

**UNIVERSITY OF MINNESOTA
BOARD OF REGENTS**

**Mission Fulfillment Committee
December 14, 2017**

A meeting of the Mission Fulfillment Committee of the Board of Regents was held on Thursday, December 14, 2017, at 7:45 a.m. in the Boardroom, 600 McNamara Alumni Center.

Regents present: Abdul Omari, presiding; Thomas Anderson, Richard Beeson, Linda Cohen, Michael Hsu, Dean Johnson, Peggy Lucas, David McMillan, Ken Powell, Darrin Rosha, and Steve Sviggum. Patricia Simmons participated by phone.

Staff present: President Eric Kaler; Chancellors Michelle Behr and Lendley Black; Interim Chancellor Lori Carrell; Executive Vice President and Provost Karen Hanson; Senior Vice President Brian Burnett; Vice Presidents Bernard Gulachek, Allen Levine, and Matt Kramer; General Counsel Douglas Peterson; and Executive Director Brian Steeves.

Student Representatives present: Marta Dean and Alexandra Ulland.

DIVERSITY IN TWIN CITIES CAMPUS UNDERGRADUATE ENROLLMENT

Regent Omari invited Provost Hanson; Robert McMaster, Vice Provost and Dean of Undergraduate Education; and Sean Garrick, Associate Vice Provost, Office for Equity and Diversity, to discuss diversity in Twin Cities campus undergraduate enrollment, as detailed in the docket.

Hanson reminded the committee that the Board had engaged in several conversations throughout the past year on this topic, adding that those conversations led to development of a resolution put forth by the administration. McMaster provided an overview of system-wide enrollment data for students of color and American Indian students and explained that there has been growth in the number of students from underrepresented populations. He highlighted the University's recruitment initiatives and retention efforts for students of color and American Indian students. As an example of these efforts, Garrick reported on the work of the North Star STEM Alliance, an NSF-funded program in which the University participates collaboratively with other colleges and community organizations in order to increase the number of students of color receiving degrees in STEM fields.

McMaster explained that data from admissions applications drives the programming for prospective and current students and reported that the University's application for admission now includes more detailed questions about race and ethnicity. He reported that the Coalition Application and the Common Application, both utilized by students applying to the University, do not collect information at the same level of detail. McMaster reported on the retention rate and four- and six-year graduation rates by race/ethnicity and provided an overview of responses to campus climate-related questions asked in the Student Experience in the Research University (SERU) survey.

McMaster referred committee members to the resolution. Kaler explained that the resolution will ensure that the University continues to serve communities across the state and values equity and diversity.

Omari explained that the draft resolution was consulted with the Office of General Counsel and also thanked the student representatives for emphasizing disaggregation of student demographic data in their most recent report to the Board. He reminded the committee that the focus of the resolution is the Twin Cities campus because it responds to the Twin Cities campus 5-year enrollment plan.

Regent Simmons remarked on the positive progress in recruitment and retention of students of color and asked about the necessity of a resolution focused on the Twin Cities campus. Kaler explained that the resolution reinforces the University's commitment to underserved populations, especially in the Twin Cities, where the largest number of the state's high school population lives. Hanson emphasized that the resolution is not meant to exclude system campuses, but responds to previous conversations about the Twin Cities campus. McMaster explained the importance of the resolution's goals to guide the administration in increasing graduation rates and closing the achievement gap.

In response to questions from Regent Hsu, McMaster agreed that the resolution does not address diversity at the college level and acknowledged variance across the colleges in both efforts and results in attracting and retaining students of color. He explained that specific metrics for the colleges are difficult to formulate but noted the resolution's campus-wide goals offer a starting point to address the issues. Hanson added that the number of freshman-admitting colleges also makes it difficult to establish college-level goals because many external factors affect what major or college a student chooses at the time of admission.

Regent Powell expressed his appreciation for the data and the progress toward increasing retention and graduation rates for students of color. He noted there is still opportunity for improvement. In response to questions from Powell, McMaster expressed disappointment in the decline in the four-year graduation rate for African-American students, noting that the University will look at reasons for that decline. Garrick added that there may be differences in graduation rates across colleges. Omari urged the presenters to examine where students came from in order to understand whether geography plays a role in student success.

Regent Beeson commented that the resolution's goals may be unrealistic. He suggested adding an achievement gap metric to the University Progress Card. He urged the administration to employ a business sales approach to recruit students from Minneapolis and St. Paul public schools, and remarked on the success of similar strategies in recruiting students from non-reciprocity states. Omari agreed that the achievement gap metric could be considered for the progress card.

In response to a question from Regent Sviggum, McMaster reported that the University defines diversity broadly, including both geographic and gender diversity in addition to racial and ethnic diversity.

Sviggum asked whether higher graduation rates are a better measure than closing the gap between the overall rates and those of students of color. McMaster noted limits on graduation rates and added that the University is already achieving goals set for an overall graduation rate. He explained that looking at the gap is more meaningful and although it is ambitious, it is achievable.

Regent Rosha argued that the competitive admissions process at the Twin Cities campus may create enrollment and success barriers for some students. He expressed concern about differences across the colleges regarding diversity in enrollment, retention, and graduation rates for students of color and Native American students. Rosha stressed the importance of disaggregated demographic data, citing the difference in experience of recent immigrants, students from different socioeconomic backgrounds, and urban versus rural students.

In response to questions from Student Representative Ulland, McMaster explained that most of the diversity on the Twin Cities campus is shaped by Minnesota resident students and that diversity is attentive to the diversity in the state's population.

In response to questions from Regent Johnson, McMaster reported that financial aid and scholarships are among the top reasons admitted students choose not to attend. He added the University cannot compete with the scholarships students receive to attend other institutions, especially private colleges.

21ST CENTURY OUTREACH MISSION, PART II: STATEWIDE PUBLIC ENGAGEMENT

Regent Omari invited Provost Hanson and Andrew Furco, Associate Vice President for Public Engagement, to discuss statewide public engagement, as detailed in the docket.

Hanson introduced the item, explaining that outreach and public engagement are core to the University's land-grant mission to share knowledge with the public. She noted that outreach and engagement are integrated into the research and teaching missions of the University and are vital for the state and other stakeholders.

Furco reported that academic units that primarily function as teaching and research units typically have elements of outreach that may be overshadowed by other work. He added that all five campuses are working to elevate service and outreach and that students, faculty, and staff are making outreach a central component of their work.

Furco introduced three speakers to share examples of how they integrate public engagement in their teaching and research:

- Sheila Riggs, Associate Professor and Chair, Department of Primary Dental Care, School of Dentistry
- Joe Polacek, Student, Master of Urban Planning, Humphrey School of Public Affairs and Research Assistant, Center for Sustainable Building Research, College of Design
- Kevin Linderman, Curtis L. Carlson Professor, Supply Chain and Operations, Carlson School of Management

Regent Simmons thanked the presenters, noting the importance of outreach to the three-part mission and adding that outreach is often difficult measure. Omari agreed, offering that the work has great impact regardless of direct metrics.

In response to questions from Regent Lucas, Riggs noted a need for more dentists across greater Minnesota. She added that more students are interested in practicing in those areas after participating in the Outreach Experience Course, which places senior dental students in one of 11 affiliate sites for a 10-week practicum serving underserved populations.

Regent McMillan asked about the possibility of placing more graduates of the Dental School in greater Minnesota. He cited the Pharmacy School and Medical School as examples of success and asked if those programs could serve as models. Riggs suggested that a policy solution is needed, and noted that her college has partnered with Government Relations to begin to address the issue. She added that loan forgiveness provides additional encouragement for graduates to commit to practicing in greater Minnesota.

Regent Anderson remarked on the importance of the University's outreach and service to communities in greater Minnesota, and emphasized the need to share more stories of those activities.

In response to questions from Regent Powell, Furco explained that the University is working to collect metrics to quantify the impact of the outreach mission and to better understand the economics of outreach work. He noted that decentralized outreach across colleges and departments means there is no single site recording data and analyzing impact.

Regent Cohen shared that she has seen great movement in the intertwining of the three-part mission over her time on the Board. She emphasized the importance of all three parts being equal. Cohen asked about the future of outreach. Furco reported on the changing dynamics of research funding and that federal agencies are beginning to require that grant proposals include external partners and a demonstration of outreach and service.

ANNUAL REPORT ON THE STATUS OF UNIVERSITY RESEARCH & COMMERCIALIZATION OF INTELLECTUAL PROPERTY

Regent Omari invited Vice President for Research Allen Levine to report on the status of university research and commercialization of intellectual property, as detailed in the docket.

Levine provided an overview of funding awarded to the University in the past year, which was down 5.5 percent from the previous year. He reported that the University ranked third among Big Ten institutions in new award funding.

Levine summarized the success of technology commercialization, highlighting a record 18 start-ups over the past year, bringing the total number of start-ups launched to 119 since 2006. He noted that the start-ups represent a wide range of industries and have attracted \$400 million in outside investment to the University. Levine reported on other key initiatives, including MnDRIVE, engagement with the business community, human research protection, and the work of the system-wide strategic plan.

Regent Beeson emphasized the importance of increasing research awards in the Medical School to increase the Medical School and the University's overall rankings. He encouraged Levine to work in close collaboration with Medical School leadership. Levine confirmed such collaboration and noted they are looking at peer institutions and strategizing to improve funding levels and rankings.

In response to questions from Regent Powell, Levine explained that it is important for the University to identify interdisciplinary groups of faculty – like those involved in Grand Challenges research – who are ready to engage when large grants become available. He stressed the importance of being well connected to funding agencies in order to be aware of future grant proposals. Levine remarked on the success of partnership with the business community and explained that those relationships must benefit both the firm and the University to be successful.

In response to a question from Regent McMillan, Levine explained that basic scientific research often yields applied research. He added that federal funding applications for basic research ask how it can become applied and that investigators seek ways to apply their research for commercialization purposes. Responding to an additional question from McMillan, Kaler noted that Jakub Tolar holds an interim appointment as vice president for health sciences and that the alignment of research and academic health is being reviewed.

In response to questions from Regent Hsu, Levine reported that other medical schools have more faculty who conduct research in areas that NIH and NSF are investing, which results in peers and competitors being awarded more funding overall. Levine also explained that Wisconsin has access to more foundation funding, but that their trend line is not predicted to increase significantly like Michigan's has.

Anderson remarked on the importance of ideas generating start-ups that lead to jobs for Minnesotans and encouraged aspirational goals in this area.

**SYSTEM-WIDE ENROLMENT PLANNING:
MORRIS CAMPUS**

Regent Omari invited Michelle Behr, Chancellor of the University of Minnesota Morris (UMM), to discuss enrollment planning for the campus, as detailed in the docket.

Behr noted that UMM has a unique role in the system, serving students from underserved populations and providing access to an undergraduate experience more similar to that of a private liberal arts college. She reviewed historical and current enrollment data and trends and highlighted the campus's recruitment and retention strategies and associated goals. Behr explained that a strategic visioning and planning process is underway, and that future enrollment is included in that process. She summarized the three recommendations of the System-wide Enrollment Management Plan and described UMM's priorities going forward.

Regent Johnson asked about UMM's connections to the local business community or Chamber of Commerce. He noted that Morris does not seem to fully appreciate having the University in the community the way Duluth, Crookston, and Rochester do. Behr explained that she has been working to build relationships with the community, businesses, and the Chamber of Commerce.

Regent Beeson encouraged Behr to consider bold recruitment efforts to try to increase enrollment. He urged the administration to consider system-wide messaging and applications to yield more enrollment at system campuses. Omari agreed, adding that synergies between the Twin Cities and system campuses admissions offices are crucial.

Regent Sviggum expressed concern over the median ACT score and asked if students are being admitted who may not be successful. Behr explained that admissions staff works to admit only those students who will be successful. She added that enrollment challenges have made it difficult to increase the median ACT score.

In response to questions from Regent Anderson, Kaler acknowledged that the Native American tuition waiver program creates budget constraints at UMM and noted the University should seek to address the program at the federal level. Behr added that the number of students accessing the program is growing, which is a testament to the program's success in creating access.

In response to questions from Regent Hsu, Behr reported that defining total capacity is difficult and that the number of the students the campus can house may not be a sustainable solution. She noted that UMM is committed to a holistic review in admissions and shared her uncertainty about moving to a test-optional policy.

Regent Rosha noted the decline in average UMM ACT scores since the 1990s, when they were more comparable to small private schools. He noted that as the undergraduate population at the Twin Cities campus has grown, the population of the Morris campus has fallen. Rosha encouraged the administration to create a specific bold plan to address UMM enrollment.

CONSENT REPORT

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

- **Request for Approval of New Academic Programs**
 - Swenson College of Science and Engineering (Duluth campus) – Create undergraduate minor in Statistics
- **Request for Approval of Changed Academic Programs**
 - College of Education and Human Development (Twin Cities campus) – Deliver the postbaccalaureate certificate in Infant and Early Childhood Mental Health online
 - College of Design (Twin Cities campus) – Discontinue sub-plans in Landscape Planning and Landscape Design within the B.E.D. degree in Landscape Design and Planning
- **Request for Conferral of Tenure for Outside Hires**
 - Joel Farley, Professor with tenure, Pharmaceutical Care and Health Systems, College of Pharmacy (Twin Cities campus)
 - Helen Kinsella, Associate professor with tenure, Political Science, College of Liberal Arts (Twin Cities campus)
 - Robert Palumbo, Professor with tenure, Mechanical and Industrial Engineering, Swenson College of Science and Engineering (Duluth campus)
- **Request for Conferral of Tenure for Internal Hires**
 - Laura Bloomberg, Professor with tenure, Humphrey School of Public Affairs (Twin Cities campus)

INFORMATION ITEMS

Provost Hanson referred the committee to the information items in the docket, which included:

- Report of University Activities and Awards
- Twin Cities Campus Liberal Education Redesign Update
- Student-Athlete Code of Conduct

The meeting adjourned at 11:53 a.m.



BRIAN R. STEEVES
Executive Director and
Corporate Secretary

**UNIVERSITY OF MINNESOTA
BOARD OF REGENTS**

**Audit & Compliance Committee
December 14, 2017**

A meeting of the Audit & Compliance Committee of the Board of Regents was held on Thursday, December 14, 2017, at 11:00 a.m. in the West Committee Room, 600 McNamara Alumni Center.

Regents present: Linda Cohen, presiding; Michael Hsu, Peggy Lucas, David McMillan, and Ken Powell.

Staff present: President Eric Kaler; Chancellors Michelle Behr and Lendley Black; Executive Vice President and Provost Karen Hanson; Senior Vice President Brian Burnett; Vice Presidents Michael Berthelsen, Bernard Gulachek, and Allen Levine; Executive Director Brian Steeves; Associate Vice President Michael Volna; and Chief Auditor Gail Klatt.

Student Representatives present: Lauren Anderson and Apoorva Malarvannan.

UPDATE ON TWIN CITIES UNDERGRADUATE ADMISSIONS AUDIT FINDINGS

Regent Cohen invited Gail Klatt, Chief Auditor; Karen Hanson, Executive Vice President and Provost; and Robert McMaster, Vice Provost and Dean of Undergraduate Education, to present an update on the Twin Cities Undergraduate Admissions audit findings, as detailed in the docket.

Klatt reminded the committee that the item responds to questions and concerns stemming from the Twin Cities Undergraduate Admissions audit report issued in October 2017. McMaster reviewed the Admissions Office and its scope of work. He explained that the Admissions Office has handled an increasing number of inquiries over the past three years, but that resources and staffing levels have remained relatively flat.

McMaster referenced the primary recommendations outlined in the audit report. He summarized progress made in those four areas, including improvements in documentation of admissions decisions, accuracy and integrity of student application data, and a review of the cost-effectiveness of application fee waivers. McMaster reported that the Office of Undergraduate Education has requested funding through the budget process to purchase and implement a new software platform for the Office of Admissions that will replace multiple systems, which will streamline the application process and address several audit recommendations.

Cohen reminded the committee that the audit was completed on the fall 2016 incoming class, while applications for fall 2017 were already being reviewed and the Office of Admissions had already begun to implement changes to address audit findings. She expressed her appreciation to the Office of Admissions for its success in bringing a fall 2017 class with an exceptional academic profile and diversity.

Regent McMillan expressed his appreciation to the President and Provost for their leadership and attention to this audit. In response to questions from McMillan, McMaster explained that the recent Enterprise System Upgrade Project did not address admissions and enrollment

management solutions. He explained that IT investment is necessary to address the audit recommendations and the best solution is to implement a new system.

In response to a question from Regent Lucas, McMaster explained that there is no real limit to the number of application fee waivers the Office of Admissions can offer. Hanson added that the waivers are not funded, but simply foregone revenue for the department.

Regent Hsu observed that only 10 applications were tested for decision accuracy, noting the small sample size relative to the total number of applications. He added that of those 10 applications, two were found to have been admitted in error. He asked about additional testing to determine if the error rate is 20 percent or if the small sample size skewed the outcome. Hanson explained that the auditors selected the sample size and that additional testing could be done to determine the error rate.

In response to questions from Hsu, McMaster explained that in some instances of holistic review, a strong secondary factor can overcome a deficiency in a primary factor and lead to a student being admitted, but that fit is also a primary consideration. Hanson added that for example, a student who is deficient in a primary factor but has exceptional talent in music might be considered for a music major but not for a major in the College of Science and Engineering. She added that the admissions staff work to admit students who show potential for success at the University. Hsu remarked that the explanation does not clarify how two applications can be compared to one another.

INSTITUTIONAL RISK PROFILE, PART III: REVIEW DRAFT PROFILE

Regent Cohen invited Karen Hanson, Executive Vice President and Provost, and Brian Burnett, Senior Vice President, to present the draft institutional risk profile, as detailed in the docket.

Hanson introduced the item and reported that the draft institutional risk profile was developed with President Kaler and members of his cabinet over the past three months. She explained that the profile identifies 20 risks and categorizes them into three areas: business challenges, compliance, and institutional integrity. The profile also identifies risks as short-term or ongoing.

Burnett reviewed the process for developing the risk profile, which included a half-day retreat and weekly meetings with members of the president's cabinet. Hanson and Burnett each shared two examples of risks from the profile and explained them in more detail.

Regent Powell thanked the presenters for their thoughtful work. He suggested they identify a small number of top risks facing the University, or those that are most difficult to mitigate. Kaler agreed, explaining that the administration will now begin to examine each risk more closely and lay out mitigation plans. Burnett added that the top risks will also evolve over time.

COMPLIANCE INITIATIVES

Regent Cohen invited Boyd Kumher, Chief Compliance Officer, to present an update on compliance initiatives, as detailed in the docket.

Kumher described the Institutional Compliance Office's new procedures for conducting investigations of circumstances reported to UReport, the University's tool for faculty, staff, and students to anonymously report activities that may be a violation of University policy, or other laws, rules and regulations. He reported on the progress of instituting a new assessment process for compliance risk.

Kumher referred the committee to additional reports that appear as information items in the docket, including the Chief Compliance Officer's required semi-annual report and the institutional conflict of interest report.

EXTERNAL AUDITOR REPORT

Regent Cohen invited Suzanne Paulson, Assistant Controller; Katie Knudtson, Partner, Deloitte & Touche LLP; and Judy Dockendorf, Managing Director, Deloitte & Touche LLP (Deloitte), to present the external auditor's opinion on the University's fiscal year 2017 financial statements and report on other audit services, as detailed in the docket.

Knudtson reported that Deloitte issued an unqualified opinion for the 2017 audit of University financial statements. She explained the audit scope and provided an overview of its major financial elements, noting that the balance sheet, net position, and cash flow were stable year over year. Knudtson shared that the amount of alternative investments presents the greatest risk to the University and explained that alternative investments are not uncommon in higher education. She reminded the committee of the pension liability risk that has already been addressed by the University and the state.

Dockendorf summarized the other audit services provided by Deloitte in 2017. Knudtson reported that there were no findings in the Twin Cities campus NCAA agreed-upon procedures in the 2017 audit.

Regent Powell inquired about the two top risks facing the University. Knudtson named management override of control and alternative investments. She explained that across her portfolio, instances of management override are rare, but the risk still exists. She added that alternative investments are difficult to value, and therefore pose risk to the University's financial standing.

In response to a question from Powell, Dockendorf explained that Deloitte is not required to report non-compliance to federal funding agencies, but that the noncompliance and action are included in their report.

In response to questions from Regent McMillan, Dockendorf explained that the procedures completed for the Minnesota Office of Higher Education include review of a sample of student files that receive a Minnesota state grant. She reported that approximately 90 student files on each campus are selected for the testing each year and that the sample size is identified by the Minnesota Office of Higher Education.

UPDATE ON SMALL BUSINESS PROCURMENT COMPLIANCE WITH STATE STATUTE

Regent Cohen invited Suzanne Paulson, Assistant Controller, to provide an update on the University's small business procurement compliance with state statute, as detailed in the docket.

Paulson explained that since the committee's December 2016 meeting, where they last discussed this topic, the University developed a plan and established goals to reach compliance with the statute. She reported that the University continues to have regular conversations with the state's chief procurement officer to monitor and measure progress toward those goals.

In response to a question from Regent Lucas, Paulson explained that the University's goal for contracting for construction with small businesses is 2 percent. She added that large

construction projects often include a higher goal but that those small businesses subcontract with the larger contractor, not directly with the University.

Regent Powell noted that 60 percent of the University's goods and services expenditures are spent in the state. He asked if that has been stable over time. Cohen invited Tim Bray, Director of Purchasing Services, to respond. Bray reported that the metric has been relatively stable.

In response to questions from Regent Hsu, Paulson confirmed that the University is not currently complying with the state statute but is actively monitoring progress toward compliance. She added that the University is unaware of any penalty for non-compliance.

INFORMATION ITEMS

Chief Auditor Klatt referred the committee to information items contained in the docket materials, which include:

- Semi-Annual Controller's Report.
- Semi-Annual Chief Compliance Officer Report.
- Institutional Conflict of Interest Report.

The meeting adjourned at 12:36 p.m.



BRIAN R. STEEVES
Executive Director and
Corporate Secretary

**UNIVERSITY OF MINNESOTA
BOARD OF REGENTS**

**Litigation Review Committee
December 14, 2017**

A meeting of the Litigation Review Committee of the Board of Regents was held on Thursday, December 14, 2017 at 11:00 a.m. in the East Committee Room, 600 McNamara Alumni Center.

Regents present: Richard Beeson, presiding; Thomas Anderson, Dean Johnson, Darrin Roshia, and Steven Sviggum. Patricia Simmons participated by phone.

Staff present: President Eric Kaler; Vice President Matt Kramer; General Counsel Douglas Peterson; and Executive Director Brian Steeves.

Others present: Sarah Dirksen, Carrie Ryan Gallia, Tim Pramas, Brian Slovt, Jon Steadland, and Julie Tonneson.

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

The meeting convened in public session at 11:04 a.m. A motion was made and seconded that the following resolution be adopted:

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

NOW, THEREFORE, BE IT RESOLVED, that in accordance with Minn. Stat. § 13D.01, Subd. 3 and 13D.05 Subd. 3(b), a non-public meeting of Litigation Review Committee be held on Thursday, December 14, 2017 at 11:00 a.m. in the East Committee Room, 600 McNamara Alumni Center, for the purpose of discussing attorney-client privileged matters including the following:

- I. CUHCC Arbitration / *University of Minnesota v. State of Minnesota*
- II. *Stacy Ingraham v. University of Minnesota*
- III. *University of Minnesota v. Doran University III, LLC*
- IV. Potential litigation regarding student fee process
- V. *Shannon Miller, Jen Ranford and Annette Wiles v. The Board of Regents of the University of Minnesota*

The committee voted unanimously to adopt the resolution and the public portion of the meeting ended at 11:06 a.m.

The meeting adjourned at 12:27 p.m.

A handwritten signature in black ink that reads "Brian R. Steeves". The signature is written in a cursive style with a large initial "B".

BRIAN R. STEEVES
Executive Director and
Corporate Secretary

**UNIVERSITY OF MINNESOTA
BOARD OF REGENTS**

**Finance & Operations Committee
December 14, 2017**

A meeting of the Finance & Operations Committee of the Board of Regents was held on Thursday, December 14, 2017 at 1:30 p.m. in the Boardroom, 600 McNamara Alumni Center.

Regents present: Thomas Anderson, presiding; Richard Beeson, Linda Cohen, Michael Hsu, Dean Johnson, Peggy Lucas, David McMillan, Kendall Powell, Darrin Rosha, and Steve Sviggum.

Staff present: President Eric Kaler; Chancellors Michelle Behr, Lendley Black, and Mary Holz-Clause; Interim Chancellor Lori Carrell; Executive Vice President and Provost Karen Hanson; Senior Vice President Brian Burnett; Vice Presidents Michael Berthelsen, Kathryn Brown, Bernard Gulachek, and Matt Kramer; General Counsel Douglas Peterson; Executive Director Brian Steeves; and Associate Vice Presidents Julie Tonneson and Michael Volna.

Student Representatives present: Sean Chen and Mina Kian.

ADMINISTRATIVE COST DEFINITION AND BENCHMARKING

Regent Anderson invited Senior Vice President Burnett and Associate Vice President Tonneson to discuss the administrative cost definition and benchmarking analysis, as detailed in the docket.

Tonneson reiterated the original goals for the analysis and the three main categories used in it – direct mission delivery including student aid; mission support and facilities; and leadership and oversight – and examples of the specific positions included in each for FY 2017.

Tonneson presented the results of the analysis, indicating that the percentage of total spending across the three areas was stable from FY 2015 to FY 2017. She noted the major areas of spending and the limited shifts in spending year to year given the size of the University's budget. She summarized other major trends observed over the three years of the analysis.

Regent Powell asked whether the analysis can be compared to peer institutions and used to support productivity. Tonneson responded that other Big Ten institutions do not use this analysis, but that she and Burnett continue working with their peers to increase interest. She stated that University units and departments are using the analysis and the terminology to evaluate and plan budgets. She cautioned that the different mission focus of units makes it difficult to compare them.

Regent Beeson commented that the analysis adds clarity and certainty that the University is becoming less top-heavy. He encouraged the administration to think about what else could be done with the analysis, suggesting that additional data could be shared to identify and examine why units are outliers. He stressed the need to look at compliance costs and understand the true cost of compliance to the University.

In response to questions from Regent Hsu, Tonneson explained that the analysis does not establish the number of employees in each of the categories since the analysis itself is expenditure-based over a fiscal year. She speculated that to arrive at a headcount using this

analysis, a specific point in time would have to be selected and compared to the yearlong expenditures.

Student Representative Chen asked how different roles were selected for various categories. Tonneson responded that the name of each job code and a short description was considered. She explained that in situations where a job could be in either mission or mission support, the determination looked at whether it was in research, instruction, or public service versus providing a support function for those areas. She noted that for some positions, a case could be made for either option.

FY 2019 MAJOR BUDGET LEVERS AND RESOLUTION RELATED TO FY 2019 TWIN CITIES UNDERGRADUATE NONRESIDENT/NON-RECIPROCITY TUITION RATE

Regent Anderson invited Senior Vice President Burnett, Vice President Brown, and Associate Vice President Tonneson to discuss the FY 2019 major budget levers and present for action the resolution related to FY 2019 Twin Cities non-resident, non-reciprocity (NRNR) undergraduate tuition rate, as detailed in the docket.

Tonneson described the revenue focus for the budget framework and defined the major revenue sources for the University. She noted those revenue sources are supplemented by internal reallocations made by units. She described how the budget framework relies on state appropriations and internal reallocations made by units. Tonneson conveyed how much additional revenue a one percent increase in tuition would generate for undergraduate, graduate, and professional students across the system, for both resident and NRNR students.

Tonneson presented the president's recommended NRNR tuition increase for the Twin Cities campus. She reported the recommendation now includes instituting a 5.5 percent rate increase cap for NRNR students after their first year. She stressed that all incoming students would still see the proposed 15 percent increase.

Tonneson discussed University expenditures and compared them through the object view versus the function view. She described how faculty compensation would be viewed simply as a salary from the object view, but could be viewed as a faculty recruitment expense when viewed as a function. She suggested that the impact of long-term changes and strategies are not often seen in an annual budget, but rather play out over multiple years.

Brown described how compensation is a part of the employee value proposition. She reported on the number of employees by job family and described the process for setting compensation pools. She told the committee about the merit process used to distribute the compensation pool. She noted that more work will be done to generate more market data specificity around compensation.

Tonneson presented the other significant costs and investments that impact the budget framework, noting examples of these costs by category. She explained that the framework built in costs for facilities and operations, but also funding for strategic choices that drive new initiatives.

A motion was made and seconded to recommend approval of the resolution related to FY 2019 Twin Cities non-resident, non-reciprocity undergraduate tuition rate.

Regent Lucas remarked that when the Board approved a resolution in March 2016 to move NRNR tuition to the midpoint of the Big Ten, it acted to do so incrementally and with an evaluation of how those rates affect the recruitment of NRNR students. She noted that 46 percent of NRNR students come from a single state – Illinois. She acknowledged that while it is still early in the recruiting process, more would need to be done to ensure strong recruitment.

She cautioned that even with additional funding for recruitment, the University may still see a decrease in NRNR students. She emphasized what she views as the large role higher NRNR student enrollment has played in keeping tuition lower for all students over the past 10 years. She noted that she does not support the resolution.

Regent Cohen stressed the need for the University to increase its diversity in a variety of ways, including geographic diversity through national and international students. She expressed her desire that the University gain national prominence, and emphasized that attracting NRNR students supports the University's commitment for excellence. Cohen conveyed her concern that NRNR students would not see the potential discounted rate until after they applied, potentially discouraging them from applying in the first place. She agreed that an increase is needed, but proposed a 10 percent increase as an alternative. Cohen stated she would vote against the 15 percent increase.

Student Representative Kian offered her agreement with Cohen and Lucas. She suggested that tuition is already unaffordable and creating significant struggles for students. She cautioned that the increase will be paid through additional loans, which affects employment options for students after graduation. She advocated for a 10 percent increase as a compromise.

Regent Beeson expressed his appreciation for data around the NRNR market and how increases have affected NRNR student recruitment. He considered that even after waivers and tuition discounting, the increases have yielded funding for Minnesota students. He stressed the need to invest in additional recruiting and marketing efforts, including trying new approaches and the addition of new initiatives like a call center. He argued that any funding used for recruiters will create a significant return on investment. He noted that the Board can always adjust the NRNR tuition increase if recruitment rates start to decline.

Regent Johnson asked about the percentage increase needed for a five-year goal of moving to the midpoint of the Big Ten versus two years. Burnett responded that it is difficult to predict since there is no way to know how much other institutions will move their NRNR tuition rates. He speculated that on average, peers have increased tuition by 3-5 percent annually, which would require the University to increase NRNR tuition rates by 8-12 percent over that five-year period.

Johnson commented that 15 percent is a significant increase. He offered that 10 percent could be used as a middle ground, with performance assessed this budget cycle and adjusted after that. He voiced his agreement with Beeson to increase recruiting.

President Kaler remarked that the Board does not yet need to be concerned with the number of NRNR applications. He surmised that last year's decrease was due largely to losing those students who applied simply because the University was seen as a cheap option. He noted that the current NRNR applications are strong. Kaler reported that the actual year to date NRNR application rate is down by 6.6 percent, which he characterized as modest. He explained that the current year is also affected by the transition to a new application structure.

Kaler reminded the committee that the University currently ranks 13 of 14 among Big Ten institutions in terms of NRNR tuition. He acknowledged that the midpoint would most likely move within the two years being proposed, but that a two-year increase of 15 percent would get the University close to it. Kaler argued that Board needs to decide if it still desires the University to be at the midpoint of the Big Ten and if the University's brand is strong enough to support such a move.

He shared his belief that the University's recruiters can continue to fill each class. He emphasized that through targeted recruitment and the use of waivers and scholarships, the University can maintain diversity in recruitment and a range of access for NRNR students of all income levels.

Regent Sviggum expressed his support for the proposed increase. He remarked that the market supports the increase and reminded the committee that if revenue does not come from increasing NRNR tuition, the University will need to get it from resident students or Minnesota taxpayers.

Regent Rosha stated that his only reservation with the proposed plan is that it takes the University too long to arrive at the midpoint of the Big Ten. He suggested jumping to the midpoint price now based on the market. He conveyed his belief that the University has long been nationally and internationally prominent, suggesting that current price does not reflect that prominence, especially compared to peers. Rosha expressed his support for the 5.5 percent increase cap and that he would support the 15 percent increase.

Regent McMillan advocated that the University take advantage of the continuing elasticity in NRNR demand, but only with increased investment in recruiting and marketing. He referenced the University Progress Card, expressing his support for reaching the goal the Board defined for NRNR tuition. He noted his support for the 15 percent increase with additional recruitment investment.

Regent Powell offered examples of other Big Ten institutions that charge more than the University and have significantly higher percentages of NRNR students. He argued the University should be able to increase price without affecting the number of NRNR students. He indicated his support for the increase as long as it is paired with additional funding for recruitment.

Regent Hsu added his support for the proposed increase but noted that it would most likely take the University three years to reach the midpoint given anticipated increases made by other Big Ten institutions. He expressed his discomfort with setting only the NRNR tuition rate without discussion of the resident tuition rate. Hsu emphasized that he might support increasing the NRNR rate even more to ensure that resident tuition is frozen.

Kian suggested that the conversation about increasing recruitment funding should also include consideration of additional funding to alleviate the stress and financial burdens placed on students after they have been recruited to the University.

Burnett responded to comments made by the committee, confirming that the increase was designed with planned new investments in recruiting. He indicated that those investments will be made this year to ensure a strong yield for the upcoming academic year. He added that additional funding for admissions will be considered for the FY 2019 budget.

Anderson highlighted recent conversations with NRNR parents, noting that many of them thank the University for the lower tuition. He shared that voting to increase NRNR tuition was difficult, and that even with the 15 percent increase the Board would likely be asked to increase resident tuition by 2 percent. He observed that other Big Ten institutions use NRNR students as a source of additional revenue, but at the risk of decreasing the total number of resident students. He suggested that the University seek to have 67-70 percent of the student body be Minnesota residents. To meet that goal, Anderson agreed that some tuition would have to be increased.

The committee voted eight to two to recommend approval of the resolution related to FY 2019 Twin Cities non-resident, non-reciprocity undergraduate tuition rate. Regents Cohen and Lucas voted no.

Kaler commented that the job family data included in the docket materials responds to questions he has heard from the Board regarding the size of the various job families and how compensation rates are set against market data.

Brown described the process used in setting market rates, noting that it depends on the job and the market that job is in. She offered examples of positions that compete against local versus national markets. She explained how that consideration is used to adjust the comparable pay rates for each job family and define the range shown in the data.

In response to questions from Sviggum, Brown explained that the University used an outside consultant to establish salary ranges for each job family. She offered that the University does not typically compete for employees from the State of Minnesota and that few employees go back and forth between the State and the University. She suggested that the University competes more with the private sector, and stated that the Office of Human Resources is working to refine the job families and salary ranges. Brown anticipated that this work would take two to three years. Sviggum responded that he feels the University should view the counties and the State of Minnesota as competitors. He offered that many employees that he has heard from who come from the private sector do so to take advantage of the benefits, including retirement funding. Burnett added that it is not only where the University is attracting employees from, but also where the University is losing employees to, that influences compensation ranges.

Anderson recessed the meeting at 3:03 p.m.

STUDENT HOUSING ACROSS THE SYSTEM

Regent Anderson reconvened the meeting at 3:15 p.m. and invited Interim Associate Vice Chancellor Lisa Samuelson, Crookston; Vice Chancellor Lisa Erwin, Duluth; Vice Chancellor Sandra Olson-Loy, Morris; and Associate Vice Chancellor Gail Sauter, Rochester, to discuss student housing across the system, as detailed in the docket.

Samuelson, Erwin, Olson-Loy, and Sauter each gave an overview of student housing on their respective campuses, outlining objectives of student housing, current capacity, observed outcomes, and planning.

Student Representative Kian shared concerns from fellow students regarding the ability of first-year students to obtain housing across the system and wondered if the Twin Cities campus first-year housing guarantee could be replicated on the other campuses. Olson-Loy reported that Morris guarantees first-year housing if the student requests housing by July 1. Sauter responded that most first-year Rochester students live in University housing, with some living at home in the greater Rochester area. Samuelson noted that Crookston is able to house all first-year students that request housing.

Student Representative Chen asked if Rochester students may use Twin Cities student legal services since they pay student services fees, noting that Rochester students may need help dealing with landlords. Sauter explained that Rochester students do not pay fees to the Twin Cities campus that would allow them to use the Twin Cities student legal services. She added that Rochester is examining how to provide services to students to review leases.

In response to a question from Chen, Erwin noted that Duluth started the academic year with 30 students housed in study rooms that were converted to dorm rooms. While those students have been moved into standard dorm rooms, the example highlights the need for additional housing capacity on campus. Olson-Loy echoed Erwin's comments that if Morris were able to add capacity, a married student or family housing program might follow. Samuelson reported that while Crookston has the capacity to offer married student housing, it has not figured out a way to make it financially attractive for students.

Regent Lucas asked about adequate capacity for married student housing on each of the campuses. Erwin responded that if Duluth expanded residence hall housing by 250 beds, it could use the campus apartments to create a married student housing program. She indicated interest in doing so if there was additional capacity.

In response to a question from Hsu, Senior Vice President Burnett stated that no housing projects for the Duluth campus are on the six-year capital plan. He noted that the Duluth campus is working to determine the best way to add capacity and support the additional beds financially through the capital planning process. Erwin added that the planning would need to include additional dining capacity.

Regent Powell noted the emphasis on academic benefits to students who live on campus and asked what campuses do for students who live off campus. Olson-Loy explained that students living off campus at Morris are still included in orientation and other activities that try to connect them with campus. Sauter explained that the physical structure of the Rochester campus creates connections between students by offering a wide variety of student activities in the apartment complex where students are housed. Erwin discussed a course at Duluth for any first-year student and that many students take the course.

AMENDMENTS TO THE UNIVERSITY OF MINNESOTA FACULTY RETIREMENT PLAN

Regent Anderson invited Vice President Brown and Kenneth Horstman, Senior Director, Office of Human Resources, to present for action proposed amendments to the University of Minnesota Faculty Retirement Plan (plan), as detailed in the docket.

Brown noted that no changes were made since the committee reviewed the amendments in October.

A motion was made and seconded, and the committee voted unanimously to recommend approval of the proposed amendments to the University of Minnesota Faculty Retirement Plan.

COLLECTIVE BARGAINING AGREEMENT: REGENTS OF THE UNIVERSITY OF MINNESOTA AND AFSCME LOCALS 3937 AND 3801, TECHNICAL EMPLOYEES

Regent Anderson invited Vice President Brown and Patti Dion, Senior Director for Employee and Labor Relations, to present for review and action a collective bargaining agreement with the AFSCME Locals 3937 and 3801, Technical Employees (CBA), as detailed in the docket.

Dion outlined the terms and conditions of the CBA. She described the type of work done by the employees covered by the CBA.

A motion was made and seconded, and the committee voted unanimously to recommend approval of the resolution related to the proposed labor agreement with AFSCME Locals 3937 and 3801, Technical Employees.

CAPITAL BUDGET AMENDMENT: GOLF PRACTICE FACILITY (TWIN CITIES CAMPUS)

Regent Anderson invited Marc Partridge, Interim University Architect, and Mark Coyle, Director of Intercollegiate Athletics, Twin Cities campus, to present for review a capital budget amendment related to the Golf Practice Facility (facility), as detailed in the docket.

Partridge described the facility's purpose and location. He reviewed the scope and cost, explaining that the project would be paid for entirely by donations.

Regent Rosha asked how the facility would affect current operating costs. Partridge stated that the operating cost is based on an estimate of other similar athletic facilities since a facility of this type does not currently exist.

Rosha asked about endowing the operating costs and the possibility of asking for additional funding from donors to do so. Senior Vice President Burnett estimated that the facility would require an endowment of approximately half a million dollars to support the annual operating costs of roughly \$20,000.

In response to Regent Lucas, Coyle explained that the women's and men's golf teams use a variety of practice spaces since there is no dedicated practice facility. He noted that the additional operating costs of the facility will be offset by savings gained from eliminating the cost to rent and transport student athletes to the current practice facilities.

Anderson noted that the capital budget amendment was only for review. Burnett explained that the facility is fully funded, and that action at this meeting would allow more time to design the facility.

A motion was made and seconded, and the committee voted unanimously to recommend approval of the capital budget amendment related to the Golf Practice Facility, Twin Cities campus.

CONSENT REPORT

Senior Vice President Burnett presented the Consent Report, as detailed in the docket:

General Contingency:

- There were no items requiring approval this period.

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

- To Cardinal Health for an estimated \$10,000,000 for the purchase of pharmaceuticals and related supplies for the period of November 1, 2017 through October 31, 2019 for Boynton Health Center. This purchase will be paid for from the sales of prescription and other items to patients, and from payments by University departments for pharmaceuticals. Supplier was selected through a competitive process.
- To CDW Government LLC for an estimated \$15,000,000 for Cisco equipment and support as needed for the Office of Information Technology's (OIT) Next Generation Network project, distribution/edge segment, for the period of December 18, 2017 through December 17, 2022. The first year purchase of equipment, support, and maintenance is funded through the financing plan for The Next Generation Network project, which was reviewed and approved by the Board in October 2016. Subsequent years' expense will be paid for as part of OIT's annual operating budget. Supplier was selected through a competitive process.
- To Duluth Transit Authority (DTA) for \$2,175,000 for DTA UPass Program for University of Minnesota Duluth Student Life Operations for the period of September 1, 2017 through August 31, 2022. Secured funds for payments come from multiple sources

including the Transportation Sustainability Fee, Auxiliary units, and Coca Cola. See enclosed documentation for basis for supplier selection.

- To Elsevier, Inc. for an estimated \$8,663,000 for subscription to Elsevier ScienceDirect as needed for the University Libraries for the period of January 1, 2018, through December 31, 2020. This is a three-year license with Elsevier. The first year (2018) will cost an estimated \$2,802,532 and increase approximately 3 percent in 2019 and 2020 totaling the three-year contract at an estimated \$8,663,000. The \$8,393,000 allotted as payment to Elsevier over the next three years is included in the University Libraries 2018, 2019 and 2020 budgets, as well as the 2018, 2019 and 2020 budgets for Duluth, Morris and Crookston Libraries. Supplier was selected by University Libraries under the authority granted by Board of Regents Policy: *Libraries and Archives* and under the University's purchasing of goods and services policy.
- To Mavo Systems and Environmental Plant Services for approximately \$2,000,000 for providing Emergency Water Event Services as needed for the Facilities Management Department for the period of January 1, 2018 through December 31, 2019 with possible contract extensions through December 31, 2022 for an additional \$3,000,000. Total value of the contract if all options are exercised would be \$5,000,000. Maintenance and operations of Emergency Water Event services is budgeted by a variety of organizations on the Twin Cities campus through their facilities budget. Suppliers were selected through a competitive process.

Employment Agreements:

- Jakub Tolar as Dean of the Medical School
- First Amendment to employment agreement - Head Football Coach, Twin Cities Campus
- Second Amendment to employment agreement - Head Football Coach, Twin Cities Campus

Off-Cycle Tuition Approval

Amendments to Civil Service Rules

The committee discussed the appointment of Tolar; whether 60 hours of private jet use is adequate for the head football coach; and how donations of private jet travel are handled.

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

INFORMATION ITEMS

Senior Vice President Burnett referred the committee to the information items in the docket.

- Annual Report on Targeted Business, Urban Community Economic Development, and Small Business Programs
- Campus Support of Super Bowl LII
- Investment Advisory Committee Update
- Quarterly Asset Management Report
- Quarterly Purchasing Report
- Semi-Annual Capital Planning & Project Management Report

Darryl Peal, Executive Director of Business & Community Economic Development, outlined the Annual Report on Targeted Business, Urban Community Economic Development, and Small Business Programs.

In response to a question from Powell, Peal explained that 90-94 percent of University spending with minority-owned and women-owned vendors are from the state of Minnesota.

Student Representative Chen asked if the University had a code of conduct for suppliers. Peal responded that it does not, but aspires to create one. He noted that the University does have expectations of contractors to meet set percentages of minority, women, or disabled individuals who are working on projects.

The meeting adjourned at 4:37 p.m.

A handwritten signature in black ink that reads "Brian R. Steeves". The signature is written in a cursive, flowing style.

BRIAN R. STEEVES
Executive Director and
Corporate Secretary

**UNIVERSITY OF MINNESOTA
BOARD OF REGENTS**

**Governance & Policy Committee
December 15, 2017**

A meeting of the Governance & Policy Committee of the Board of Regents was held on Friday, December 15, 2017 at 7:45 a.m. in the Boardroom, 600 McNamara Alumni Center.

Regents present: Darrin Rosha, presiding; Thomas Anderson, Richard Beeson, Linda Cohen, Michael Hsu, Dean Johnson, Peggy Lucas, David McMillan, Kendall Powell, and Steve Sviggum. Patricia Simmons participated by phone

Staff present: President Eric Kaler; Chancellors Michelle Behr and Mary Holz-Clause; Interim Chancellor Lori Carrell; Executive Vice President and Provost Karen Hanson; Senior Vice President Brian Burnett; Vice Presidents Michael Berthelsen, Kathryn Brown, Matt Kramer and Allen Levine; Interim Vice President Jakub Tolar; General Counsel Douglas Peterson; Executive Director Brian Steeves; Chief Auditor Gail Klatt; and Associate Vice President Michael Volna.

**BOARD OF REGENTS POLICY:
*RESERVATION AND DELEGATION OF AUTHORITY (APPROVAL THRESHOLDS)***

Regent Rosha invited Senior Vice President Burnett and Executive Director Steeves to review proposed changes to the Board's approval thresholds as stated in Board of Regents Policy: *Reservation and Delegation of Authority*, as detailed in the docket.

Burnett reminded the committee of its October discussion on principles to guide review of approval thresholds. He outlined the current thresholds and proposed changes. Steeves summarized possible changes to the Board's appointment authority and language to clarify the policy's umbrella approval language.

Regent McMillan expressed his appreciation for the table of approval thresholds, which make it easy to see all of the thresholds for comparison.

Regent Beeson offered that he is not yet committed to the proposed thresholds, and explained his initial reactions. He noted his support for an increase in commercial purchases, but expressed nervousness about increasing real estate or capital thresholds, along with the elimination of Board approval of schematic designs.

President Kaler offered his view that the proposed changes to appointment authority and umbrella language will be difficult to implement. He suggested that if the Board wants to expand its appointment authority, it should name additional positions in the policy instead of setting a dollar threshold. He noted that the proposed language includes faculty positions, an area that in his view of past discussions is divisive and inappropriate. Kaler interpreted the umbrella language as superseding all other thresholds put in place by the Board, making it the primary threshold.

Rosha responded that after he left the Board in 1995, the Board removed the listing of coach positions but was assured that the president would continue to bring forward certain contracts based on total dollar amount. He noted that the umbrella language was cited as the reason to still bring those contracts forward, and suggested that the reason specific positions are listed in the policy is due to their impact on the mission and the authority they hold, not necessarily

on compensation or financial risk. He noted that the Board approves tenure for outside hires and that adding approval of faculty contracts will not burden the process.

Regent Simmons shared her view that appointments and real estate are different from goods and services. She spoke in support of increased thresholds for goods and services, but expressed concern regarding the increase in real estate thresholds. She noted that the University's campuses are in different real estate markets and a comparable purchase or sale of land in one market might trigger a threshold differently in another. She also suggested that the Board and administration consider the strategic objective of the land and ensure that any land purchase be a part of a broader strategic approval. Simmons explained that she now supports adding coaching positions to the list of appointments given their high impact. She suggested that the positions currently in policy do pose a financial risk, both in terms of salaries and the positions' significant budget oversight. She expressed concern with the threshold covering faculty.

Burnett clarified that the current real estate threshold for the purchase and sale of land includes a 10-acre provision. He stated that the new threshold is designed for consistency across thresholds, with cost as the only factor. Simmons responded that both purchase and sale affect the University's mission. Burnett agreed that even a small purchase could be a part of a larger strategic move by the University. He explained that trust between the Board and administration is a key component of any threshold. He suggested that the administration could report any real estate purchase to the Board if the new threshold is implemented.

Rosha commented that real estate can carry hidden costs that compound the University's financial investment. He suggested the committee consider this aspect when considering real estate thresholds.

Regent Hsu asserted that the contract extension for the Twin Cities campus head football coach falls under the current umbrella language. He emphasized that he will always argue for lower thresholds, noting that many of the contracts recommended for approval in yesterday's committee meeting were not discussed, demonstrating that having them in the docket is not burdensome. Their presence in the docket establishes a record and enables Regent questions. Hsu advocated for the Board approving every real estate transaction given the important strategic implication of buying or selling property. While indicating a preference for lower thresholds, he suggested using \$1 million as the standard threshold.

Regent Lucas agreed with Beeson and Simmons on the unique role real estate purchases play, and advocated for a different threshold from the purchase of goods and services. She added that having schematic designs come with the final project review seemed to be backwards, and encouraged the committee to think more about this area before taking action.

Regent McMillan concurred with other committee members regarding real estate thresholds and suggested that the Board leave the current thresholds in place.

Regent Powell asked Kaler to comment on how faculty appointments would be affected by including them in the proposed appointment language, and about the practices of peer institutions. Kaler outlined an example and offered that adding Board approval to the process of a department chair negotiating with a faculty member could become cumbersome. He explained that part of his concern stems from whether the Board adds value and wondered whether the Board would ever deny an appointment because the contract costs too much. He noted that the Board's governance role is in approval of the operating budget and evaluating the administration's performance against that budget. Kaler said he is unaware of any institution requiring board approval of a faculty member based on compensation only.

Rosha clarified that the proposed language before the committee is specific to the contract between the University and the employee. He noted that unless some of the items mentioned by

Kaler are included in the contract, they will not trigger the threshold. He suggested that the value the Board brings is basic oversight of the public's resources, and offered that the Board would be exercising oversight of the appointment more than judgment of what the decision should be.

Regent Anderson agreed that the Board provides oversight value and that the Board should exercise that oversight by evaluating how the administration performs against the budget. He stated that if a dean wants to use an approved budget to hire an individual for \$2.1 million, it is the Board's role to assess how that individual performs and moves the college forward. Anderson added that he has found giving individuals authority results in higher performance, stressing the need to balance oversight against individuals exercising the opportunity to lead.

Beeson noted his agreement with Simmons and that he is willing to add the football and men's basketball head coach contracts to policy given the visibility of those positions.

Regent Johnson commented that the thresholds conversation hinges on the level of trust between the Board and administration. He stressed that unless the Board lost trust and confidence in Kaler and his administration, it should set forth strategies and expectations and assess the president against them. Johnson explained his opinion that governing boards should not get too deeply involved in management details. He clarified that real estate is one area where the Board should provide additional oversight given the enduring nature of a sale or purchase. He added his agreement with Beeson and Simmons on the addition of Board approval for football and men's basketball head coaches.

Regent Cohen offered her agreement with Anderson that the Board should give the senior leaders of the University the tools to lead and then let them lead. She offered further agreement with Johnson that the Board must balance trust with oversight and firmly remain a governing board. Cohen stated that she is now willing to add the football and men's basketball head coach contracts to the policy given their high profile. She advocated that the Board not approve any faculty contracts.

Simmons commented that her support for adding approval of the football and men's basketball head coaches is due to the high visibility of those positions, but also due to the complexity of the market. She suggested that the Board share in the responsibility of making those hires to ensure the best representation of the interests of Minnesotans.

Hsu agreed with the concept of trust between the Board and administration, but cited the need to trust and verify the actions taken by the administration. He noted the importance of transparency.

Rosha conveyed significant public interest in the Board providing necessary oversight of the institution, noting the importance of calibrating the Board's engagement at the right risk level. He advocated building a culture that sees Board approval as a benefit instead of a hindrance. He emphasized the value to the public in having the Board review contracts with large dollar values, but cautioned that Title IX risks arise if only contracts for men's sports are reviewed.

BOARD OPERATIONS, PART 3: LEGISLATIVE REPORTS AND PRESIDENTIAL PERFORMANCE REVIEW, EVALUATION, AND COMPENSATION

Regent Rosha invited Executive Director Steeves to review legislative reports and the presidential performance review, evaluation, and compensation process described in Board of Regents Policy: *Board Operations and Agenda Guidelines* (BOAG), as detailed in the docket.

Steeves outlined the remaining items requiring review. He described the types of reports made to the State of Minnesota and noted that BOAG does not currently provide guidance on which types of reports come to the Board for approval before being submitted to the state.

Regent Beeson expressed interest in knowing about the various reports to the state, but suggested the Board only approve specific reports like the *University Plan, Performance, and Accountability Report*. He suggested that the administration track the number of reports sent to the state and then suggest required reports that are no longer needed.

Steeves reminded the committee of the agenda-setting process and how items are determined to be listed for review at one meeting and action at a subsequent meeting. He explained that the respective committee chair and vice chair review the item with the respective senior leader and, with Board leadership, determine how the item moves through the Board.

Rosha commented that the historic practice was review at one meeting and action at a subsequent meeting, noting that this allows the public to comment on an item between meetings. He acknowledged that some items that do not generate significant interest or questions could support review and action in one meeting. Rosha proposed instituting a process that if a committee or the Board were to move an item to review and action in one meeting, the objection of a single Regent would require the item to remain review-only.

Regent McMillan agreed, explaining that he does not generally like review and action in one meeting. He voiced his belief that the Board does a better job of oversight when it can review items one month and take action at a subsequent meeting. He added that some action items, like real estate transactions, lend themselves to review and action in one meeting. He agreed that if the Board as a whole wants to move forward with review/action in one meeting, it should.

COMMITTEE CHARGES: AUDIT & COMPLIANCE COMMITTEE

Regent Rosha invited Chief Auditor Klatt and Maggie Flaten, Board Associate, Communications & Committees, to discuss a draft committee charge for the Audit and Compliance Committee, as detailed in the docket.

Flaten noted this is the third in a series of committee conversations to review draft amendments to Board of Regents Policy: *Board Operations and Agenda Guidelines* (BOAG) to codify the new committee structure. She explained that the language contained in the charge is taken both from what is currently in BOAG, but also from Board of Regents Policy: *Audit Committee Charter*. She added that combining *Audit Committee Charter* with BOAG places all committee charges in one policy location and does not substantively alter the role of the committee or the University's audit function.

Flaten noted that moving the *Audit Committee Charter* into BOAG will align with the practices of the majority of other boards in the Big Ten. She reviewed the committee description, highlighting that this charge includes a delegation of authority to the committee given its unique role in the audit function of the University. She detailed the types of items the committee recommends to the Board for action.

Klatt outlined the responsibilities of the committee, areas of oversight and required reports, and the change in the committee's name reflecting increased focus on the University's compliance function. She stressed the importance of the *Audit Committee Charter* to the University's audit function given the audit function's unique relationship to the Board. She reminded the committee that the authority granted to the audit function comes directly from the Board. Klatt requested that the committee be thoughtful in its consideration of removal of

Audit Committee Charter. She added that she is unaware of any peer institutions currently considering removing an audit committee charter.

The committee engaged in a discussion regarding the proposed charge and whether *Audit Committee Charter* should be repealed and combined with BOAG.

**COMMITTEE CHARGES:
GOVERNANCE & POLICY COMMITTEE**

Regent Rosha invited Executive Director Steeves to discuss a draft committee charge for the Governance & Policy Committee, as detailed in the docket.

Steeves reviewed the committee charge. He explained that the role of the committee is to ensure the integrity and high performance of the Board. He outlined ways the committee will carry out its role, including guiding the board to articulate a clear vision for the University, clarifying reserved and delegated authorities, thoughtfully considering risk, and establishing institutional benchmarks and performance measures.

The meeting adjourned at 9:17 a.m.



BRIAN R. STEEVES
Executive Director and
Corporate Secretary

**UNIVERSITY OF MINNESOTA
BOARD OF REGENTS**

**Board of Regents Meeting
December 15, 2017**

A meeting of the Board of Regents of the University of Minnesota was held on Friday, December 15, 2017 at 9:32 a.m. in the Boardroom, 600 McNamara Alumni Center.

Regents present: David McMillan, presiding; Thomas Anderson, Richard Beeson, Linda Cohen, Michael Hsu, Dean Johnson, Peggy Lucas, Kendall Powell, Darrin Rosha, and Steve Sviggum. Abdul Omari and Patricia Simmons participated by phone.

Staff present: President Eric Kaler; Chancellors Michelle Behr, Lendley Black, and Mary Holz-Clause; Interim Chancellor Lori Carrell; Executive Vice President and Provost Karen Hanson; Senior Vice President Brian Burnett; Vice Presidents Michael Berthelsen, Kathryn Brown, Bernard Gulachek, Matt Kramer, and Allen Levine; Interim Vice Presidents Michael Goh and Jakub Tolar; General Counsel Douglas Peterson; Executive Director Brian Steeves; Chief Auditor Gail Klatt; and Associate Vice President Michael Volna.

INTRODUCTIONS

Vice President, University Services

President Kaler introduced Michael Berthelsen, Vice President, University Services, who began his appointment on October 2, 2017. He briefly addressed the Board.

Vice President for Research

President Kaler introduced Al Levine, Vice President for Research, who began his appointment on October 16, 2017. He briefly addressed the Board.

Dean, School of Fine Arts, University of Minnesota Duluth

President Kaler and Chancellor Black introduced Robert Kase, Dean, School of Fine Arts, University of Minnesota Duluth, who began his appointment on June 30, 2017. He briefly addressed the Board.

APPROVAL OF MINUTES

The Board voted unanimously to approve the following minutes as presented in the docket materials:

Finance & Operations Committee – October 12, 2017
Audit & Compliance Committee – October 12, 2017
Litigation Review Committee – October 12, 2017
Mission Fulfillment Committee – October 12, 2017
Governance & Policy Committee – October 13, 2017
Board of Regents – October 13, 2017

REPORT OF THE PRESIDENT

President Kaler reported on several items, including his recent visit to China; the federal tax bill; work by the Minnesota Student Association to increase student voting; joining Big Ten presidents and chancellors to advocate for a permanent legislative solution for Deferred Action for Childhood Arrivals (DACA) students; and initiatives across the system.

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

REPORT OF THE CHAIR

Regent McMillan offered examples from the Board's December agenda demonstrating how the Board is working to achieve its priorities, including diversity in Twin Cities campus undergraduate enrollment; review of the 2017 University Plan, Performance, and Accountability Report; work to increase private and public support for the University's mission as demonstrated in the gifts report; and the appointment of Jakub Tolar as dean of the Medical School.

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

RECEIVE AND FILE REPORTS

Regent McMillan noted the receipt and filing of the Quarterly Report of Grant and Contract Activity and the Annual Financial Report.

CONSENT REPORT

Regent McMillan presented for review and action the Consent Report as described in the docket materials, including:

- Gifts
- Report of the All-University Honors Committee
- Report of the Naming Committee
- Report of the Regents Award Nominating Committee
- Ratification of Ex Officio Appointment to Fairview Health Services Board of Directors
- Conflict Management Plan
- Resolution Related to Dissolution of the Minnesota 4-H Foundation and the Transfer of Assets to the University of Minnesota Foundation

McMillan noted that Regent Powell recused himself from action on the Consent Report due to a potential conflict of interest related to a gift from General Mills.

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

REPORT OF THE FACULTY CONSULTATIVE COMMITTEE

Regent McMillan invited Professor Joseph Konstan, chair of the Faculty Consultative Committee (FCC), to report on the committee's recent activities.

Konstan noted that this is his first report to the Board as FCC chair. He outlined his experience at the University, both as a professor and within the University Senate. He described the recent work of the FCC, including discussions about liberal education; a review of changes to University policies dealing with sexual harassment and sexual assault; and the withdrawal of the maintenance of status quo order, which allowed a variety of initiatives to move forward. He expressed his appreciation for the role shared governance plays in University decision making and the openness of the Board and administration to discussion.

Regent Powell asked about emerging themes from the listening sessions related to liberal education. Konstan reported that while specific themes are still emerging, some question whether the classic model of liberal education can be strengthened by engaging more directly with historically underemphasized forms of knowledge such as design, engineering, and design thinking. Others wonder whether a focus on computation and data analysis should be included, and how liberal education should be delivered to students. Konstan shared one example of whether a student should learn about other cultures through a traditional course or through an opportunity to be immersed in the culture. He described how the listening sessions have focused as well on how to extend the emphasis on writing through a wider variety of communication skills.

Regents Cohen and Johnson expressed their thanks for Konstan's service, contributions to shared governance, and willingness to address the Board.

Regent Rosha asked Konstan how the University has changed over his 29 years of service, especially related to changes in the student body. Konstan commented that while the entry requirements for the College of Science of Engineering have always been high, students entering the college today are better prepared and more advanced in their area of study. He noted that more students are coming into his area of study having had courses on the topic in high school. He observed that increased student preparation challenges faculty to be prepared in a different way to teach them. Konstan further observed that students are under much greater stress due to financial costs and academic requirements. He mentioned the stress that first-generation students face in learning to navigate the University without the guidance of experienced family members. Konstan remarked that greater stress taxes the University's student mental health resources. He added that the pressure on faculty to perform at a high level has also increased, compounded by the ever-increasing scarcity of grant funding.

Regent Hsu asked Konstan to discuss his recent meeting with peers from the Big Ten and how the University compares in the area of shared governance. Konstan explained that he was shocked that some faculty from other institutions questioned why administrators attend the University's Faculty Senate meetings. He emphasized that in his view, a strength of the University's shared governance system is the robust interaction between the University Senate and members of the Board and senior leadership. He argued that those interactions position the Faculty Senate to advise the administration on important policy initiatives and the direction of the institution. Konstan explained that he heard about recent presidential searches or corporate deals, like Purdue's purchase of Kaplan, as examples where peers felt bypassed by boards and administrators. He emphasized that while he feels the University's shared governance system works, it is a best practice to look at ways to increase the system's effectiveness.

Regent Anderson asked about ideas from the faculty on how the University can help build coping mechanisms for both students and faculty. Konstan offered that he views stress as not uniformly bad, but that stress can turn toxic when expectations exceed an individual's capacity to productively handle it. He discussed the need to carefully monitor resources, while challenging faculty to examine the structure of their classes to see if a less stressful method could be used to accomplish the same educational goal. Konstan offered his view that training faculty and staff to identify students who are in crisis and establish an obligation for them to take action would be helpful.

2017 UNIVERSITY PLAN, PERFORMANCE, AND ACCOUNTABILITY REPORT

Regent McMillan invited President Kaler and Provost Hanson to present for review the 2017 *University Plan, Performance, and Accountability Report* (report), as detailed in the docket.

Hanson reminded the Board of the report's role, agreeing with recent conversations in the Governance & Policy Committee on its importance and evolution with the addition of the University Progress Card. She offered examples from the past year of how students, faculty, staff, and alumni are fulfilling the University's mission. She discussed access to education, retention of students and six-year graduation rates, and the student experience.

Kaler described the data that underlie both the report and other reports and presentations to the Board. He noted the data behind the University Progress Card measures and used during recent presentations related to the system-wide strategic plan. He described Minnesota's higher education landscape and trends in state higher education spending compared to the rest of the nation and over time.

Kaler outlined non-resident tuition across the Big Ten and undergraduate resident tuition compared to regional universities. He summarized data on the percentage of recent Minnesota high school graduates attending postsecondary institutions and the changing demographics of Minnesota and the nation. He commented on data showing what employers want in college graduates. He noted that alignment in this area is important, pointing out that the University has room to grow in its ongoing work toward alignment.

Kaler summarized recommendations from the Association of American Universities regarding high-impact student experiences and how the University's undergraduates compare. He described how the University is unique in its size, scope, and breadth of offerings compared to other Big Ten and peer institutions.

Regent Omari observed that the comparative data is a reminder of the University's unique opportunities within the state, especially regarding demographic changes. He encouraged the Board to continue to think about these data as those many overlapping conversations continue.

Regent Cohen expressed her support for the report, noting that she found the simplification of the report helpful.

Regent Beeson highlighted the inclusion of the University Progress Card as a way to demonstrate to the Minnesota Legislature that the University is goal-driven, and recommended that the report lead with those goals. He emphasized that the University is setting its own goals, which is preferable to having goals imposed by the state. He offered his belief that the University's goals and goals he has heard articulated by the legislature are in alignment.

Kaler responded that this year's report seeks to distill the information to a more portable version and that the Progress Card helps to do that. He offered that the Progress Card demonstrates the areas the University excels in while clearly showing areas that need improvement.

Regent Powell offered his appreciation for the data-rich report and its positive stories but encouraged Kaler and Hanson to continue to think of ways to distill and focus the report to highlight those stories, suggesting a more linear navigation through the report. Powell noted a lack of reporting on student success and employment rates, which he identified as crucial metrics. He advocated for adding operating efficiency and student indebtedness to the report.

Regent Sviggum recalled a meeting with then-President Bruininks seeking additional funding for the University. At the time, the University was struggling to retain freshman, recruit

students of color, and graduate students in four years. He explained that at the time, he encouraged the University to set performance goals in those areas. Sviggum expressed his appreciation for the establishment of those measures, many of which have shown dramatic improvement. He agreed with Powell regarding inclusion of more data on student outcomes.

Hanson responded that student outcome and placement data are external data that are difficult to obtain. She cautioned that the University relies on graduates and other external sources to report the data, making it less complete than other sources. She committed to improving this area and noted her office will relay the information the University is able to obtain.

Regent Rosha referred to the system-wide Promise Scholarship map and suggested that the smaller greater Minnesota numbers might stand out to area legislators. He commented on the section in the report that compares the University's position to the rest of the state's higher education system. He noted the difference between Minnesota State and the University and the need to continue making the case for the University's unique position. Rosha referenced the argument that the University is the primary public institution to attract talent from outside of the state, adding that the University is also the only public institution with the ability to retain top talent from the state. He cited the high performance of the University's students and that nine out of 10 students who attend the University from Minnesota stay in the state. He compared this to non-resident students, stating that 27 percent of those students remain here.

Rosha acknowledged that other factors influence Minnesota students staying in Minnesota, and speculated that of the 10 percent who leave, only 30 percent do not return. He pointed to this as an example of why the University needs to be funded by the state. Rosha cautioned the administration that showing how inexpensive the University is compared to other state institutions could be self-defeating given that each student's ability to pay tuition differs.

Regent Lucas expressed her appreciation for the report and asked for deeper data regarding access, especially for the Twin Cities metro area.

Regent Anderson commented that in areas like Alexandria, the Crookston, Duluth, Morris, and Rochester campuses are viewed as comparable to Minnesota State institutions but with the added benefit of the University name. He cautioned that the University's higher tuition makes it difficult for the University's campuses to compete. He encouraged the Board and administration to keep working on solutions to keep the University more competitively priced.

**RATIFICATION OF ADMINISTRATIVE POLICY:
SEXUAL HARASSMENT, SEXUAL ASSAULT, STALKING AND RELATIONSHIP VIOLENCE**

Regent McMillan invited Office of Equal Opportunity and Affirmative Action (EOAA) Director and Title IX Coordinator Tina Marisam and Deputy General Counsel Brian Slovut to present for ratification Administrative Policy: *Sexual Harassment, Sexual Assault, Stalking, and Relationship Violence*, as detailed in the docket.

Marisam reviewed changes made to the proposed administrative policy language since the Board last reviewed it in October. She detailed employee reporting requirements in the proposed policy language and explained the process that will be used when an employee reports to a campus Title IX office. She outlined the goals of the required employee reporting.

Regent Rosha stated that he supports ratification of the proposed changes and expressed his appreciation for the work to clarify the draft language. He referenced the ongoing review at the national level and explained that the University was close to the best among its peers in this area. He stressed the need to continue to consider how to refine the policy going forward.

Rosha outlined some of his specific remaining concerns, and asked for additional context regarding the reporting requirements and how the University can balance the seeking of confidential assistance and triggering an investigation. Marisam explained that in her view, the reporting requirements increase the victim's control and empowerment. When EOAA receives a report, they reach out, provide the victim with resources, and explain that the victim can choose whether an investigation is pursued. She added that anecdotal observations from peer institutions do not indicate a decrease in reporting. She speculated that once the University community fully understands the reporting requirements and the ability of the victim to determine what happens after the report is made, it will build trust in the University's process. Marisam also explained that student employees reporting on friends can be confusing, but that the policy and resources try to clearly define and limit the reporting requirements of student employees. She clarified that student employees are only required to report when one student has direct authority over another student.

Regent Hsu expressed his support, noting the evolution of the language and his appreciation for one comprehensive policy that deals with both sexual harassment and sexual misconduct. He agreed with Rosha that the conversation in this area needs to continue, especially in light of changes that may come from the federal Department of Education.

Hsu asked for clarification of what type of student employee is covered by the reporting requirement. Marisam responded that all student employees are covered by the policy, but only those with direct authority over others are required to report. Hsu asked about penalties for failure to report. Marisam explained that in many instances of failure to report, it is a matter of the employee needing additional training to understand the requirements and not an intentional action. She stated that a case of intentionally failing to report will be considered a performance issue, and the supervisor and unit human resources staff will address the issue with the employee. Hsu responded that he supports the new mandatory training requirement for all employees.

A motion was made and seconded, and the Board voted unanimously to ratify Administrative Policy: *Sexual Harassment, Sexual Assault, Stalking, and Relationship Violence*.

**BOARD OF REGENTS POLICY:
STUDENT CONDUCT CODE (STUDENT GROUP JURISDICTION)**

Regent McMillan invited Deputy General Counsel Brian Slovut to present for review proposed amendments to Board of Regents Policy: *Student Conduct Code* related to student group jurisdiction, as detailed in the docket.

Slovut explained that the Office of the General Counsel and the Office of the President, working with the Board, drafted revised language to clarify when the *Student Conduct Code* applies to student groups. He noted that in situations when a student group directs, sponsors or endorses conduct that violates the *Student Conduct Code*, the student group could be held responsible. Slovut added that in situations where any officer knew or should have reasonably known that conduct in violation of the *Student Conduct Code* would likely occur from an event held by the student group and failed to take appropriate steps to prevent the conduct, the student group could be held responsible. He indicated that the proposed revisions were consulted with student affairs professionals across the system.

McMillan expressed his view that it is challenging to attribute the conduct of an individual to a broader group, but that the proposed amendments may create a standard that will be easier to apply and interpret. He asked about feedback from student groups. Slovut responded that the

policy language has not yet been consulted with student groups and that the administration planned to obtain that feedback before the policy returns for action.

In response to a question from Regent Beeson, Slovut explained that the *Student Conduct Code* applies to all students, regardless of their status as student athletes. The student athlete conduct code applies to student athletes in addition to the *Student Conduct Code*. Slovut clarified that the draft language only applies to registered student groups and will not include teams from any University Department of Intercollegiate Athletics. Beeson wondered if having two codes is confusing and whether student athletes will know which applies in a particular situation. Slovut responded that he is unsure about training student athletes receive regarding the two codes.

Regent Hsu asked for more detail on the type of student group affected by the proposed language, citing examples of an informal gathering of a group of students or intramural teams. Slovut reiterated that the policy only applies to those student groups that are registered as student groups. If a group of students took part in an activity as a group that was not a registered student group, the *Student Conduct Code* would apply to them as individuals only. Slovut noted his uncertainty whether intramural teams are registered student groups, but suggested they are not.

Regent McMillan recessed the meeting at 12:03 p.m.

ANNUAL FINANCIAL REPORT

Regent McMillan reconvened the meeting at 12:30 p.m. and invited Senior Vice President Burnett and Associate Vice President Volna to present the University's Annual Financial Report (report), as detailed in the docket.

Burnett explained that the report was affected by recent changes made by the State of Minnesota to pension assumptions for the Minnesota State Retirement System (MSRS) and the Public Employees Retirement Association (PERA) based on guidance from Governmental Accounting Standards Board (GASB) statement 68. He offered that despite changes made to MSRS and PERA and their impact on the report, the University continues to maintain a strong financial position and an excellent credit rating.

Volna reported on the total net position of the University, total net operating revenues, comparisons to FY 2016, and that the change to MSRS and PERA assumptions added an increase to expenses of \$330.4 million. Total assets increased by \$72 million or 1.2 percent and total liabilities increased by \$1.635 million or 66.5 percent, demonstrating the impact of the GASB change. Volna also reviewed the balance sheet, revenues, operating expenses, cash flows, future impacts of GASB pension changes, and the University's component units.

Regent Powell requested additional detail on how the administration seeks to engage the state in its planning for MSRS and PERA. Volna explained that the University has 63 employees covered by PERA and 8,900 covered by MSRS. He noted that ideally, the University will gain governance representation, and suggested that the University has always believed its employees offer a stable pension risk for the state. Powell asked if Government Relations could advocate for that type of change to the Minnesota Legislature. Volna responded that the first step is to learn more about the MSRS/PERA governance model to enable the University to understand the best way forward. He offered to update the Board in a future annual report.

REPORT OF THE MISSION FULFILLMENT COMMITTEE

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

- 1) Approval of the Consent Report for the Mission Fulfillment Committee as presented to the committee and described in the December 14, 2017 committee minutes.

A motion was made and seconded, and the Board voted unanimously to approve the recommendation of the Mission Fulfillment Committee.

REPORT OF THE AUDIT & COMPLIANCE COMMITTEE

Regent Cohen, chair of the committee, reported that the committee received an update on Twin Cities undergraduate admissions audit findings; considered a draft Institutional Risk Profile; discussed compliance initiatives; reviewed the external auditor report; and heard an update on small business procurement.

REPORT OF THE LITIGATION REVIEW COMMITTEE

Regent Beeson, chair of the committee, reported that pursuant to notice sent by the University, the Litigation Review Committee met on December 14, 2017. At this meeting, a resolution was considered and adopted that authorized the closing of the meeting. In the closed meeting, discussion was held on matters subject to the attorney-client privilege.

REPORT OF THE FINANCE & OPERATIONS COMMITTEE

Regent Anderson, chair of the committee, reported that the committee voted to recommend:

- 1) Approval of the resolution related to the FY 2019 Twin Cities Undergraduate Nonresident/Non-Reciprocity Tuition Rate. A motion was made and seconded, and the Board voted 9-3 to approve the resolution as follows. Regents Cohen, Lucas, and Omari voted no.

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; and

WHEREAS, significant increases in the tuition rate could negatively impact the retention rates of current nonresident/non-reciprocity students (freshmen through juniors during the 2017-2018 academic year).

NOW, THEREFORE, BE IT RESOLVED that the Board of Regents approves the FY 2019 Twin Cities undergraduate nonresident/non-reciprocity tuition rate as stated in Attachment 1 - University of Minnesota 2018-19 Tuition Plan: Tuition Rates, with a

commitment to hold the rate increases to no more than 5.5 percent for continuing nonresident/non-reciprocity students.

Omari left the meeting.

Anderson reported that the committee voted unanimously to recommend:

- 2) Approval of amendments to the University of Minnesota Faculty Retirement Plan. A motion was made and seconded, and the Board voted unanimously to approve the amendments.
- 3) Approval of the resolution related to the proposed labor agreement with AFSCME Locals 3937 and 3801, Technical Employees. A motion was made and seconded, and the Board voted unanimously to approve the resolution, as follows:

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

WHEREAS, the AFSCME Locals 3937 and 3801 have 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 Finance & Operations Committee docket for December 14, 2017.

- 4) Approval of an amendment to the FY 2018 Annual Capital Improvement Budget related to the Golf Practice Facility on the Twin Cities campus. A motion was made and seconded, and the Board voted unanimously to approve the amendment.
- 5) Approval of the Consent Report for the Finance & Operations Committee as presented to the committee and described in the December 14, 2017 committee minutes. A motion was made and seconded, and the Board voted unanimously to approve the Consent Report.

REPORT OF THE GOVERNANCE & POLICY COMMITTEE

Regent Roshia, chair of the committee, reported that the committee had no action items this month.

NEW BUSINESS

Regent Johnson noted the death of longtime University professor Wallace Nelson, mentioning his outstanding contributions to the University and state.

Regent McMillan directed Executive Director Steeves to read a resolution to conduct a non-public meeting of the Board of Regents to discuss attorney-client privileged matters as follows:

WHEREAS, based on advice of the General Counsel, the Board of Regents has balanced the purposes served by the Open Meeting Law and by the attorney-client privilege, and determined that there is a need for absolute confidentiality to discuss

particular matters involving the University of Minnesota.

NOW, THEREFORE, BE IT RESOLVED, that in accordance with Minn. Stat. § 13D.01, Subd. 3 and 13D.05, Subd. 3(b), the remainder of this Board of Regents meeting will be non-public for the purpose of discussing attorney-client privileged matters related to potential litigation involving non-public educational data.

A motion was made and seconded, and the Board voted 10-0 to approve the resolution. The public portion of the meeting ended at 12:56 p.m. Regent Cohen abstained from voting.

Due to a technical issue, Regent Simmons was unable to participate in the non-public portion of the meeting.

The meeting adjourned at 2:00 p.m.



BRIAN R. STEEVES
Executive Director
and Corporate Secretary