:	Total # of Exceptions	Total Dollars
Service/maintenance agreements with the original manufacturer/ developer for equipment and software.	13	$1,642,796

Exception #8:	Total # of Exceptions	Total Dollars
Unique specification research animals purchased under guidelines of the Institutional Animal Care and Use Committee (IACUC).	1	$150,000

Exception #9:	Total # of Exceptions	Total Dollars
Software license renewals and software upgrades available only from developer. This includes adding licenses to an existing license agreement.	9	$728,044

Exception #10:	Total # of Exceptions	Total Dollars
Development, design and/or creation of original artwork.	2	$243,410

Exception #12:	Total # of Exceptions	Total Dollars
Entertainers, lecturers, speakers and honoraria.	7	$967,892

Exception #13:	Total # of Exceptions	Total Dollars
Purchases from University Physicians that are not part of sponsored research activities.	1	$185,000

Exception #14:	Total # of Exceptions	Total Dollars
Study Abroad Administrators (Does not include group airfares).	7	$668,095

Exception #15:	Total # of Exceptions	Total Dollars
Legal Services for the Office of General Counsel.	1	$115,758

TOTAL Approved Exceptions	**57**	**$**	**18,151,299**

There are 25 categories of Pre-Approved Exceptions. Only those categories which had qualifying transactions are reported above.

IV. Regents Policy Violations — Q1FY19

There is one Regents Policy Violations to report.

Department Name	Vendor Name	Total Dollar
Medical School	Health Partners	$53,000
Product/Service Description		
Professional Services/Paula Skarda		
Violation		
Work began before contract was in place.		
Explanation for Violation		
The Medical School Education (MSE) division recruited Paula Skarda to work on specific Medical School initiatives and MSE planned she would start working in FY19. MSE planned to transfer the funding to the Department of Medicine for the Contract of Professional Services. At the end of June 2018, Dr. Skarda contaced the Medical School Education division and presented the department with a bill for the work she had already completed in FY18. Apparently, Dr. Skarda took a 20% leave at HealthPartners to complete the work for the department so they felt that they should honor the invoice and pay her for the work that was already completed.		
Action Taken by Department to Prevent Further Violations		
The department staff met to discuss and clarify policy. This will make sure that they properly communicate with professional service providers that work cannot begin until a contract has been issued.		

Capital Project Management

Semi-Annual Report

December 2018

Projects	Scope	Schedule	Budget	Project Budget	Est. Design Completion	Est. Construction Completion
Projects in Design						
Field House Exterior Envelope, UMTC				$ 7,400,000	January 2019	November 2019
Jean K. Freeman Aquatics Center HVAC, UMTC				$ 12,600,000	November 2018	June 2019
Moos Tower Second Floor Cancer Center, UMTC				$ 4,503,000	February 2019	July 2019
Projects in Construction						
Bost Red Barn, Landscape Arboretum				$ 1,987,000	November 2018	May 2019
Biological Sciences 3rd and 4th Floor Renovation, UMTC				$ 8,400,000	August 2018	June 2019
CCRB Mass Spectrometer, UMTC				$ 1,100,000	November 2018	February 2019
Golf Practice Facility, UMTC				$ 3,545,000	May 2018	January 2019
Health Sciences Education Center, UMTC				$ 108,629,990	October 2017	December 2019
MHealth Clinics and Surgery Center MRI Suite, UMTC				$ 2,025,000	July 2018	November 2018
Pioneer Hall Renovation, UMTC				$ 103,545,000	December 2017	June 2019
Plant Growth Research Facility, UMTC				$ 6,600,000	September 2018	April 2019
Public Safety Facility, UMTC				$ 8,716,000	October 2018	August 2019
Completed Projects						
Bierman Wrestling Practice Room, UMTC				$ 2,600,000		November 2018
Chemistry and Advanced Material Science Building, UMD				$ 44,651,000		December 2018
Shepherd Laboratories Robotics Lab Remodel, UMTC				$ 12,203,000		August 2018
Track and Recreation Sports Bubble, UMTC				$ 19,000,000		November 2017 / August 2018
Veterinary Isolation Laboratories, UMTC				$ 29,571,248		August 2018
				$ 377,076,238		

Projects under $1,000,000:	$	-
Projects from $1,000,000 - $5,000,000:	$	6
Projects from $5,000,000 - $20,000,000:	$	7
Projects over $20,000,000:	$	4
Total Project Count:	$	17

PROJECTS IN DESIGN

Field House Exterior Envelope and Flooring, UMTC

Description

This project will address ongoing maintenance and facility performance issues, abate the existing Cemesto (asbestos) exterior panel system, enhance visual and pedestrian experience along University Avenue and Pillsbury Drive, and provide new track and turf flooring.

Status The project is currently in the Schematic Design Phase; construction will commence in spring 2019.

Scope Schedule Budget

Jean K. Freeman Aquatic Center HVAC Improvements, UMTC

Description

This project will construct a new mechanical room and replace the HVAC system in the University Aquatic Center (the current system has surpassed its life expectancy). The design minimizes additional ductwork, reduces the need for exterior ductwork, minimizes utility impacts, and will result in less facility downtime while renovation is underway.

Status Construction documents completed in November, 2018. Construction will begin in January 2019.

Scope Schedule Budget

Moos Tower Second Floor Cancer Center, UMTC

Description

This project involves renovation and modifications to HVAC systems to accommodate current BSL2 lab requirements. Additional upgrades to mechanical & electrical systems as required for lab equipment, energy efficiency, and code compliance.

Status Project design completion is expected in February 2019; renovation construction is expected to be complete in July 2019.

Scope Schedule Budget

PROJECTS IN CONSTRUCTION

Bost Red Barn, Landscape Arboretum

Description

Through donor support, the Arboretum will renovate the original Red Barn into public space. This project will address structural deficiencies, accessibility, fire suppression, and lighting. Restoration efforts will maintain the overall character of the barn, while providing assembly, public restroom, and mechanical/support space.

Status Renovation began in November 2018; construction completion is anticipated in May, 2019.

Scope Schedule Budget

Biological Sciences 3rd and 4th Floor Renovation, UMTC

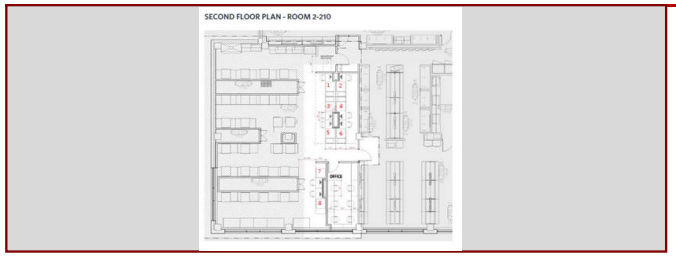
Description

This project involves the renovation of 14,000 sf on the 3rd and 4th floors of the Biological Sciences Center. Open-plan research labs and offices will be created in existing, underutilized space to support up to four research teams; outdated research labs on the third floor will be renovated to provide new active learning laboratories.

Status Phase 1 (4th Floor) is under construction with anticipated completion in December 2018. Phase 2 (3rd Floor) to begin after space vacated by occupants moving to 4th Floor in January, 2019. HVAC upgrade portion of project scheduled to begin in January, 2019.

Scope Schedule Budget

CCRB Mass Spectrometer,UMTC



Description

This project converts 3,414 sf of underutilized spaces for mass spectrometers. CCRB has an immediate need to locate a mass spectrometer, with future plans to install 8 additional mass spectrometers. Additionally, the current commercial kitchen in the building is underutilized and will be renovated into a freezer farm for the building.

Status Design is complete, with construction in progress. Estimated construction completion is February 2019

Scope Schedule Budget

PROJECTS IN CONSTRUCTION

Golf Practice Facility, UMTC

Description

A new year-round facility provides the golf teams with a conditioned space adjacent to the outdoor practice greens and driving range at the Les Bolstad golf course. Hitting bays, indoor chipping & putting area, locker rooms, meeting space, and coaches' offices are included.

Status This project is under construction with construction completion in January 2019.

Scope Schedule Budget

Health Sciences Education Center, UMTC

Description

This project involves building demolition, existing (PWB) renovation, and new construction for a 202,000 sf interdisciplinary health sciences education center on the East Bank Campus.

Status Demolition and renovation of PWB 2nd, 3rd, and 5th floors virtually complete. Construction completion expected in December 2019.

Scope Schedule Budget

MHealth Clinics and Surgery Center MRI Suite, UMTC

Description

A new MRI suite will be located on the first floor of the Clinics and Surgery Center, directly adjacent to existing MRI suites. Existing reading rooms will be relocated within the Imaging and Radiology Department to accommodate the new suite.

Status Renovation is complete; the new magnet has been delivered. Anticipated "first-patient day" is on schedule in December, 2018.

Scope Schedule Budget

PROJECTS IN CONSTRUCTION

Pioneer Hall Renovation and Consolidated Superblock Dining Facility, UMTC

Description

Renovation and expansion of Pioneer Hall to accommodate approximately 756 beds, plus consolidated 850 seat dining facility serving the four superblock residence halls.

Status Building is fully enclosed, and interior finish work is underway. Construction completion expected in late Summer 2019.

Scope Schedule Budget

Plant Growth Research Facility, UMTC

Description

This project will construct a new 12,090 gross sf greenhouse addition to the Plant Growth Facilities on the St Paul Campus. Four biome environments will be created to include conservatory space for student, research, and public access.

Status This project is currently under construction, with construction completion expected in April 2019.

Scope Schedule Budget

Public Safety Facility, UMTC

Description

This project consolidates three departments dedicated to campus safety within the existing Transportation and Safety Building on the East Bank Campus. 19,700 gross sf will be renovated and a new 3,600 gross sf addition constructed.

Status This project is currently under construction, with construction completion expected in August 2019.

Scope Schedule Budget

COMPLETED PROJECTS

Bierman Wrestling Practice Room, UMTC

Description

This project remodeled 9,300 sf of vacated basketball space and added a new 2,300 sf Mezzanine (11,600 total sf) to provide coaches with more direct oversight of practices.

Status This project construction was complete in November, 2018.

Scope Schedule Budget

Chemistry and Advanced Material Science Building, UMD

Description

This project is a new 56,000 sf facility supporting chemical and applied science research and academics, on the Duluth campus.

Status Construction completion occurred in Fall 2018.

Scope Schedule Budget

Shepherd Laboratories Robotics Lab Remodel, UMTC

This project consists of remodeling of the first and second floors for laboratory and office space, and renovated exterior entry. A two-story space was created for drone test flights, and existing mechanical and electrical systems replaced to support the remodeled areas.

Status Construction was completed in September, 2018.

Scope Schedule Budget

COMPLETED PROJECTS

Track and Recreation Sports Bubble, UMTC

Description

This project provided a new Track & Field facility with the Athletes Village complex, and included relocations of the existing Recreation Sports Bubble and Softball Field.

Status Relocation of the Recreation Sports Bubble was completed in November 2017. The Track and Field Stadium was complete in September 2018.

Scope Schedule Budget

Veterinary Isolation Laboratories, UMTC

Description

This project demolished three existing facilities and replaced them with a new 31,140 sf bio-containment facility to support the University's growing infectious diseases research initiatives.

Status This project completed construction in August 2018.

Scope Schedule Budget