

**UNIVERSITY OF MINNESOTA  
BOARD OF REGENTS**

**Board of Regents Retreat  
February 10, 2016**

A retreat of the Board of Regents of the University of Minnesota was held on Wednesday, February 10, 2016 at 8:00 a.m. at the Minnesota Humanities Center, 987 Ivy Avenue East, St. Paul.

Regents present: Dean Johnson, presiding; Thomas Anderson, Richard Beeson, Laura Brod, Linda Cohen, Thomas Devine, Michael Hsu, Peggy Lucas, David McMillian, Abdul Omari, Darrin Rosha, and Patricia Simmons.

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

Others present: Sarah Dirksen

At 8:12 a.m. a motion was made and seconded and the Board voted unanimously to adopt the following resolution:

WHEREAS, based on advice of the General Counsel, the Board of Regents has balanced the purposes served by the Open Meeting Law 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.03, a non-public meeting of the Board of Regents be held Wednesday, February 10, 2016 at 8:00 a.m. at the Minnesota Humanities Center, 987 Ivy Avenue East, St. Paul for the purpose of discussing matters related to labor negotiations strategy.

The meeting was reopened at 9:15 a.m. at which time President Kaler, Vice President Kathy Brown, and General Counsel William Donohue left the meeting.

At 9:18 a.m. a motion was made and seconded and the Board voted unanimously to adopt the following resolution:

WHEREAS, based on advice of the General Counsel, the Board of Regents has balanced the purposes served by the Open Meeting Law 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.05 Subd. 3(a), a non-public meeting of the Board of Regents be held Wednesday, February 10, 2016 at the Minnesota Humanities Center, 987 Ivy Avenue East, St. Paul for the purpose of evaluating the performance of the Board's direct reports.

The meeting was reopened at 12:45 p.m., at which time the Board recessed for lunch. The Board reconvened at 1:40 p.m. for a public meeting. President Kaler joined the Board to discuss the following topics:

1. M Health;
2. Administrative restructuring;
3. Senior leader searches;
4. Glensheen, the Historic Congdon Estate; and
5. The 2016 legislative session.

The meeting adjourned at 5:08 p.m.



**BRIAN R. STEEVES**  
**Executive Director**  
**and Corporate Secretary**

**UNIVERSITY OF MINNESOTA  
BOARD OF REGENTS**

**Finance Committee  
February 11, 2016**

A meeting of the Finance Committee of the Board of Regents was held on Thursday, February 11, 2016 at 7:45 a.m. in the West Committee Room, 600 McNamara Alumni Center.

Regents present: Abdul Omari, presiding; Laura Brod, Thomas Devine, Michael Hsu, and David McMillan.

Staff present: President Eric Kaler; Chancellors Jacqueline Johnson and Fred Wood; Vice Presidents Kathryn Brown, Richard Pfutzenreuter, and Pamela Wheelock; Interim Vice President Bernard Gulachek; General Counsel William Donohue; Executive Director Brian Steeves; and Associate Vice Presidents Gail Klatt, Stuart Mason, Julie Tonneson, and Michael Volna.

Student Representatives present: Max Hall and Nikki Ripp.

**TWIN CITIES ATHLETICS FINANCES**

Regent Omari invited Vice President Pfutzenreuter, Interim Director of Athletics Beth Goetz, and Tom McGinnis, Senior Associate Director of Athletics and Chief Financial Officer, to present a financial overview of the Department of Intercollegiate Athletics on the Twin Cities campus (Athletics), as detailed in the docket.

Goetz outlined the goals of Athletics and her focus on ensuring that the department is a good steward of its resources. The current budget for Athletics totals \$107.3 million, or 2.9 percent of the University's total budget. Goetz summarized key facts related to the department and provided context for how Athletics compares within the Big Ten Conference.

McGinnis summarized the FY 2016 budget. He outlined the major expenses and revenues that compose the budget. He noted that FY 2016 is unusual given revenue from the Minnesota Vikings games at TCF Bank Stadium, along with other non-athletic events held on campus. He added that some expense areas have increased due to new guidelines on cost of attendance and meals provided to student athletes.

Pfutzenreuter reviewed the history of the University's central allocation to Athletics. He reminded the committee that in the past the Minnesota Legislature appropriated a special allocation for Title IX funding of women's athletics. In 1998, that \$3 million state special for Title IX was rolled into the University's total O&M allocation. Those funds are still being transferred to Athletics for that purpose. Pfutzenreuter summarized how changes to the system-wide budget model in 2007 affected the amount transferred to and from Athletics from the central allocation, and noted the current transfer amounts.

Pfutzenreuter reported the debt payment schedule for all Athletics facilities. He explained that funds given to the University by the state under statutory appropriations do not flow through Athletics, but go directly to the Office of Debt Management. Pfutzenreuter explained that this helps simplify the transaction to pay bondholders, but is not shown as revenue to Athletics.

McGinnis described the expenses paid by Athletics to the University, which total \$18.997 million. He also detailed the revenues provided to Athletics by the University and expenses paid by the University on behalf of Athletics. Pfutzenreuter highlighted how the University pays the out-of-state tuition waiver given to scholarship athletes directly.

Regent Hsu asked about the total amount spent on Athletics. Pfutzenreuter explained that the totals included in the presentation are the current, non-sponsored funds spent on operating expenses. He noted that they do not include any funding for booster clubs, which exists in separate accounts. He indicated that the numbers also do not include any capital expenditures. As a follow-up, Hsu wondered if \$120 million was a fair amount for the total. McGinnis responded that Athletics reported a total of \$111 million to Deloitte for purposes of their audit. Pfutzenreuter offered that the full total would be roughly \$123 million given all funds.

Regent Devine noted that there are 324 full scholarships within Athletics and wondered how that compared to others in the Big Ten. Goetz explained that the NCAA sets a limit on the total number of scholarships available for each sport. She added that the University, and most other Big Ten schools, offers the maximum number of scholarships available for each sport. Devine asked if the funding per scholarship was the same for each institution. Goetz responded that while the total number of scholarships is the same, the amount per scholarship differs across institutions.

In response to a question from Devine, McGinnis noted that revenue from tickets is increasing. He indicated that Athletics is making progress in that area, but that TCF Bank Stadium is smaller compared to other Big Ten stadiums and generates less total revenue. Devine commented that special events at TCF Bank Stadium are of interest to the fan base and that he appreciated the additional revenue they generate.

In response to an additional question from Devine, Goetz stated that she welcomed the opportunity granted by the external review to examine and be more intentional with the resources provided to Athletics. She noted that the continued oversight by the Board was welcome.

In response to a question from Hsu, McGinnis explained that the scholarship seating fee goes directly to the University of Minnesota Foundation. Each year, Athletics taps those funds to help fund student athlete scholarships.

### **FACULTY RETIREMENT PLAN: GOVERNANCE REVIEW**

Regent Omari invited Vice President Brown and Associate Vice President Mason to outline the recently completed governance review of the Faculty Retirement Plan (retirement plan), as detailed in the docket.

Brown explained that the Office of Human Resources (OHR) and the Office of Investments & Banking (OIB) engaged the local consulting firm of Jeffery Slocum & Associates to review the current retirement plan governance structure. The objective of the review was to determine whether modifications should be made to better align the plan's governance framework with fiduciary best practices. Brown stated that the findings recommend changes to the governance structure only, with no plan changes recommended.

Mason outlined the key governance structure recommendations. Currently, the chief financial officer serves as the sole trustee of the retirement plan. To align with best practices, the consultant recommends establishing a five-person, cross-functional committee to professionalize the plan's oversight. Mason defined the structure and membership of the proposed new Retirement Plan Committee (RPC). The RPC would continue to interact and consult with the Faculty Senate Retirement Subcommittee, and would include the chair of the

Faculty Senate Retirement Subcommittee as a member. Mason outlined the proposed matrix of roles and responsibilities given the change in governance structure.

In response to a question from Regent Hsu, Pfitzenreuter explained that he is the current trustee of the retirement plan. In his 24-year tenure, he noted he could not recall that this topic has ever come to the Board for discussion. He expressed his strong opinion that the governance of the retirement plan should be professionalized and that the formation of the RPC is the right first step to do so. Mason agreed, explaining that the RPC could review and recommend changes if the current plan offers too broad a range of investment options that could be detrimental to employees. Brown emphasized that the current plan is transparent and is providing good retirement options, but that optional retirement plans are under utilized. She offered that continued education and support for employees is essential.

Regent McMillan wondered how the RPC could build off of the experience of the Investment Advisory Committee and the Debt Management Advisory Committee. Brown responded that the presidential appointment could be used to appoint an industry expert to the RPC. She noted that faculty engagement is a key component of the committee structure and that she anticipates following the example of the Benefits Advisory Committee to ensure that engagement. Brown noted that the University also has expert consultants in the field on retainer and the RPC could turn to them for advice.

Regent Devine asked if further approval to appoint the RPC is needed. Brown responded that the new committee follows the president's delegated authority and in her opinion, no further approval is needed by the Board. Devine additionally commented that offering education to employees is critical. Brown agreed and explained that the University is partnering with suppliers to provide additional employee education over the coming year.

Omari commented that shared governance is essential and that he appreciates that the proposed structure includes interaction with the faculty.

#### **FULLY ALLOCATED COST OF MISSION ACTIVITIES: UNIT ANALYSIS**

Regent Omari invited Associate Vice President Tonneson and Lincoln Kallsen, Director of Institutional Analysis, to give an update on the fully allocated cost of mission activities, unit analysis (study), as detailed in the docket.

Tonneson reminded the committee of the study's purpose, its principles and audience, how the study has been organized, and the conceptual framework. Kallsen reviewed results by unit, describing what might cause instructional costs to vary among colleges and campuses.

The committee members discussed whether the study could be used to compare cost to student debt load, how the study accounts for student aid, if units acted on data from 2010, how the data are affected by enrollment levels, the impact of state appropriations, and whether surcharges should be more widely used across units.

#### **LONG-RANGE FINANCIAL PLANNING FOR THE LAW SCHOOL**

Regent Omari invited President Kaler and Law School Dean David Wippman to present the long-range financial plan for the Law School, as detailed in the docket.

Kaler noted that the steep national decline in law school enrollment has hit the University's Law School hard. Applications to the Law School have declined by 50 percent over the past six years, which has resulted in a 32 percent decline in enrollment. Kaler indicated that the University has chosen to maintain the quality and reputation of the Law School, while seeking to address the budget shortfall created by declining enrollment.

Wippman explained the historic national trend in law school growth and the total number of licensed lawyers since the 1960s. He outlined the decline in national law school applications since 2004 and the resulting enrollment changes from 2010 to 2015. He reported the number of degrees awarded over that time period and the annual mean earnings of those with a law degree. Wippman commented that the Great Lakes region as a whole was hit hardest, but suggested that the market has bottomed out and that he anticipates applications and enrollment to increase.

Wippman reviewed the FY 2016 Law School budget. He outlined the responses that the Law School is using to solve its structural deficit. He indicated that the Law School is currently seeking to right-size itself by decreasing the size of the incoming class and reducing the number of professors and staff. Wippman outlined the reallocations and cost avoidance measures that have been used, highlighting the focus on fundraising, increasing international student enrollments in the Master of Laws program, and the fixed cost of tenured faculty. He noted that by following the plan and reaching the planning assumptions, the Law School would reduce and cease non-recurring transfers from the University by FY 2020.

Wippman stressed that it is essential to maintain the ranking of the Law School by only admitting highly qualified students. He argued that lowering standards to admit more students would yield short-term gains, but create a downward spiral over the long term. Wippman emphasized that the Law School has a long history of serving the state, with numerous examples of graduates serving as judges and elected leaders. He expressed his appreciation for the additional University support and stated that given the smaller O&M allocation and the importance of the Law School, he felt the non-recurring transfers were appropriate and needed.

Regent McMillan expressed his support for the long-range financial plan, and wondered how these trends have influenced recruitment of faculty. Wippman responded that faculty recruitment has been a struggle, but that is also true of peer institutions. The Law School is not hiring any new faculty members at this time, but is focusing on retention. Wippman stated that the goal is to shrink the size of the faculty and maintain the quality of the faculty members. He reported that the faculty overall are very engaged and happy.

Student Representative Hall expressed his support for the long-range plan and the focus on maintaining the Law School's ranking. He wondered whether it was possible to leverage the downturn to increase the ranking. Wippman offered that he has thought about how to do that, but does not have the funding it would require. If a donation or additional funds were found, the Law School could increase the admissions standards, reduce the incoming class size, and increase the ranking. Wippman added that rankings do impact the hiring of graduates.

In response to a question from Regent Hsu, Wippman explained that if the non-recurring funds from the University were treated as a loan, it would be very difficult for the Law School to pay off and maintain the current ranking. He suggested that units within the University sometimes find themselves under stress and the University should provide them with support. He stated that the Law School has a plan to return it to a balanced budget within a short amount of time.

## **CONSENT REPORT**

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

General Contingency:

- There are no items requiring approval this period.

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

- To Identity Works LLC for an estimated \$2,163,150 for implementation of Oracle Identity Manager (OIM) for the Office of Information Technology (OIT) for the period February 15, 2016, through June 30, 2017. OIT will make this purchase with O&M funds. Vendor was selected through a competitive process.
- To LKO Enterprises, Inc. and Ulland Brothers Inc. for an estimated \$5,000,000 of contract machine work labor, materials, and equipment services as needed for the Department of Facilities Management on the Duluth campus for the period of March 1, 2016, through February 28, 2017, and with contract extensions through February 28, 2021. This purchase of contract labor and equipment services by Facilities Management has been budgeted for FY 2017. It will be funded through individual R&R projects and O&M funds. Vendors were selected through a competitive process.
- To Siemens Medical Solutions USA, Inc. for \$3,024,525 for purchase of a 3T Magnetom Prism MRI Scanner and for a five-year service contract on the scanner for the Center for Magnetic Resonance Research, Department of Radiology. A University Plant Fund will be set up to fund the 3T Scanner purchase, and the service contract will be paid annually for five years (renewable after initial period expires). The revenue generated by usage charges of the scanner will pay back the University Plant Fund; and pay for the service contract and other miscellaneous operating costs. This is included in the financial forecasts for this facility.

Approval of Purchasing Bid Thresholds:

- Board of Regents Policy: *Purchasing* requires that purchasing bid thresholds be established by the administration and reviewed and approved by the Board biennially. The policy is included in the docket for reference. The current bid threshold for the purchase of goods and standard services is set at \$50,000; professional services is set at \$50,000; construction services, excluding architects and engineers, is set at \$250,000; and construction purchases for architects and engineers is set at \$100,000. The administration recommends no changes in the current bid thresholds.

Approval for Underwriting/Investment Banking Services:

- To Barclays, RBC Capital Markets, LLC, Bank of America Merrill Lynch, Wells Fargo Securities, and Goldman Sachs to be considered prequalified for a "Senior Manager Pool" to serve as a book-running senior manager for the University's future financing transactions to occur during FY 2016 through FY 2020. The vendors were chosen through a competitive bidding process.
- To Barclays as senior manager, and Piper Jaffray as co-manager, for underwriting and investment banking services for the issuance and sale of bonds during FY 2016 providing proceeds of approximately \$148,000,000 to fund a number of capital projects. The vendors were chosen through a competitive bidding process.

Approval of Off-Cycle Tuition Rates:

- The President recommends approval of tuition rates for the following programs for Summer 2016, Fall 2016, and Spring 2017, as detailed in the docket:
  - Carlson School of Management - Master of Science in Business Analytics, Master of Science in Business Analytics Part-Time Program, Industry Master of Business Administration, and Master of Finance.

- College of Science and Engineering - Master of Security Technology and Medical Device Innovation Masters.

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

### **INFORMATION ITEMS**

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

- Central Reserves Update
- Central Reserves Legal Settlements Update
- Quarterly Purchasing Report
- Debt Management Advisory Committee Update
- Annual Capital Financing and Debt Management Report
- Annual Investment Performance: Peer Comparisons
- M Health Status Report
- Exception to Bid: Electric Steel Elevator Demolition Contract

The meeting adjourned at 10:04 a.m.



**BRIAN R. STEEVES**  
**Executive Director and**  
**Corporate Secretary**

**UNIVERSITY OF MINNESOTA  
BOARD OF REGENTS**

**Academic & Student Affairs Committee  
February 11, 2016**

A meeting of the Academic & Student Affairs Committee of the Board of Regents was held on Thursday, February 11, 2016 at 8:00 a.m. in the East Committee Room, 600 McNamara Alumni Center.

Regents present: Linda Cohen, presiding; Thomas Anderson, Dean Johnson, Peggy Lucas, Patricia Simmons, and Darrin Rosha.

Staff present: Chancellors Jacqueline Johnson and Stephen Lehmkuhle; Senior Vice President and Provost Karen Hanson; Vice Presidents Katrice Albert, Kathryn Brown, and Brooks Jackson; and Executive Director Brian Steeves.

Student Representatives present: Callie Livengood and Cory Schroeder.

**PROGRESS CARD METRICS FOR MINNESOTA STUDENTS**

Provost Hanson introduced the discussion on options for a University progress card measure that reflects the University's success in serving Minnesota students, as detailed in the docket. Hanson invited Lincoln Kallsen, Director of Institutional Analysis, to provide an overview of three options under consideration.

Kallsen briefly described each of the three options and their strengths and limitations:

1. Option 1: The percent of Minnesota high school graduates enrolling at the University as freshman. Kallsen noted that it is sensitive to increases and decreases in the number of high school graduates over time, while ensuring accountability to serving Minnesotans through undergraduate education.
2. Option 2: The percent of Minnesota high school graduates who elect to attend college in Minnesota and enroll at the University as freshmen. Kallsen offered that this measure acknowledges that some high school graduates always will want to leave the state for post-secondary education, and more directly measures accessibility for those who wish to stay in Minnesota.
3. Option 3: The percent of currently enrolled University undergraduate students who are Minnesota high school graduates. Kallsen noted that this metric would include transfer students and monitors retention of Minnesota students, but is not responsive to changes in strategy or performance.

In response to a question from Regent Simmons, Kallsen noted that option 2 allows for better tracking of student data. Regent Simmons added that data collected from option 3 may be meaningful for positioning, but she wondered how useful it would be for managing enrollment.

Regent Rosha suggested a fourth option: The percent of freshman enrolling at the University who are Minnesota students. He stated that options 1, 3 and this fourth option best inform how the University is serving in-state students. In response, Kallsen offered additional information that captures data on new Minnesota students entering four-year colleges and universities statewide.

A discussion ensued about the benefits of each of the four options. Several Regents suggested limiting the number of new measures to those most useful and valuable for planning. Regent Johnson asked which option worked best for the administration; Kallsen responded option 2.

Regent Rosha offered that the University has very little direct influence on options 1 or 2, and made a motion to recommend options 3 and 4, noting their ability to provide a clear picture of how incoming freshman and transfer students are being served. Regent Simmons offered a friendly amendment to include option 2; the committee further discussed this suggestion.

A motion was made and seconded, and the committee unanimously recommended approval of the following progress card metrics:

- Option 2: The percent of Minnesota high school graduate who elect to attend college in Minnesota and enroll at the University as freshmen.
- Option 3: The percent of University undergraduate students who are Minnesota high school graduates.
- Option 4: The percent of freshmen enrolling who are Minnesota students.

### **MEDICAL SCHOOL UPDATE**

Provost Hanson invited Brooks Jackson, Dean of the Medical School and Vice President for Health Sciences, to provide an update on the Medical School's strategic plan goals, as detailed in the docket.

Jackson reported that significant progress has been made within each of six key areas of focus: scholarship, research, education, clinical care, financial sustainability, and diversity.

1. Scholarship: Jackson noted that the school has renewed its emphasis on a culture change intended to attract top students, retain and attract top faculty, achieve national awards, and secure funding. He highlighted three progress points associated with raising the bar on scholarship: use of clear metrics to measure departmental publications, 16 of 25 departments receiving new investments, and the addition of 12 faculty to the Wall of Scholarship.
2. Research: Jackson offered examples of research excellence that include publication in the journal *Science*, project renewals within medicine and pediatrics, \$6 million in research funding linked to the University's Regenerative Medicine Minnesota partnership with the Mayo Clinic, submission of a CTSI renewal application, and leadership in the development of an Academic Health Center "aging" grand challenge.
3. Education: Jackson underscored increased funding and mentoring for student research, expanded international experiences for students, additional longitudinal clerkships at the Veterans Administration, and a partnership with a clinic in Uganda. He recognized the positive impact of a recent tuition freeze, reduced fees and health insurance costs, and increased scholarship funds, while acknowledging an increase in student debt.
4. Clinical Care: Jackson discussed the opening of the new Clinics and Surgery Center and continued work toward full integration with Fairview. He also highlighted reduced mortality rates that exceeded 2015 goals, high patient satisfaction scores, Women's Choice Awards for Excellence in multiple categories, and 2016 "Best Hospitals" recognition from the American Heart Association and *U.S. News & World Report*.

5. **Financial Sustainability:** Jackson discussed revenues exceeding expenditures by over \$20 million per year for five years, investments in Medical School faculty mentoring, reduced student costs, successful philanthropy, and the Governor's bonding proposal support for the Health Sciences Education Facility.
6. **Diversity:** Jackson pointed to rapidly changing demographics in Minnesota and the University's efforts to represent these changes among students and faculty. Progress made to enhance student diversity includes a 23 percent increase in 2014 and a 52 percent increase in 2015 of applications from students defined as "Underrepresented in Medicine" (UIM). The school also saw a 77 percent increase in enrolled UIM students in 2014. Jackson described faculty training on implicit bias, a Dean's Committee on Women in Leadership, and a program in Health Disparities Research: Health Equity Leadership & Mentoring.

Regent Cohen thanked Jackson for a positive and optimistic report, remarking on the excellence of efforts to support healthy aging.

In response to a question from Regent Johnson, Jackson explained that the school's successful grant acquisition is the result of grant writing workshops, well-written proposals addressing significant issues, and the strong track records of well-published investigators.

Regent Lucas asked about the emphasis on recruiting women faculty and researchers, given her assumption that an ample number of women were entering the field of medicine. Jackson explained that despite women comprising 59 percent of entering program participants, only 21 percent of full professors are women. He added that the school has created mentoring programs and leadership training to help address the many reasons for this gap.

Regent Simmons requested additional information about student debt, its composition, loan interest rates, and how these factors impact student selection of specialty areas. Jackson shared that 90 percent of students carry significant debt due to undergraduate debt carry-over, room and board costs, and a federal loan program shift prompting debt accumulation on the front end rather than at the close of deferment. He described research on specialty selection and the link to debt load. Regent Simmons thanked Jackson for his research on this issue.

### **K-12 ACHIEVEMENT GAP**

Provost Hanson introduced Professor Michael Rodriguez and Director Julie Sweitzer, both from the College of Education and Human Development and co-directors of the Educational Equity Resource Center, and invited President Kaler to frame the discussion of the state's K-12 achievement gap, as detailed in the docket.

President Kaler remarked that when he arrived at Minnesota, he was stunned by the size of the achievement gap between white students and students of color, as well as between wealthy and low-income students. He acknowledged the significance of this problem and its impact on the future of the University and the prosperity of Minnesota. Kaler expressed his gratitude to the two speakers and highlighted evidence of progress, such as the inclusion of "Fostering Just and Equitable Communities" as a Grand Challenge research and outreach priority area.

Rodriguez thanked Kaler and Hanson for their leadership and support for this work. He described replacing the term "achievement gap" with "educational equity" as a way to recognize a systems perspective for addressing the very different needs of youth within a one-size-fits-all educational delivery system. Rodriguez noted the extensive work being done on the Twin Cities campus, and introduced a new website that posts the work of 130 faculty and staff addressing a broad range of issues impacting educational equity. He described efforts to translate research to practice, and the recent launch of the Center for Applied Research and Educational Improvement.

Sweitzer shared examples of partnerships and collaborations focused on educational equity, such as Generation Next, University of Minnesota Urban Research and Outreach – Engagement Center, the Minnesota P20 Education Partnership, Ramp-Up to Readiness, and the Northside Achievement Zone. She noted strong work system-wide at each campus, and highlighted efforts to break down silos within internal networks including a series of college readiness and achievement talks.

Sweitzer also described a first-time Educational Equity in Action Conference in June that will convene Minnesota’s education leaders, researchers, policy makers, and non-profit organizations committed to taking action to improve educational equity. She acknowledged the Grand Challenges efforts to address equity, and exploration of peer research institutions for approaches to K-12 initiatives.

In response to a question from Regent Simmons, Sweitzer articulated interventions that make a difference for first-generation college students, including summer bridge programs, effective counseling and support, academic advising, and pre-college steps to prepare students for the college experience.

Student Representative Schroeder shared that the Spring 2016 report of the student representatives will address challenges he faced as a first-generation student, and asked whether efforts are being made to reach out to suburban schools. Sweitzer affirmed outreach in Brooklyn Center, Richfield, and Bloomington, and in Greater Minnesota cities like Crookston.

In response to a question from Regent Lucas, Rodriguez described initiatives, such as a free weekly SAT/ACT preparatory program, that assist students who struggle with standardized tests. He underscored the need for alternatives to current standardized testing to better determine student capacity for academic success. Rodriguez also noted that a spectrum of scores exists for all racial groups. Regent Cohen noted efforts by admissions staff to address the overuse of test scores, while acknowledging the need for some tool to sort through 48,000 applications each year.

Regent Rosha expressed interest in further analysis of data to determine students’ family structure, city of origin, specification of rural or urban settings and other factors that could illuminate potential gaps in college preparation.

Regent Cohen pointed to the University’s Ramp-Up to Readiness program as an excellent model for preparing high school students for postsecondary success.

### **ACADEMIC ADVISING TASK FORCE RECOMMENDATIONS**

Provost Hanson invited Nikki Letawsky Shultz, Assistant Dean in the College of Biological Sciences, and LeeAnn Melin, Assistant Dean of the Office of Undergraduate Education, to share the final report and recommendations of the Task Force on Undergraduate Academic Advising for the Twin Cities Campus, as detailed in the docket.

Melin described the composition and work of the task force, which was charged with making recommendations to enhance and support the advising experience for undergraduate students on the Twin Cities campus. The task force examined current advising procedures, advising profession best practices, peer institutions, and results from a survey of students and advisors. An initial set of recommendations was revised following input from 33 campus-wide listening sessions, resulting in a final report and recommendations presented during an academic advising town hall meeting.

Melin provided a detailed overview of the task force’s three overarching recommendations:

1. Ensure undergraduate students have equitable and assessable advising across collegiate advising units.
2. Prioritize the ongoing support, development, and retention of a professional community of academic advisors who are satisfied in their roles and reflect the identities of the undergraduate student body.
3. Continue to support the development of the essential infrastructure of advising.

Schultz shared a set of principles for excellent advising, along with a description of an advising team structure focused on student needs and a set of advising service standards. She concluded by advocating for shared responsibility between administration leaders and collegiate units to work within their structures to implement the recommendations and make improvements to the current system.

In response to a question from Regent Johnson, Shultz explained that each college uses a different method to assign students to their advisors.

Regent Anderson commented that a ratio of one advisor to 250-300 students seems high, and asked if lower ratios and more financial support would be beneficial. Melin responded that a preliminary gap analysis shows a preferred ratio of one advisor for every 35 students, especially for students who receive special services to assist them with a range of challenges, including first-generation college students, individuals with disabilities, and low-income students. The cost of adding 30 advisors is about \$1.8 million.

Student Representative Livengood affirmed the positive and important impact of a lower ratio, noting her positive experience as an honors student and as a committee member associated with this project.

In response to a question from Regent Cohen, Melin described how the A+ tool is used to access real-time student data on registration and other processes that allow for positive and proactive intervention.

Regent Rosha inquired about the average tenure for advisors. Shultz responded that 1-30 years is the current range, with a tenure goal of at least eight years. Rosha commented on the improvement in advising over the past few decades and the strong return on investment that could be achieved through investing \$1.8 million. In response to Rosha's question about the impact of various faculty advising models, Melin responded that the 4-year collegiate advisor model best enables the preferred mentoring role.

## **CONSENT REPORT**

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

- **Request for Approval of New Academic Programs**
  - College of Design (Twin Cities campus)—Create B.S. degree in Product Design
  - Carlson School of Management and the Law School (Twin Cities campus)—Create undergraduate minor as Business Law
  - Medical School (Twin Cities campus)—Create fellowship in Cardiovascular and Thoracic Transplant
  - College of Education and Human Service Professions (Duluth campus)—Create Education Administration Specialist degree and deliver online
  - College of Liberal Arts (Duluth campus)—Create B.A. degree in Journalism

- College of Liberal Arts (Duluth campus)—Create post-baccalaureate certificate in Geographical Information Science
- Swenson College of Science and Engineering (Duluth campus)—Create Master of Science in Mechanical Engineering degree
- **Request for Approval of Discontinued Academic Programs**
  - College of Veterinary Medicine (Twin Cities campus)—Discontinue graduate minor in Veterinary Medicine.

#### **INFORMATION ITEM**

Provost Hanson referred committee members to the following information item:

- USGA and University of Minnesota announce research partnership to tackle golf's challenges and foster innovation.

The meeting adjourned at 10:01 a.m.



**BRIAN R. STEEVES**  
**Executive Director and**  
**Corporate Secretary**

**UNIVERSITY OF MINNESOTA  
BOARD OF REGENTS**

**Board of Regents Work Session:  
A Vision to Guide Long-Term Growth and Change in Key Areas of the Twin Cities Campus  
February 11, 2016**

A work session of the Board of Regents of the University of Minnesota was held on Thursday, February 11, 2016 at 10:15 a.m. in the West Committee Room, 600 McNamara Alumni Center.

Regents present: Dean Johnson, presiding; Thomas Anderson, Richard Beeson, Linda Cohen, Thomas Devine, Michael Hsu, Peggy Lucas, David McMillian, Abdul Omari, Darrin Rosha, and Patricia Simmons.

Staff present: President Eric Kaler; Chancellors Lendley Black, Jacqueline Johnson, Stephen Lehmkuhle; Senior Vice President and Provost Karen Hanson; Vice Presidents Richard Pfutzenreuter and Pamela Wheelock; Executive Director Brian Steeves; and Associate Vice President Michael Berthelsen.

Student Representatives present: Callie Livengood.

Chair Johnson introduced Vice Presidents Pamela Wheelock and Richard Pfutzenreuter, Assistant Vice President Suzanne Smith, and Monique MacKenzie, Director of Planning, to provide context for discussion of a proposed development framework for the Twin Cities campus. Wheelock presented an overview of the 30-year vision for campus planning based on specific planning principles and assumptions. She discussed several recent campus plans, which have helped guide decisions about land use and intensity; shape transportation; and support academic, athletic, and research activities. Pfutzenreuter discussed the University's strategy and process for land acquisition.

Smith and MacKenzie described the campus development framework, discussed several development strategy areas, and identified land that is available for campus growth and expansion. They detailed two specific areas of focus: the Southeast Gateway district, which serves as a main entrance to campus, and the East Gateway district, which is an area of high density and activity. MacKenzie detailed land use focused on health care, patient access, and outreach. She outlined several areas of opportunity including partnerships with the city of Minneapolis, development in the Prospect North Innovation District, and additional acquisition by the University of Minnesota Foundation Real Estate Advisors (UMFREA).

Regent Simmons observed the high volume of visitors to clinics and athletic facilities on the East Bank, asking whether there is a way to work with the city to improve traffic flow and access to campus. Wheelock agreed that the flow of traffic is challenging, even without additional development. She emphasized the importance of working with the city of Minneapolis and the Minnesota Department of Transportation (MnDOT) to improve the flow of traffic over time. She explained that understanding transportation routes into campus is another challenge, noting that difficulties and delays have resulted from the Light Rail Transit (LRT) crossing on University Avenue. She stressed the need for balance between vehicular and pedestrian traffic, as well as collaboration with the city and neighborhoods to understand the capacity of existing systems.

In response to a question from Chair Johnson, Pfutzenreuter replied that the most recent land acquisitions are the Murphy Warehouse and grain elevators near TCF Bank Stadium. He commented that the University is in active discussions with railroad companies for acquisition

of additional land in that area. Wheelock reported that several surface lots currently used for tailgating will remain, at least in the short term.

Regent Hsu observed that the current plans allow Pioneer Hall to remain and do not include the athletic track. He asked for the total square footage and related costs for the proposed development plan. Wheelock replied that the University is investigating possible renovation and restoration of Pioneer Hall, noting the historical value of the building. She explained that the goal is to reinvest in first- and second-year residence halls along the river corridor to provide a greater sense of community. Since the track is in pre-design phase, and since some of the proposed land is not currently owned by the University, it was not included in the presentation. Wheelock stated that she did not know the total square footage of the plan, and that it was difficult to speculate on the costs involved. MacKenzie added that one purpose of the plan is to understand the implications of development such as infrastructure needs, subsequent development, and costs.

Regent Devine noted that campus planning has long been a Board priority and thanked the administration for helping address it. He reflected on the opportunity to shape the development of campus for years to come. He suggested that the Board should emphasize innovations like health care delivery to the legislature during the 2016 session to help further partnerships with the state. Devine noted that the Board has looked to other land-grant institutions for best-practices and remarked that public-private partnerships could be an important way to advance campus development. He suggested that Mayo provides a template for the concept of a destination medical facility.

Regent Rosha commented that by placing student housing along the river, students are relegated far from the center of campus. He suggested that housing could be placed closer to the campus core, with medical facilities at the edge. He added that student safety should be an important consideration in the location of housing. Rosha observed a lack of green space and landscaping in the current plan, a contrast to the architecture of the historic mall. Wheelock responded that the intention is to cluster housing near student core areas, such as academic buildings, study spaces, or athletic facilities. She agreed that student safety is an important consideration in the placement and design of buildings, as are continued partnerships with law enforcement. Wheelock acknowledged that creating green space is a challenge, but suggested that the few current green space options could grow following the demolition of some buildings.

In response to comments from Chair Johnson, Wheelock remarked that the LRT created significant displacement of vehicular traffic, especially on the northern edge of campus. She explained that there are long-established neighborhoods in the areas that offer more thoroughways and freeway access. She stressed the need to work with the city and the Metropolitan Council on future plans to avoid creating traffic problems for those neighborhoods.

Regent Beeson noted that the proposed residential facilities could be considered prime housing, given their adjacency to the river, but that design would be key to a facility's success. He agreed that green space is important in design, adding that the pressure to build new academic centers should not overshadow the need for adequate landscaping. He commented that the increase in development will require additional focus on transportation. Beeson offered that the most transformative part of the plan will be the health care services, adding that health care facilities should be easily accessible to the public.

Regent Simmons commented on the long-term importance of the location of health care delivery facilities. She noted patient care, needs, and experience should be the primary focus, rather than the needs of faculty and staff. She suggested looking to previous public-private partnerships to help guide planning. Wheelock responded that the proposed location for the hospital is merely a suggestion; the placement is not final.

Regent Anderson recounted that his student experience was enhanced by accessibility to a variety of venues including markets, restaurants, and coffee shops. He urged consideration of these businesses as the University acquires additional property, emphasizing the importance of the total campus experience.

Regent Lucas asked what the University is doing to nurture its relationship with the city. She suggested ways to work with surrounding neighborhoods that would encourage strong partnerships, such as programs to encourage faculty to live in the area, or alumni housing facilities. Wheelock remarked that partnerships with the city are being considered but that further opportunities exist. She commented that infrastructure needs must be considered given the increase in population in the area

Student Representative Livengood commented that most students are eager to be close to the heart of campus, not relegated to the edges. She added that the placement of medical buildings between residence hall clusters limits the sense of community.

In response to a question from Regent Omari, Wheelock reported that the likely use for development in the center of campus would be for teaching and learning, with some student support.

President Kaler noted that though the focus of the presentation is on two key areas, there are other areas of development to consider. He remarked that buildings on the main knoll, which have much historic value, could be repurposed for housing. Buildings such as Appleby and Frasier on the East Bank and Anderson Hall on the West Bank could offer housing development opportunities as well.

Regent Beeson remarked that the area of the city adjacent to campus is underdeveloped. He noted that partnerships with Minneapolis would be beneficial, and could help focus attention on infrastructure and transportation needs. He suggested inviting city representatives to present their development needs to the Board. MacKenzie remarked that the city is currently reviewing its own comprehensive plan, and that this could be a perfect time to pursue collaboration.

In response to a question from Chair Johnson, Pfutzenreuter explained that the University and UMFREA interact regularly to coordinate acquisition strategy and to determine development plans. He added that this is a positive working relationship with strong collaboration. Johnson called on University of Minnesota Foundation (UMF) president and CEO Kathy Schmidlkofer to provide her feedback. Schmidlkofer agreed that a strong relationship exists, and noted that the relatively new UMFREA provides complimentary, rather than competitive, services to the University. She noted the importance of leveraging UMF to advance the University's mission and goals.

In response to a question from Regent Hsu about the capacity of the new power plant, Wheelock replied that the plant should accommodate campus energy needs for the next 15-20 years. She stressed the need to consider additional facilities as the campus grows. She remarked that a possible location for a new plant would be closer to the research facilities, but stressed that much depends on need and land acquisition. She noted that there will be much coordination with the city and surrounding neighborhoods.

Chair Johnson commented that the presentation provided a concise overview of long-term planning and urged sharing it with donors and the legislature. He suggested that it could help the community better understand campus planning and its positive impact on the state.

Regent Devine pointed out that the Board's 2015-16 priorities include a focus on the land-grant mission and the availability of medical services. He agreed that it is important to communicate this plan to the public and to create a vision to guide long-term development of

key campus areas. He offered that the Board is demonstrating a commitment to the core priorities of the institution and the state.

Regent Lucas asked about ways to increase energy efficiency and sustainability as buildings are renovated or decommissioned. Wheelock reported a focus on sustainability throughout the system, to mitigate the need for power. She commented on innovations in research spaces, as well as efficiencies in the footprint and design of specific buildings. Lucas stressed the need for action and urged serious consideration of alternative technologies such as solar power.

Regent Devine commented that many projects are underway on the St. Paul campus, mentioning research facilities development, the new Bell Museum, and development of the golf course. He added that the Facilities, Planning & Operations Committee has focused much effort on development in St. Paul.

Chair Johnson called on Colin Campbell, chair of the Faculty Consultative Committee, for his comments on the discussion. Campbell remarked on the challenge of connecting the biomedical district at the edge of campus to the academic health buildings in the heart of campus, expressing a desire for a better way to connect those facilities. He reported that the faculty's concerns include parking and proximity to their classrooms as well as spaces to gather and eat.

In response to a question from Regent Lucas, Wheelock reported that the University is considering future uses for the Murphy Warehouse site. She explained that the space is currently used for bookstore storage and could also be used for collections storage in the interim.

Regent Hsu asked about timing for acquisition of railroad land, and how that land might be used. Wheelock replied that parking or green space could be an interim use, but noted possible contaminants from railroad use. She added that no infrastructure or utilities are in place. Pfitzenreuter explained that many factors are involved in the acquisition – the land is located in multiple cities and under multiple jurisdictions, with a variety of companies involved in its ownership. Kaler emphasized the challenges involved in acquiring land from the railroads. He commented that he is optimistic about the land immediately north of campus, given the placement of the railroad tracks, and noted additional possibilities for connecting the Murphy Warehouse site to the rest of campus.

The meeting adjourned at 11:44 a.m.



**BRIAN R. STEEVES**  
**Executive Director**  
**and Corporate Secretary**

**UNIVERSITY OF MINNESOTA  
BOARD OF REGENTS**

**Facilities, Planning & Operations Committee  
February 11, 2016**

A meeting of the Facilities, Planning & Operations Committee of the Board of Regents was held on Thursday, February 11, 2016 at 1:15 p.m. in the West Committee Room, 600 McNamara Alumni Center.

Regents present: David McMillan, presiding; Thomas Anderson, Thomas Devine, Dean Johnson, Peggy Lucas, and Darrin Rosha.

Staff present: President Eric Kaler; Vice Presidents Richard Pfitzenreuter and Pamela Wheelock; Interim Vice President Bernard Gulachek; Executive Director Brian Steeves; and Associate Vice Presidents Michael Berthelsen, Laurie Scheich, and Mike Volna.

Student Representatives present: Samantha Jensen and Chase Taylor.

**SCHEMATIC DESIGN:  
VETERINARY ISOLATION FACILITY – TWIN CITIES CAMPUS**

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

The schematic plans for Veterinary Isolation Facility – Twin Cities campus are approved and the appropriate administrative officers authorized to proceed with the award of contracts, the development of construction documents, and construction.

Vice President Wheelock invited Suzanne Smith, Assistant Vice President for Capital Planning & Project Management (CPPM), and Dean Trevor Ames, College of Veterinary Medicine, to present the schematic plans, as detailed in the docket.

Ames shared the project rationale, stating that the existing facilities are inadequate, do not comply with code, and constrain research. He noted that the new facility would support a growing emphasis on infectious disease research, allow collaboration among University departments, and ensure year-round research. Smith detailed the project description, noting that the total cost is estimated at \$29.5 million with an anticipated completion date of December 2017. She also presented the site plan, floor plan, and exterior design.

Regent Lucas expressed her appreciation for having the building's carbon footprint included in the project description.

Regent Devine asked if the federal Food and Drug Administration or U.S. Department of Agriculture (USDA) was expecting this type of facility to perform infectious disease research. Ames responded that the new building will allow the University to perform research on a number of infectious diseases that the current facility does not allow. He added that while this facility would not hold the highest isolation accreditation, the University already works with USDA researchers at a facility in Ames, Iowa, to perform higher isolation research.

Regent Rosha wondered if there is anything the college would have liked to include in the building that was not due to budget constraints. Ames responded that upgrading the facility to the highest level of isolation was a possibility, but it would double the annual operating budget for the facility. Given that expense and the fact that the USDA facility in Ames has the highest level accreditation, it was decided that the extra cost was not worth the added research that could take place onsite. Rosha commented that as long as the faculty agreed with using the USDA facility in Ames, he was comfortable with the schematic design.

The committee voted unanimously to recommend approval of the schematic plans for the Veterinary Isolation Facility – Twin Cities campus.

### **UPDATE ON JOINT VENTURE ACTIVITIES**

Regent McMillan invited Vice President Pfutzenreuter; Susan Carlson Weinberg, Director of Real Estate; and Monique MacKenzie, Director of Planning, to update the committee on joint venture activities with United Properties, as detailed in the docket.

Pfutzenreuter outlined the background and benefits of the partnership, and defined for the committee how the University enters into public-private partnerships. He indicated that the University retains a defined role in all or some aspect of ownership or regulation, and has the ability to seek remediation of non-performance. Pfutzenreuter stated that the partnership is designed to leverage the skills and assets of each party, with appropriate sharing of risks and rewards.

Weinberg reviewed the history of the partnership. She noted that the property was put on the market in June 2013. The University made an offer, but was outbid by United Properties. Given the University's ownership of parking lots on the north side of the block, United Properties and the University agreed to enter into a joint venture, creating 2407 University Investment LLC. United Properties controls 51 percent of the jointly owned site; the University controls 49 percent. The University maintains full control of the other adjoining sites, but is willing to combine those sites with the joint site to create a 6.5-acre site.

MacKenzie put the joint venture site into the context of its surroundings and neighborhood. She detailed the Prospect North neighborhood objectives, the opportunities and challenges facing the University and the neighborhood, and how the joint venture factors into campus planning. She noted that the joint venture is studying market demand in the area to define the project type and potential size, adding that a project would most likely include residential, retail, office, and hotel space. Pfutzenreuter commented that if the site were to include University office space, it would allow Facilities Management to eliminate current office space that does not meet the University's needs.

MacKenzie suggested that transportation infrastructure planning with landowners and other jurisdictions would be critical as the project moves forward. She explained that expanding Huron Boulevard would help to improve traffic flow and access.

In response to a question from Regent Rosha, Pfutzenreuter explained that the land fully owned by the University would be included within the joint venture, but how ownership of the land is maintained may depend on the use of the land. If the land is used for joint venture development, the University could maintain equity in the land and enter into a long-term lease. If the University were to transfer ownership of the land, it could trade it for increased equity in the joint venture. Wheelock added that the Board would need to approve the University giving equity in the land to the joint venture.

Rosha commented on the University seeking to collaborate on power systems with the city of Minneapolis. MacKenzie clarified that the University would collaborate as a landowner that

would generate demand and create viability for the creation of additional power system infrastructure. She added that there has been no discussion on who would finance the additional infrastructure, nor has the University indicated any desire to do so.

In response to a question from Roshia, MacKenzie responded that the joint venture would work with the anticipated tenant or tenants to design a project and facility to meet their needs. In response to another question from Roshia, MacKenzie indicated that Minneapolis would be interested in development of the Prospect North area but has taken a low-key approach to the grassroots organization within the neighborhood. Roshia commented that this may be an opportunity to partner with the city to develop the area.

Regent Devine remarked that this discussion aligns with the Board's 2015-16 priorities and highlights the need to ensure that transportation infrastructure is created to enable the increased density being proposed. He wondered if this project would be added to the University's heating and cooling system. Wheelock responded that it is too early to tell, and noted the desire for a system in that part of campus in the future.

### **LONG-RANGE CAMPUS PLANNING: UNIVERSITY HOUSING**

Regent McMillan invited President Kaler, Vice President Wheelock, Vice Provost Robert McMaster, Assistant Vice President Brian Swanson, and Laurie McLaughlin, Director of Housing and Residence Life, to discuss long-range campus planning for University housing on the Twin Cities campus, as detailed in the docket.

Kaler connected this presentation with previous discussions by the Board and committee. He stated the important role that housing plays in the lives of first- and some second-year students. He noted that the Twin Cities campus offers the most affordable housing in the Big Ten, but is facing significant capital needs. He offered his appreciation that members of the Board have challenged the administration to think more deeply about this topic and expressed that he shares their passion.

Wheelock reminded the committee of the role of housing and outlined the assumptions underlying the housing strategy framework. She reviewed the supportive services matrix and offered context regarding development within the neighborhoods around campus. She stressed that the University has valued affordability.

Swanson reviewed the past 25 years of campus housing. He outlined enrollment and housing trends, defined the economics of housing, and showed the relationship between tuition and room and board. Swanson described the current housing stock, indicating that residence halls on average are in better physical condition than academic and research facilities. He updated the committee on the current public-private partnerships and the possibility of master leases of private apartment buildings that would give the University flexibility as demand and housing stock change.

McMaster summarized the proposed enrollment strategy. He reminded the committee that students who lived in University housing have increased retention rates, higher 4-year graduation rates, and higher grade point averages. McMaster stressed the connection between academic success and residential housing.

McLaughlin outlined the 30-year vision and proposed housing locations along the Mississippi River. She offered that a riverfront housing neighborhood would meet expected enrollment growth while creating a community experience for first-year students. Centennial and Territorial residence halls would be demolished and replaced with other buildings.

The committee engaged in a conversation on University housing, discussing how enrollment impacts housing, the desire to keep students in University housing through their second year, the role of public-private partnerships, housing guarantees for students, the trade-off between affordability and increased supply, expansion of the Greek loan program to housing owned by other student groups, student frustration with what they perceive as low-quality housing, and the appropriateness of establishing a residency requirement.

### **OPTIMIZING OUR PHYSICAL ASSETS: IT NETWORK INFRASTRUCTURE REFRESH AND ISSUES RELATED TO CYBERSECURITY**

Vice President Wheelock introduced Interim Vice President Gulachek; Brian Dahlin, Chief Information Security Officer; and Kemal Badur, Senior Director for Infrastructure and Operations, to discuss the proposed information technology (IT) network infrastructure refresh and issues related to cybersecurity, as detailed in the docket.

Gulachek outlined the overview, history, and context of the current IT network infrastructure. He noted that the goal is to maintain a network that is right-sized to meet current and future demands, while ensuring stability and security. He defined usage requirements, highlighting a significant increase in demand from 2010 to 2015.

Gulachek compared the composition of the network from 2005 to 2015 and offered projections for 2025. He shared Wi-Fi usage trends, explaining that the Office of Information Technology (OIT) has seen a decrease in wired Internet access while Wi-Fi Internet access has significantly increased due to the prevalence of mobile devices and the use of multiple mobile devices per individual account.

Gulachek described the usage trends in research. He noted that current research is more data-intensive due to the proliferation of digital technologies. The movement toward collaboration both within and outside of the University is requiring researchers to move large quantities of data across networks. Gulachek emphasized that this type of data movement requires significant bandwidth.

Badur discussed the need for a stable, reliable network. He noted that the current network is now beyond its predicted lifespan, with some components nearing the end of usefulness with no replacements available. The new network will be built for a 10-year lifespan.

Dahlin detailed how the new network will ensure security with advanced infrastructure. He noted its advanced intrusion detection, denial-of-service attack defense, updated firewalls for the data center, and other security capabilities.

Gulachek outlined the estimated cost of the upgrade, highlighting \$19.075 million for security. He stressed that this is only an estimate, having just started the bidding process.

Regent McMillan wondered how to confirm if this is the right security strategy. Gulachek responded that OIT interacts with peers across the Big Ten to collaborate and learn from what they are doing. He emphasized that OIT also turns to experts in the field to validate the University's strategies.

In response to a question from Regent Johnson, Dahlin agreed that there is an arms race in cybersecurity and no system is able to completely control for all risks and possible intrusions. He stressed the importance of due diligence to mitigate the most significant risks.

## REAL ESTATE TRANSACTIONS

### **A. Amendment to Phased Aggregate Mining Lease with Dakota Aggregates, LLC covering 1,722 Acres in Rosemount and Empire Township, Dakota County – UMore Park**

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

On recommendation of the President and the Vice President for University Services, the appropriate administrative officers are authorized to execute the proposed second amendment to the lease with Dakota Aggregates LLC for aggregate mining at UMore Park:

Vice President Wheelock explained the amendment as follows:

- The second amendment to the Dakota Aggregates phased aggregate mining lease will delay mining on certain parcels in Empire Township included in the leased premises to allow continued use by the College of Food, Agricultural, and Natural Resource Sciences for agricultural research purposes; extend the lease term by 20 years; and modify the Initial Advanced Minimum Royalty amounts related to the delayed mining.
- Basis for Request: The University now desires to retain the use of certain portions of the leased premises in Empire Township for agricultural research purposes beyond the dates anticipated when the 2011 lease and previous amendment and letter agreement were executed, and in exchange, Dakota Aggregates has requested a 20-year extension of the lease to provide additional time for completion of its mining activities in Empire Township.
- Detail of Transaction: The second amendment to the Dakota Aggregates lease will modify the June 8, 2011 lease to extend the lease term for mining in Empire Township for 20 years, expiring June 30, 2073. The Operations Plan and accompanying Phasing schedule for the Empire Township property will be revised to delay mining of portions of the leased premises located in Empire Township to 2017 for 166.1 acres, to 2030 for 301.34 acres, and to 2040 for 240.12 acres. The Initial Advanced Minimum Royalty amounts to be paid by Dakota Aggregates will be revised, base royalty adjustments will be made every 5 years by escalator, agreement or arbitration for lease years 11 through 60, the University's use of the ROC building will end December 31, 2016, and the Dakota Aggregates and University annual meeting will now occur in October of each Lease Year.

Wheelock indicated that there had been no changes to the amendment since the committee reviewed it in December.

The committee voted unanimously to recommend approval of the second amendment to the lease with Dakota Aggregates LLC for aggregate mining at UMore Park

### **B. Sale of 36.87 Acres, Carlton County – Cloquet Forestry Center**

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

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

- The subject property consists of 36.87 acres of vacant land. The property is located approximately three (3) miles east of the Cloquet Forestry Center. The property is low, wet ground with no road access and a railroad track cutting through the western part of the property.
- Basis for Request: In May 2002, the Board of Regents reviewed a plan to offer for sale a number of parcels assigned to the Cloquet Forestry Center located in Carlton and Lake of the Woods Counties totaling 475 acres. The properties were then offered for sale to the State of Minnesota, and the county and municipality or township within which the property is located. As a result of that offering, Carlton County purchased 123.64 acres. The remaining parcels were then offered for sale by public bid. The subject property is one of three parcels that remained unsold following the public bid offering. These three parcels have been marketed since that time on the University's Real Estate Office website. The buyers recently offered to purchase the property for the advertised price.
- Detail of Transaction: The sale price is \$7,400, with the buyers paying all closing costs to complete the transaction. The buyers have requested that closing occur immediately after the February 2016 Board meetings.

The committee voted unanimously to recommend approval of the real estate transaction for the sale of 36.87 Acres, Carlton County to Daniel and Gina Brethorst.

### **NEIGHBORHOOD SAFETY UPDATE**

Regent McMillan invited President Kaler, Vice President Wheelock, and Chief Matt Clark, University of Minnesota Police Department (UMPD), to update the committee on neighborhood safety.

Wheelock reported that University Services has been working over several years to improve the safety of students on and off campus. She highlighted the focus on education for students, improved enforcement, better engagement, and changes to infrastructure to increase lighting and camera coverage.

Clark stated that his philosophy to counter crime is to catch the robbers. To do that, UMPD is working with the Minneapolis Police Department to track down the perpetrators and feels there is good evidence to pursue those involved in recent incidents. He explained that statistical data for the 2<sup>nd</sup> Precinct of Minneapolis, which includes the University area, shows a more than 100 percent increase in robberies from the previous year. Clark noted that often one or two teams of individuals commit these types of crimes. He shared his belief that the perpetrators are not targeting students, but rather those easiest to target. He noted that UMPD has increased patrols and is working closely with Minneapolis to coordinate efforts.

Clark stressed that UMPD is focusing on fair and impartial policing balanced with enforcement and investigation. Wheelock added that a placeholder for two additional officers is included in the proposed operating budget framework for next year.

McMillan thanked Wheelock and Clark, noting the importance of receiving an update given the recent increase in incidents near campus.

In response to a question from Regent Devine, Clark agreed that there is always room for educating students. He noted that students do educate themselves and look out for each other, but added that UMPD and the Office for Student Affairs strive to reinforce the message of safety. He stressed that he would first prioritize criminal investigations, then high-visibility patrols, physical security, and student education.

Rosha referenced recent conversations he has had or heard about with community members and state leaders who expressed concern about sending their students to the Twin Cities campus given the recent safety issues. He wondered if the University tracks the impact of crime on student academic performance and retention, noting that it may be a question better posed to the Provost's Office. Rosha asked Clark what one resource he wished he had at his disposal to improve safety. Clark responded that while he could wish for a number of resources, the addition of two beat officers is an important first step. He explained that the perception of safety is key, and that creating a positive perception needs to be the focus of a comprehensive campaign to students, faculty, staff, and visitors. With a multi-faced approach and a strong connection between UMPD, other security officers, and students, Clark expressed his belief that security and the perception of security would increase.

Kaler agreed with Clark and Wheelock and thanked them for their work. He emphasized that the key elements to ensure safety are educating students, effective enforcement, and arresting perpetrators. He stressed that progress is being made in all areas.

### **INFORMATION ITEMS**

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

- Annual Update on Sustainability Efforts in Facilities, Planning, and Operations
- Final Project Review: Minnesota Poultry Testing Lab (West Central ROC)
- Final Project Review: Bell Museum (Twin Cities Campus)
- 2015 State Capital Appropriations Report

The meeting adjourned at 3:21 p.m.



**BRIAN R. STEEVES**  
**Executive Director**  
**and Corporate Secretary**

**UNIVERSITY OF MINNESOTA  
BOARD OF REGENTS**

**Faculty & Staff Affairs Committee  
February 11, 2016**

A meeting of the Faculty & Staff Affairs Committee of the Board of Regents was held on Thursday, February 11, 2016 at 1:15 p.m. in the East Committee Room, 600 McNamara Alumni Center.

Regents present: Patricia Simmons, presiding; Michael Hsu, Richard Beeson, Linda Cohen, and Abdul Omari.

Staff present: Chancellor Stephen Lehmkuhle; Senior Vice President and Provost Karen Hanson; Vice Presidents Katrice Albert and Kathryn Brown; and Executive Director Brian Steeves.

Student Representatives present: Nikki Ripp and Cory Schroeder.

**COLLECTIVE BARGAINING AGREEMENTS WITH AFSCME LOCALS 3800 & 3801,  
AFSCME LOCAL 3260, AFSCME LOCALS 3937 & 3801, AND TEAMSTERS LOCAL 320**

Regent Simmons invited Vice President Brown and Patti Dion, Director of Employee Relations, to present the following collective bargaining agreements, as detailed in the docket:

- AFSCME Locals 3800 and 3801 Clerical, Unit 6
- AFSCME Local 3260 Health Care, Unit 4
- AFSCME Locals 3937 and 3801 Technical, Unit 7
- Teamsters Local 320 PELRA, Unit 3

Dion summarized each collective bargaining agreement, noting their similarities and differences. Each is a two-year, mature contract covering July 2015-June 2017. The contracts provide the terms of employment for over 4,050 employees who are clerical, health care, technical, service and maintenance workers on all five campuses. The contracts also include an agreement to a single health insurance plan, and changes to the parental leave program that enable birth mothers to use four weeks of paid parental leave in place of sick time.

In response to a question from Regent Beeson, Dion noted that AFSCME and Teamsters will receive 1.5 percent and 2 percent overall salary increases, respectively, due to the inclusion of step increases. This compares to 2-2.5 percent salary increases offered generally by public employers. Following a second question from Beeson, Dion replied that the compensation packages are commensurate with those in the public sector and include no health insurance premium increases. Beeson inquired about universal employee eligibility and the length of paid parental leave, and Dion explained that all employees above a certain hourly threshold qualify for the benefit. Brown distinguished the University's maternal-specific leave policy from the Governor's recent proposal to extend a 6-week parental leave policy for men and women.

For each of the four collective bargaining agreements, a motion was made and seconded, and the committee voted unanimously to recommend approval.

## **CONSENT REPORT**

Regent Simmons invited Vice President Brown to present the Consent Report for review and action, which included the following items:

- Granting of faculty emeritus status to Dr. Daniel Zismer.
- Conferring tenure for Mary Fran Tracy.

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

## **HIRING TOP TALENT**

Regent Simmons invited Vice President Brown to present on the University's strategy for hiring top talent, as outlined in the docket.

Brown provided an overview of the University's strategic goals to address grand challenges, embrace excellence, and recruit field-shaping faculty. She reviewed a list of recent job openings by employee group and campus, noting efforts to create an inclusive and unbiased atmosphere that is welcoming to a diverse candidate pool.

Brown outlined a four-phase process that provides a roadmap for consistent, equitable and fair hiring practices system-wide. She described steps to launch the process and recruit, evaluate and select the most qualified candidates. She also highlighted special considerations such as internal versus external candidate selection, cultural fit, and factors specific to various hiring classifications. Brown additionally described a process map employing the four phases.

Regent Hsu asked about the distinction between internal and external student hires. Brown asked Laura Negrini, Director of Graduate Student Hiring, to respond. Negrini stated that newly hired students are defined as external in contrast to those hired from within the University; Brown added that movement between departments is common and classified as internal hiring. Simmons clarified that all of these student hires are from within the University system, and Hsu suggested that this method skews the data on total number of external hires. Brown agreed, noting that the goal is to understand current practices to inform intentional selection and achievement of desired external and internal hiring levels. Simmons and Hsu recommended that student numbers be separated from overall hiring totals, and Brown agreed.

Hsu requested information about methods to ensure satisfactory levels of diversity within candidate pools. Regent Omari asked how those procedures ultimately affect hires. Brown described a process for ensuring that the composition of candidates considered for a position matches an analysis of statewide diversity levels within each particular job classification. She added that search committee members are beginning to receive training to address implicit bias, with the goal to provide an equal opportunity to all qualified candidates.

Regent Hsu asked about actions to bring the University's hiring closer to the state's level of diversity. Brown invited Katrice Albert, Vice President for Equity and Diversity, to respond. Albert explained that the University's process is about establishing a culture, not about setting hiring quotas. She talked about focusing on candidate sourcing and establishing a robust pool of diverse candidates for interviews. Albert noted that the University has improved in this area, allowing for increased numbers of underrepresented groups to be selected for jobs.

Regent Cohen inquired how soft skills are assessed during the hiring process. Brown responded that job descriptions identify such items as collaboration, leadership and communication skills, and that the interview process is designed to draw out these characteristics. Research-based assessments are also conducted by psychologists for some

positions, with the Office of Human Resources (OHR) and Office for Equity and Diversity (OED) working collaboratively on these efforts.

Omari noted the intersection of this top talent discussion with the Twin Cities strategic plan and recent Finance Committee discussions, questioning whether staff receives adequate training to be promoted as top talent. He also inquired about the level of hiring decentralization. Brown responded that all positions move through the Office of Human Resources for classification and posting and are forwarded to appropriate appointing authorities, where the process becomes more decentralized. She noted that the University has improved efforts to train and promote internal candidates, using succession management tools to create pools of capable candidates.

Beeson stated his preference for standardized assessment tools within the University's decentralized system, requesting additional future conversation on this topic. He suggested an increased use of private sector participation in the hiring process. Simmons commented that high-level searches incorporate the practice of using private sector participation already. Brown concurred that this is standard practice, while not mandated.

In response to a question from Student Representative Schroeder, Brown explained that most assistant professors are external hires and that there is no established pathway for post-doctorate promotion to those positions. Albert noted that a bridge program exists to target and increase diversity within pre-doctoral programs.

Simmons complemented OHR and OED for aligning their hiring efforts to meet strategic objectives, increase diversity, and attract top talent.

### **EMPLOYEE VALUE PROPOSITION AND TOTAL REWARDS STRATEGY**

Regent Simmons invited Vice President Brown to present on the employee value proposition and total rewards strategy, as detailed in the docket. Brown introduced Kenneth Horstman, Director of Total Rewards, and Mary Rohman Kuhl, Director of Compensation.

Kuhl defined the employee value proposition broadly as the elements received and delivered by University workers, including mission, purpose, values, culture, and the full portfolio of the institution's total rewards program. She discussed the factors for successful employee engagement, including the strength and fit of staff to the mission, environment and culture, and competitive rewards. She noted the importance of the University's brand in attracting and retaining top talent and achieving the University's strategic goals.

Horstman pointed to the link between the employee value proposition and the role that staff play as ambassadors for the University. He highlighted the strategic goals to address grand societal challenges, support excellence and reject complacency, recruit and retain field shaping researchers and teachers, establish a culture of reciprocal engagement, and capitalize on the unique location of the Twin Cities campus. Horstman also introduced a four-step employee value proposition process.

Regent Hsu asked for an explanation of the Merit Pay Program. Horstman provided historical context and an overview of current practice, which provides an average level of financial resources to each department for performance-based merit increases. In response to a question from Hsu regarding the uniformity of distributions, Brown explained that various units use a range of evaluation tools, which results in a variety of merit pay allocations.

Regent Omari asked about the influence of a single lever on employee decision making, using the Affordable Care Act and its effect on the University's health benefit as an example. Brown responded that a variety of changes can be affected by various levers, emphasizing link to

mission as most impactful. Horstman noted the significant impact of the University's reputation as an employer offering an attractive health plan.

Regent Beeson voiced concern about a lack of standardized evaluation assessment tools. Regent Simmons pointed to the Mayo Clinic's similar individualized process. Brown described OHR's efforts to assist in the development of localized evaluation tools without prescribing a single standard. Simmons concurred with Beeson that a standardized tool provides an objective and consistent assessment, and Brown agreed that equity and fairness is also an outcome.

## **2015 EMPLOYEE ENGAGEMENT RESULTS AND ACTION STEPS**

Regent Simmons invited Vice President Brown to present a report on the results of the 2015 Employee Engagement survey, as detailed in the docket. Simmons introduced Connie Delaney, Dean of the School of Nursing, then handed the gavel to Vice Chair Hsu and left the meeting for another engagement. Brown introduced Brandon Sullivan, Director of Leadership and Talent Development, to present the engagement results with Delaney.

Sullivan provided an overview of the survey administration process, key metrics, and strategic priorities. He described increased survey participation, faculty- and staff-specific results and areas of greatest change, and employee engagement strengths and opportunities. Sullivan noted that the University has a highly committed and dedicated workforce and that faculty scores increased most in areas.

Delaney described how survey results for the School of Nursing exceeded those from 2013 across the board, noting significant increases in areas of commitment and dedication. She relayed steps taken to address negative outcomes from the initial survey, including the introduction of listening sessions, development of work teams, creation of new training and multi-year contracts, clarification of benchmarks, and workload reductions.

Brown noted Delaney's courage in addressing staff-identified problems. Regent Cohen concurred, commenting on the significance of follow-up and action to positive results.

Regent Omari asked about the ability to drill deeper into the data. Sullivan responded that the University owns the data and can provide additional analysis as requested.

In response to a question from Beeson, Brown reported that OHR works with units, when invited, to assist with engagement activities. She acknowledged that follow-up is not required and there are no disciplinary actions for inaction. Beeson wondered about OHR's interest in following up with unsatisfactory responses. Brown explained that a planned year-long break in the survey's administration will allow for such additions to the survey process.

## **INFORMATION ITEMS**

Vice President Brown referred the committee to the information items. She highlighted the Workforce Metrics Report, which includes updates from the ninth payroll of the 2015-16 fiscal year. Regent Omari thanked Brown for a third year of comprehensive reporting on workforce metrics, noting the utility of the collected and analyzed data to strategic staff placement.

The meeting adjourned at 3:14 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" and "S".

**BRIAN R. STEEVES**  
**Executive Director and**  
**Corporate Secretary**

**UNIVERSITY OF MINNESOTA  
BOARD OF REGENTS**

**Audit & Compliance Committee  
February 11, 2016**

A meeting of the Audit & Compliance Committee of the Board of Regents was held on Thursday, February 11, 2016, at 3:30 p.m. in the West Committee Room, 600 McNamara Alumni Center.

Regents present: Peggy Lucas, presiding; Richard Beeson, Michael Hsu, and Abdul Omari.

Staff present: President Eric Kaler; Senior Vice President and Provost Karen Hanson; Vice Presidents Katrice Albert, Kathy Brown, Brian Herman, Brooks Jackson, and Richard Pfutzenreuter; Interim Vice President Bernard Gulachek; Executive Director Brian Steeves; and Associate Vice Presidents Terry Bock, Gail Klatt, and Michael Volna.

Student Representatives present: Dalton Javener

**EXTERNAL AUDITOR'S REVIEW OF COMPLETED AUDIT WORK  
AND NCAA AGREED-UPON PROCEDURES**

Regent Lucas invited Associate Vice President and Controller Volna to introduce the external auditor's review, as detailed in the docket. Volna introduced Katie Knudtson from Deloitte and Touche LLP (Deloitte), noting that this report completes the annual audit cycle provided by Deloitte.

Knudtson provided an overview of the results of the four remaining 2015 audits. She noted that the Federal A-133 compliance audit of the University's federal expenditures had been concluded and reported in December 2015 with no significant findings. Knudtson summarized the outcomes of the Minnesota Office of Higher Education financial aid programs examination, highlighting one remedied finding at Duluth involving a student who received aid prior to approval. She provided results of student fee-funded organizations, describing findings consistent with prior years with regard to deficient account reconciliation and documentation.

Knudtson also provided a report on NCAA agreed-upon procedures. She noted two findings related to financial recording practices for non-University events at TCF Bank Stadium, and two findings involving financial aid practices linked to student athlete aid recipients.

Regent Omari asked about efforts to improve student organization accounting procedures. Knudtson responded that while training has been delivered, student turnover presents an ongoing barrier to significant change. Omari asked about one of the student athletes noted in the findings. Knudtson reported that eligibility for the student's athletic scholarship had expired during the student's fifth year.

Regent Hsu commented that the overall report findings, and specifically the student fee and NCAA reviews, appeared to be minimal. Knudtson concurred, noting that these minor findings were the first in several years and presented no concerns.

## **UPDATE ON IMPLEMENTATION OF THE HUMAN RESEARCH PROTECTION PROGRAM WORK PLAN**

Regent Lucas invited Vice President Brian Herman to provide an update on progress made since December 2015 on the Human Research Protection Program work plan, as detailed in the docket.

Herman introduced Paul Mattesich, Executive Director of Wilder Research and Chair of the Community Oversight Board, and offered a brief history of steps leading to the creation of that oversight board. Mattesich shared highlights from the group's first meeting, where members were oriented to their charge and discussed their role as an independent body focused on remedying identified weaknesses in the Human Research Protection Program.

Regent Beeson commented on the strong reputation the Wilder Foundation brings to this work. President Kaler expressed his gratitude to Mattesich for his leadership with the oversight board.

Herman highlighted a number of updates:

- Departmental review replaced with a new Human Research Protection Program process designed to eliminate real or perceived conflicts.
- Annual research ethics conference launched.
- The first of three phases completed toward building an Institutional Review Board (IRB) system to accelerate researcher review and ensure proper documentation.
- Conflict of interest work team produced a proposal for upcoming University Senate review.
- New monthly newsletters and workshops initiated to provide updates to the research community.
- Fairview University Research Oversight Committee reconstituted to include its medical officer and M Health's chief nursing executive.
- Compass Point Research engaged to conduct a random review of active studies.

Herman added that Legislative Auditor Jim Nobles will be initiating a follow-up review to his earlier report.

Herman introduced Vice President Brooks Jackson to present on items related to the Department of Psychiatry and continued monitoring of clinical trials. Jackson reported that the Clinical and Translational Science Institute (CTSI) continued its evaluation and management of drug and device trials in psychiatry, and hired Clinical Research Clients Consulting (CRCC) to inform the development of a management plan and make recommendations. Jackson noted that CRCC's findings validated internal monitoring and that the University is aggressively investigating specific CRCC findings for corrective action, reminding the committee that a final report was distributed to Regents on February 10.

In response to a question from Regent Omari, Jackson noted that the final CRCC report was delivered to CTSI in January.

Regent Hsu expressed concern about the University's ability to fix all of the problems identified in CRCC's report. Jackson acknowledged Hsu's concern, but offered that some of the more serious concerns were unfounded. He noted that issues related to uncorrected documentation practices were immediately investigated, with such actions taken as additional training and ongoing monitoring by several teams.

Regent Beeson expressed the need to ensure zero tolerance for any exceptions to best practices, which Jackson affirmed.

In response to a question from Regent Omari, Herman stated that Compass Point randomly selected 100 trials, but he was unsure of the total number of all Psychiatry Department trials reviewed. He explained that some trials are survey or behavioral in nature compared to the highest-risk trials involving drugs or interventions, which were suspended and outsourced to an independent, nonprofit IRB one year ago. Herman added that ongoing trial monitoring is provided by IRB review and CTSI.

### **UPDATE ON IMPLEMENTATION OF INTERCOLLEGIATE ATHLETICS RECOMMENDATIONS**

Regent Lucas invited President Kaler and Vice Presidents Albert, Brown, and Pfutzenreuter to provide an update on the implementation of intercollegiate athletics recommendations, as detailed in the docket.

President Kaler provided an overview of the external review of the Department of Intercollegiate Athletics on the Twin Cities campus (Athletics) and its recommendations, previously delivered to the Board. He reminded the committee that the results of an Athletics financial management internal audit also were shared at an earlier meeting.

Kaler reported that his action plan charged Albert with developing an implementation plan to address recommendations related to the Office of Equal Opportunity and Affirmative Action; aligning that plan with work underway to implement the University's resolution with the Office of Civil Rights; and recommending system-wide policy changes.

The action plan charged Brown with proposing a plan for the search for the next Director of Intercollegiate Athletics (AD), including recommendations on use of a search firm, size and scope of the search committee, and the vetting process. Kaler added that Brown was charged with working with Pfutzenreuter to examine reporting relationships for the Athletics Chief Financial Officer (CFO) and appropriate financial oversight.

Kaler reported that his plan charged Pfutzenreuter with chairing a financial oversight committee to ensure good financial controls, ensure that policies and procedures are understood and adhered to, strengthen the culture of financial compliance, and strengthen protocols for procuring alcohol for Athletics functions.

Kaler asked each of the vice presidents to speak on their work. Albert outlined the committee of faculty and administrators who helped shape the implementation plan. She noted that while the external review's recommendations focused on Athletics, the committee worked to expand the scope of responses system-wide in several areas. Albert highlighted increased accessibility to sexual harassment training. She noted that a new policy requires all advisors and staff with supervisory responsibility to report sexual assaults involving students. In keeping with the Office of Civil Rights recommendations, Albert pointed out that the policy should be expanded to include mandatory reporting of sexual harassment that they learn of involving students. The plan also calls for investment in software to provide timely automated updates, and requesting evidence of actions taken as a way to measure the outcomes of investigations.

Brown provided an overview of the AD search process and recommendations suggested by the external review. She highlighted action steps that include creating a larger search committee, using an RFP to select a search firm, clarifying roles and responsibilities with the selected entity, and seeking candidates' written disclosure about previous NCAA-related complaints. Brown recommended that the Athletics CFO should continue to report to the AD, with a dotted line to the University's CFO. She urged continued cross-functional financial oversight group efforts for one year after an AD is hired; creation of a policy requiring University financial officers to sign an annual financial certification; and involvement of the University's CFO in all decisions to discipline or involuntarily separate a campus, college or unit financial manager to protect against fear of retaliation.

Pfutzenreuter provided updates from the financial oversight committee's work. He reported on a risk-based review of Athletics around high-risk areas of travel, hospitality, and employee reimbursements. He noted that the Athletics financial staff role in review and approval has been strengthened, and that employee communications are underway to address questions about what exactly staff should be doing.

Pfutzenreuter explained the concept of an annual certification process for the approximately 50 system-wide financial managers with a dotted-line relationship to the CFO. Such a process is currently used by a number of Big Ten peers. Pfutzenreuter noted that among other things, as part of this process these staff would certify that their units were in compliance with University policies and internal controls related to payroll, benefits, purchasing and cash. He suggested that this process would help ensure financial accountability across the system.

Pfutzenreuter praised Interim Athletics Director Beth Goetz for her leadership during this time, calling a good "tone at the top" a fundamental, critical piece of this work. He noted the department's enthusiasm and willingness to change. Pfutzenreuter presented several additional ongoing tasks, noting significant overall progress but pointing out that much remains to be done.

Regent Hsu inquired about the reason for delivering sexual harassment training in the spring versus the fall. Regent Omari clarified that Hsu's question was in reference to student athletes. Lucas invited Goetz to respond. Goetz reported that sexual harassment training occurs for all freshmen student athletes and the department offers an all-student athlete training annually on a varied schedule. She additionally reported that each team receives individual training, which is coordinated with the Office of Equal Opportunity and Affirmative Action and timed to coincide as necessary with early arrival on campus, such as with football. In response to an additional question from Hsu, Goetz confirmed that student athletes who arrive on campus in January receive timely training.

Regent Hsu referenced the University of Illinois athletics director search and wondered if the University could enter into a similar agreement whereby a search firm would be compensated only for evaluating those candidates sourced by the University. Brown responded with her recommendation that a search firm be retained to expedite the process. She noted the University would negotiate a contract with reasonable costs and clear roles and responsibilities for each party. Hsu reiterated his belief that the University should not pay a search firm for work it conducts on its own; Brown agreed that this was reasonable and noted it would be kept in mind when negotiating the contract.

Regent Beeson shared his preference to have the Athletics CFO report directly to the University's Vice President for Finance and CFO, but offered that the proposed dotted-line arrangement works. He expressed approval of developing a process for certifying the 50 or so University chief financial managers to share in compliance responsibilities. He affirmed use of a search firm to select an AD, asserting that doing so will yield the best field of local and national candidates.

Regent Omari offered that the implementation plan is a thoughtful response to improving departmental practice. He highlighted mandatory reporting, financial certification, and the cultural and personal courage aspects of speaking out without fear of retaliation. Omari requested Klatt's feedback on the plans. She agreed with Pfutzenreuter's view of leadership's tone, and praised Athletics staff for a remarkable amount of demonstrated progress on plan implementation.

## **COMPLIANCE PROGRAM REVIEW PRELIMINARY RECOMMENDATIONS**

Regent Lucas invited Associate Vice President Klatt and Chief of Staff Amy Phenix to share draft recommendations regarding the University's compliance program, as detailed in the docket.

Phenix provided a brief overview, including the historical context that precipitated the review. She described the review's goals and the process for data collection, which included meetings with several Regents. She added that the University's compliance program – particularly the compliance partners model – does well in comparison to peer universities and the private sector, and that there is significant structural variation across programs.

Phenix identified three attributes identified as best practices in compliance programs: strong relationships between compliance staff and others across the organization; active engagement and support of the President; and program reviews for compliance. She reported that the University's peers were more likely to have oversight of administering compliance training across the organization; responsibility for a formal ethics program; and use a formal "chief compliance officer" title.

Klatt outlined the following key recommendations of the work group:

- Create a formal institutional ethics program.
- Create a system to inventory and monitor employee compliance training requirements.
- Conduct periodic program compliance reviews.
- Elevate the compliance director role to Chief Compliance Officer, position the role within the President's senior leader team, and eliminate the dotted-line relationship to the Office of the General Counsel.
- Continue semi-annual reporting to the Board's Audit & Compliance Committee and build in an annual meeting with the Board chair and with the Audit & Compliance chair.
- Maintain the compliance partners program and establish common understanding of responsibilities by entering into a Memorandum of Understanding (MOU) with each partner.
- Base the program on the nine core components of the federal sentencing guidelines.

Regent Beeson shared his belief that compliance partners should certify the past-year's results and wondered about the timing of the MOU being developed before year-end. He additionally stated his preference for keeping the compliance office tied to the Office of the General Counsel given conflict of interest concerns that arise, but expressed his general support for moving forward with other recommendations. Klatt responded that a process is already in place to ensure twice-annual reporting by compliance partners to the compliance office on emerging issues, and that the MOA structure is intended to clarify roles and responsibilities upfront. In response to an additional question from Beeson, Klatt indicated that compliance reports are issued and signed with great care.

Regent Omari expressed appreciation that the proposed MOU structure would largely continue the compliance partners model. He asked about human and technology resources needed to implement what was proposed; Klatt responded that the committee would hear more about that at a future date.

Regent Hsu asked about the cost and process for formalizing an institutional ethics program. Phenix responded that an additional communications staff member; training; and software focused on promoting an ethical atmosphere could likely be added without significant costs. Hsu asked for more information about the dotted-line relationship. Phenix responded that the dotted-line relationship between compliance and the Office of the General Counsel dates to the one-time belief that regulatory and legal issues would play a more prominent role in

compliance activities. Phenix noted that this structure is operationally problematic and creates a lack of clarity around roles and responsibilities. She added that the chief compliance officer should report directly and solely to the President. President Kaler agreed.

### **INTERNAL AUDIT UPDATE**

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

Klatt reported that her office is behind schedule in work plan completion due to additional time spent on investigations and projects related to the Athletics Department and Boynton Health Service. As a result, seven audits likely will be delayed. Since the last update to the committee, University departments implemented 41 percent of outstanding recommendations rated as essential, a notably higher rate than the previous two updates. Six units fully implemented all their remaining essential recommendations. Eight audit reports containing 59 recommendations rated as essential were issued in the last five months. Nine audits are in process.

Klatt noted that one of two financial auditors will retire in April, and another will leave due to spousal relocation. Progress is being made on filling these positions. She additionally noted that audits continue to identify vulnerabilities associated with information technology controls.

Regent Omari requested that a recommendation be brought to the committee regarding the number of Internal Audit staff and resources needed to catch up and adequately serve the schedule of audits. Klatt responded that this information will be included in the presentation of next year's plan to the committee.

### **INFORMATION ITEM**

Associate Vice President Klatt referred the committee to the information item contained in the docket materials:

- Report of engagements less than \$100,000 require after-the-fact reporting.

The meeting adjourned at 5:00 p.m.



**BRIAN R. STEEVES**  
**Executive Director and**  
**Corporate Secretary**

**UNIVERSITY OF MINNESOTA  
BOARD OF REGENTS**

**Litigation Review Committee  
February 11, 2016**

A meeting of the Litigation Review Committee of the Board of Regents was held on Thursday, February 11, 2016 at 3:30 p.m. in the East Committee Room, 600 McNamara Alumni Center.

Regents present: Thomas Devine, presiding; Thomas Anderson, Linda Cohen, Dean Johnson, David McMillan, and Darrin Rosha.

Staff present: General Counsel William Donohue and Executive Director Brian Steeves.

Others present: Arnie Frischman, Timothy Pramas, and Brian Slovit.

The meeting convened in public session at 3:30 p.m.

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

At 3:33 p.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, February 11, 2016 at 3:30 p.m. in the East Committee Room, 600 McNamara Alumni Center, for the purpose of discussing attorney-client privileged matters including the following:

- I. *Preeti Kaur Rajpal v. Regents of the university of Minnesota, Aaron L. Friedman*
- II. *University of Minnesota v. AT&T, et al.*
- III. *University of Minnesota v. MD Anderson*
- IV. *Miller, Banford and Wiles v. University of Minnesota*
- V. *Minnesota Alpha Chapter of Sigma Alpha Epsilon, on its own behalf and in its representative capacity for its members v. University of Minnesota*

The committee voted unanimously to adopt the resolution and the meeting was closed.

The meeting adjourned at 4:59 p.m.



**BRIAN R. STEEVES**  
**Executive Director and**  
**Corporate Secretary**

**UNIVERSITY OF MINNESOTA  
BOARD OF REGENTS**

**Board of Regents Meeting  
February 12, 2016**

A meeting of the Board of Regents of the University of Minnesota was held on Friday, February 12, 2016 at 8:45 a.m. in the Boardroom, 600 McNamara Alumni Center.

Regents present: Dean Johnson, presiding; Thomas Anderson, Richard Beeson, Linda Cohen, Thomas Devine, Michael Hsu, Peggy Lucas, David McMillian, Abdul Omari, Darrin Rosha, and Patricia Simmons. Laura Brod participated by phone.

Staff present: President Eric Kaler; Chancellors Jacqueline Johnson, Stephen Lehmkuhle, and Fred Wood; Senior Vice President and Provost Karen Hanson; Vice Presidents Katrice Albert, Kathy Brown, Richard Pfutzenreuter, Pam Wheelock; Interim Vice President Bernard Gulachek; General Counsel William Donohue; Executive Director Brian Steeves; and Associate Vice President Michael Volna.

**APPROVAL OF MINUTES**

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

Board of Regents Special Meeting – December 8, 2015  
Board of Regents Work Session – December 11, 2015  
Academic & Student Affairs Committee – December 11, 2015  
Finance Committee – December 11, 2015  
Facilities, Planning & Operations Committee – December 11, 2015  
Faculty & Staff Affairs Committee – December 11, 2015  
Audit & Compliance Committee – December 11, 2015  
Governance & Policy Committee – December 11, 2015  
Board of Regents – December 12, 2015

**REPORT OF THE PRESIDENT**

President Kaler reported on the importance of being a land-grant institution and the responsibility the University has to its students. He discussed several upcoming events that will address the strength of the University's curriculum and research priorities. Kaler reviewed the accomplishments of staff, students, and leadership at each of the system campuses. He stressed the importance of the upcoming legislative session and the budget requests that will be submitted by the University.

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

**REPORT OF THE CHAIR**

Chair Johnson reported on topics discussed at the Board's winter retreat. He highlighted several important priorities being addressed by the Board, including Twin Cities campus planning and the M Health partnership. He called on Regent Simmons to provide an overview

of the M Health work group's activities. Simmons discussed the group's recent work and outlined next steps in the integration process. Johnson announced the three members of the M Health 'nucleus board' to be appointed by the Board of Regents.

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

### **RECEIVE AND FILE REPORTS**

Chair Johnson noted the receipt and filing of the Annual Capital Financing and Debt Management Report.

### **CONSENT REPORT**

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

- Report of the All-University Honors Committee;
- Summary of Gifts through December 31, 2015;
- Summary of Expenditures;
- University of Minnesota Health Board of Governors.

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

### **2015 UNIVERSITY PLAN, PERFORMANCE, AND ACCOUNTABILITY REPORT**

Chair Johnson invited President Kaler and Senior Vice President and Provost Hanson to present the *2015 University Plan, Performance & Accountability Report* (Report) for action, as detailed in the docket. Hanson offered examples from the past year of how students, faculty, staff, and alumni helped fulfill the University's threefold mission of education, research and discovery, and outreach and public service.

Several Regents expressed appreciation to the Provost's Office for the significant work involved in producing the report.

A motion was made and seconded, and the Board of Regents voted unanimously to approve the *2015 University Plan, Performance & Accountability Report*.

### **RESOLUTION ON ENROLLMENT PRINCIPLES AND TUITION/AID PHILOSOPHY**

Chair Johnson invited Senior Vice President and Provost Hanson and Vice Provost and Dean of Undergraduate Education Bob McMaster to present for review the resolution on enrollment principles and tuition/aid philosophy, as detailed in the docket materials. Hanson and McMaster provided background and articulated the 10 points of the plan:

1. Modest total enrollment growth.
2. Admit for success. There is no single metric for acceptance – it is a holistic review with primary and secondary characteristics.
3. Affordability and access for Minnesota residents.
4. High-quality education and student experience. Housing is a key characteristic of the student experience.
5. Maintain a commitment to transfer students.
6. Value ethnic, social, economic, geographic diversity.

7. Support timely graduation.
8. Adjust enrollment levels and tuition rates to provide revenues.
9. Continue need- and merit-based aid programs.
10. Direct attention to workforce needs.

Regent Simmons commented that it is difficult for prospective out-of-state students and families to compare the University to other institutions. She observed that tuition is certainly an important factor, but that there are many additional factors beyond the sticker price. McMaster responded that overall, the University is considered a good value for non-resident non-reciprocity (NRNR) students. He noted that as NRNR tuition increases, the administration will need to pay close attention to the impacts on NRNR enrollment. Hanson added that the administration has heard much feedback from current NRNR students about the determining factors in their decision to attend the University. She noted that there is concern among the current student body about proposed increases to NRNR tuition rates.

Regent Beeson suggested that several segments of students need greater consideration: urban, rural, and highly prepared, private high school students. He argued that these groups are just as important to the University as other groups of resident students. He added that the goals of the proposed plan have costs and he does not feel there is adequate consideration of these costs, given the timing of the plan. Beeson suggested that the new expenses will need to be funded by tuition, unless external funding can be secured.

Regent Devine remarked that the most critical parts of the plan are student debt, housing and facilities, and a focus on transfer students. He commented that student fees can differ across the system, and these fees greatly affect the total cost of attendance. Hanson agreed that student fees are an important consideration. She added that fees support many valuable programs, but it is important to do so in a balanced way.

Regent Anderson commented that much of greater Minnesota is not being considered in recruitment. He noted that the University of North Dakota (UND) has a very high non-resident student body, given the reciprocity agreement with Minnesota. Anderson suggested a goal of reducing the University's resident tuition, while increasing net tuition for NRNR students.

Regent Cohen commented that the plan is reasonable. She stressed the importance of national and international students to the overall student experience, and suggested keeping the percentage of resident students attending the Twin Cities campus around 65 percent. Cohen disagreed that NRNR tuition should increase by 15 percent each year, even with planned annual monitoring. She asked for clarification on Big Ten data for new freshman receiving aid. McMaster responded that the metrics show cost of attendance minus gift aid for all students who receive any form of aid. He added that this is a standard national metric used across peer institutions. Cohen clarified that the data are not representative of the entire student body, only students who receive the gift aid, and McMaster agreed.

Regent Hsu remarked that the University should focus on creating value for Minnesota students. He added that debt reduction strategies are merely avoidance and suggested the best way to ease student debt is to lower tuition. Hsu expressed his belief that the total cost of attendance should be a priority. He added that he is comfortable with the proposed tuition increases and believes they could go up faster if discounting strategies are implemented. Hsu stated that the University emphasizes ACT scores far too much, which can make it difficult to achieve other goals such as increasing diversity.

Regent Lucas remarked that as the state's only research institution, the University should make excellence a top priority. She expressed dissatisfaction with the plan for increasing NRNR sticker price.

Regent Rosha noted that despite a drop in total dollars provided by the state, the University is still better supported than its peers. He cautioned that a model of high resident tuition with

high discounts may not accurately factor in parent contributions for a given student. He voiced concern with high levels of student debt, noting its impact on career decisions. Rosha added that one of the reasons the University's net tuition is in the middle of the Big Ten is due to the poor quality of its housing. He asserted that students are getting less value in terms of housing. He stressed the importance to respecting the funding provided by the state, and making education more accessible for resident students.

Regent Omari commented that the transfer component of the plan is key and that he would like to see an increase in the Promise Scholarship program. He wondered whether STEM research, programs, and curriculum would still have as much demand in 30 years. He remarked on the importance of state funding, but added that much of that funding goes toward research and not necessarily to reduce tuition.

Hanson responded that the administration believes that the value of an education at the University is key. She remarked that there is a necessary balance of the University's ideals and the empirical factors of recruitment, adding that the dynamic is complicated and she appreciates the Board's comments.

McMaster disagreed that the ACT is a poor predictor of student success, emphasizing that a benchmark metric is needed to bring in a quality class. ACT scores are also used to compare the University to other institutions. McMaster reported that the administration is focused on rural and Greater Minnesota student populations, noting a slight increase in admissions from those groups. McMaster added that there is a growing collaboration with Minneapolis schools and greater focus on financial aid for lower-income students. He pointed out that state demographics should be carefully considered; fewer college-age students in coming years will affect future enrollment. He noted that the STEM facilities are being designed for multiple uses, not just those in STEM disciplines.

### **OPERATIONAL EXCELLENCE UPDATE**

Chair Johnson invited Vice President Kathryn Brown, Vice President Richard Pfutzenreuter, Interim Vice President Bernard Gulachek, and Associate Vice President Michael Volna to present an update on operational excellence (OpEx). The group provided an overview of progress made in the areas of human resources, finance and procurement, and information technology. They outlined changes in business processes and cost-saving initiatives across those areas, including information regarding recommendations from the June 2013 Huron Consulting Services report, and the status of the President's goal to reallocate \$90 million in administrative costs over six years.

Chair Johnson acknowledged Vice President Pfutzenreuter's upcoming retirement and thanked him for his years of service to the Board. Several Regents echoed Johnson's comments.

Regent Simmons applauded the improvement in HR management practices. She noted that the travel practice improvements represent a change, but will have a remarkable and positive effect. She observed that OpEx's goal seemed bold when first proposed, but has yielded great savings and reinvestment back into the University's mission.

Regent Beeson commented that annual reports should be maintained in the form of metrics and ways of measuring success. He noted the late Regent Larson's legacy regarding human resources given that people are so critical to the University. He suggested more standardization around the assessment and evaluation of metrics.

Regent Hsu asked about plans for cybersecurity improvements if the legislature does not grant the full budget request. Pfutzenreuter replied that without the full allocation from the state, the project may take longer and alternative strategies may be needed to meet the goals. He added that he is concerned about not getting the full amount.

## **REPORT OF THE FINANCE COMMITTEE**

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

1. Approval of the Consent Report for the Finance Committee as presented to the committee and described in the February 11, 2016 committee minutes.

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

Omari added that the committee also reviewed the finances of the Twin Cities athletics department; discussed the faculty retirement plan; received an analysis of cost of mission activities at the unit level; reviewed long-range financial planning for the Law School; and received several information items as outlined in the docket materials.

## **REPORT OF THE ACADEMIC & STUDENT AFFAIRS COMMITTEE**

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

1. The following University Progress Card metrics for Minnesota students:
  - i. The percent of Minnesota high school graduates who elect to attend college in Minnesota and enroll at the University as freshmen.
  - ii. The percent of University undergraduate students who are Minnesota high school graduates.
  - iii. The percent of freshmen enrolling who are Minnesota students.
2. Approval of the Consent Report for the Academic & Student Affairs Committee as presented to the committee and described in the February 11, 2016 minutes.

A motion was made and seconded and the Board voted unanimously to approve the recommendations of the Academic & Student Affairs Committee.

Cohen reported that the committee also received an update on the medical school; discussed the K-12 achievement gap; reviewed academic advising task force recommendations; and received several information items as outlined in the docket materials.

## **REPORT OF THE GOVERNANCE & POLICY COMMITTEE**

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

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

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

1. Collective Bargaining Agreement for AFSCME Locals 3800 and 3801 Clerical, Unit 6.
2. Collective Bargaining Agreement for AFSCME Local 3260 Health Care, Unit 4.
3. Collective Bargaining Agreement for AFSCME Locals 3937 and 3801 Technical, Unit 7
4. Collective Bargaining Agreement for Teamsters Local 320 PELRA, Unit 3.
5. Approval of the Consent Report for the Faculty & Staff Affairs Committee as presented to the committee and described in the February 11, 2016 committee minutes.

A motion was made and seconded and the Board voted unanimously to approve the recommendations of the Faculty & Staff Affairs Committee.

Simmons reported that the committee also reviewed employee engagement survey results and action steps; discussed hiring top talent; and received several information items as outlined in the docket materials.

## **REPORT OF THE FACILITIES, PLANNING & OPERATIONS COMMITTEE**

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

1. Approval of Schematic Design for the Vet Isolation Facility (Twin Cities) as presented to the committee and described in the February 11, 2016 minutes:
2. Approval of the following real estate transactions as presented to the committee and described in the February 11, 2016 minutes:
  - A. Amendment to Phased Aggregate Mining Lease with Dakota Aggregates, LLC covering 1,722 Acres in Rosemount and Empire Township, Dakota County – UMore Park.
  - B. Sale of 36.87 Acres, Carlton County – Cloquet Forestry Center.

A motion was made and seconded and the Board voted unanimously to approve the recommendations of the Facilities, Planning & Operations Committee.

McMillan reported that the committee discussed long-range campus planning; received an update on information technology infrastructure and cybersecurity; reviewed joint venture activities; and received several information items as outlined in the docket materials.

## **REPORT OF THE AUDIT & COMPLIANCE COMMITTEE**

Regent Lucas, Vice Chair of the committee, reported that the committee discussed the external auditor's review of audit work and NCAA agreed-upon procedures; received an update on implementation of the human participant research protection program work plan; reviewed compliance program recommendations; received an update on implementation of Intercollegiate Athletics recommendations; and received several information items as outlined in the docket materials.

## **REPORT OF THE LITIGATION REVIEW COMMITTEE**

Regent Devine, Chair of the committee, reported that pursuant to notice sent by the University, the Litigation Review Committee met on February 11, 2016. A resolution was considered and adopted that authorized the closing of the meeting. In the closed meeting a discussion was held on matters subject to the attorney-client privilege.

### **NEW BUSINESS**

#### **Administrative Restructuring**

President Kaler reported on a proposal to restructure the senior leadership of the University. He outlined the changes in reporting structure and relationships. He explained that he would like to proceed with restructuring and seek formal Board approval at the March Board meeting.

Regent Simmons noted that the plan provides needed support for the President and preserves direct reporting between the President and the chancellors, as well as a direct connection to the faculty.

Regent McMillan commented on several dotted-line reporting relationships, which he feels are never ideal. He added that dotted lines lead to dotted responsibility.

Regent Hsu agreed. He asked if the search for the new senior vice president of finance and operations would proceed before Board approval of the plan. Kaler expressed hope that there would be general support for the plan. If so, he indicated intent to develop the job description and establish a search committee. If there were Board opposition to the plan, he would seek a different approach.

Regent Omari appreciated that the vice president for equity and diversity, as well as the faculty, still have a direct relationship with the President.

#### **Resolution Related to Glensheen**

Chair Johnson called on Regent Devine to introduce the Resolution Related to Glensheen. The resolution was moved and seconded and Devine discussed the importance of the Glensheen estate to the University and the state. He noted that though the University has invested considerable private money into the property, necessary repairs may require additional funding from the state. He emphasized that the resolution does not displace funding requested as part of the six-year capital improvement plan or the state capital request.

Regent Simmons commented that she will not support the resolution because a highly thoughtful six-year capital plan has already been proposed. She expressed concern that supporting the resolution could send an inappropriate message to the legislature.

Beeson moved to amend the last paragraph of the resolution by changing the words “fully support” to “would accept.” The motion was seconded.

Regent Devine accepted the amendment and clarified that the resolution would not replace the six-year plan.

Regent Rosha added that the resolution is simply a statement of understanding that the legislature has the opportunity to provide the funds, and that the University feels there is value in supporting the asset of Glensheen.

Regent McMillan noted that museums present unique challenges, but added that Glensheen adds value to the University’s mission.

Regent Simmons observed that the University owns other museum facilities but that the funding has come from different means, adding that this method of seeking funding is unusual. She emphasized the importance of the language that the funding would not displace funding for other projects. She added that she is uncomfortable with this method of seeking funds, but would be willing to accept the money, should it be allocated.

The Board of Regents voted unanimously to adopt the resolution related to Glensheen, the Historic Congdon Estate, as follows:

WHEREAS, the Glensheen mansion and grounds in Duluth were donated to the University of Minnesota in 1979 by the Congdon family with the charge that this historic home be preserved and cared for; and

WHEREAS, under the management of the Duluth campus (UMD), Glensheen has become the state's most visited historic home and an important gathering place for Northeast Minnesota communities while also serving to advance the education, research, and outreach missions of the University; and

WHEREAS, strong attendance and improved programming in recent years have enabled UMD to improve revenues to a point where essential operating expenses are met; and

WHEREAS, the University has invested significant resources from private donations and endowment earnings in Glensheen operations and maintenance since it was accepted by the Board of Regents on February 9, 1979; and

WHEREAS, Glensheen still has significant and increasingly urgent deferred maintenance issues that need to be addressed; and

WHEREAS, since this beautiful home belongs to all Minnesotans, the Board of Regents has fiduciary responsibility to look for opportunities to expand the financial resources available to maintain it;

NOW, THEREFORE, BE IT RESOLVED, that while Glensheen is not included in the University's current Six-Year Capital Improvement Plan or State Capital Request, the Board of Regents would accept new state investment in this facility as long as it does not displace other priorities that have been endorsed by the Board, notwithstanding the Board's January 9, 1981 resolution restricting use of General Operations & Maintenance (O&M) Fund resources in support of Glensheen.

### **System-wide Strategic Planning**

Regent Rosha commented that the lack of a system-wide strategic plan has made it difficult for him to consider actions over the past year. He asked the administration to develop such a plan, which could be used to gain support from the legislature and community.

President Kaler replied that he takes seriously the suggestion for stronger system-wide planning and reported that a planning framework needs to be established.

Regent Beeson suggested that the Board discuss the concept at one of its upcoming work sessions. He added that the Board already considers existing plans and how the budget requests fit into that framework.

Regent McMillan agreed that a system-wide strategy is necessary. He remarked that the enrollment plan reviewed earlier did not have a great enough emphasis on the total University system in that it focused primarily on the Twin Cities campus.

Regent Cohen agreed that the full Board should discuss the issue and ensure majority support before setting it as a priority.

Kaler proposed bringing a plan to the Board in March.

### **Athletic Director Search Process**

Regent Rosha expressed concern about the athletic director search process, noting that he does not support use of an outside search firm. He commented that with strong internal and community candidates, money should not be allocated for a large, nationwide search. He called for an evaluation of the athletics department and its relationship with the state, adding that he does not believe athletics should be subsidized by the state.

Regent Simmons remarked that the Faculty & Student Affairs committee discussed hiring top talent, referring to Vice President Kathy Brown's evaluation of when and why the University uses search firms. Simmons noted the importance of maintaining a diverse candidate pool and added that a firm should be used when it can help find the best talent.

Regent Anderson agreed that there are strong internal and local candidates, but that if the institution wants to raise the profile of athletics, the search process should not be restricted in finding the best candidate. He commented that the cost of the search is a small fraction of the annual budget.

Regent Devine commented that the administration should be allowed to do what is best for the University. He cautioned against the Board micromanaging the process, adding that getting too involved in the process is beyond its scope.

The meeting adjourned at 11:37 a.m.



**BRIAN R. STEEVES**  
**Executive Director**  
**and Corporate Secretary**

**UNIVERSITY OF MINNESOTA  
BOARD OF REGENTS**

**Board of Regents Special Meeting  
February 25, 2016**

A special meeting of the Board of Regents of the University of Minnesota was held on Thursday, February 25, 2016 at 8:30 a.m. in the Boardroom, 600 McNamara Alumni Center.

Regents present: Laura Brod, presiding; Thomas Devine, Michael Hsu, Abdul Omari, Darrin Rosha, and Patricia Simmons. Thomas Anderson, Linda Cohen, Dean Johnson, Peggy Lucas, and David McMillan participated by phone.

Staff present: President Eric Kaler; Vice Presidents Brooks Jackson and Richard Pfitzenreuter; General Counsel William Donohue; and Executive Director Brian Steeves.

**APPOINTMENTS TO NEW UNIVERSITY OF MINNESOTA HEALTH  
BOARD OF DIRECTORS**

Chair Brod introduced President Kaler and Keith Dunder, Academic Health Center Counsel, to provide context for discussion of appointments to the new University of Minnesota Health Board of Directors. They shared background and explained that the purpose of the resolution is to appoint three members of a 'nucleus board' who, along with three Fairview Health Services appointees, will help select a CEO for the new M Health.

Chair Brod invited Regent Simmons to summarize the progress of the M Health work group. Simmons recognized Regent Emeritus John Frobenius and Regent McMillan for their dedication to the work group. She noted that the work group feels the most important step in the negotiation process is selecting the right leader for the new M Health. She stressed that the CEO should be in place soon to bring value to the final steps of negotiation. Simmons commented that the CEO can only officially begin employment after the M Health entity exists, but that he or she may participate in the process, possibly in a consulting role.

A motion was made and seconded to approve the Resolution Related to Naming Board Members with Authority to Select UMH CEO.

Regent McMillan voiced support for the resolution. He noted that while the CEO selection process may not be occurring in typical order, the resolution provides some needed structure.

Regent Rosha asked about the conditions under which the CEO would be officially hired into the position. Simmons responded that the full M Health board would be established in time to begin contract negotiations, but clarified that signing the official offer letter would not occur until the new entity was legally formed. Dunder confirmed that since the CEO position would report to the M Health board, the employment relationship would not begin until M Health is officially created. He pointed out that the final appointment of the CEO would not return to the Board of Regents.

Rosha voiced concern about the CEO search being conducted by a minority of the M Health board. Simmons noted that a step could be added between the initial search and candidate acceptance to accommodate participation by the full board. She explained that it is relatively common for a candidate not to know all members of the board during the selection process. She re-emphasized that official employment in the CEO position will not take place until the

entity is legally formed. Simmons clarified that the nucleus board will not be a board per se, rather a kind of selection committee of the full M Health board.

Regent Devine commented that the situation is a good start given the desired outcomes. He expressed confidence that the nucleus board members know what is needed and will forge a strong partnership with the Fairview appointees. He observed the limited responsibilities of the nucleus board and emphasized that there is much to be done before the entity's formation. He asked for an update on the status of the search process.

Chair Brod invited Vice President and Medical School Dean Brooks Jackson to provide an update on the CEO search process. Jackson reported that initial candidate interviews are underway and the search committee will begin scheduling second interviews with the most qualified candidates. He added that the candidates would meet with the nucleus board during the second round, which will provide some assurance that they know who will be on the new M Health board.

Regent Hsu observed that a candidate would likely not consider a position before an agreement is signed, since this person would be leaving another job, and agreed that the full M Health board should be in place before a final offer is made. He asked how a CEO could be hired before the deal is completed. Dunder noted that the person would not be employed as CEO of the entity until it exists, but might come in as a consultant or other position. He agreed that while some candidates might not want to begin until a deal is final, others would prefer to begin while decisions are being negotiated. He stressed the importance of finalizing appointments to the full M Health board as soon as possible.

Hsu asked for clarification about what happens with the interim CEO of Fairview, noting his belief that the individual will step aside. Simmons replied that the search process has been delayed beyond what was initially planned. The letter of intent articulated that definitive agreements would be finalized by March, but July 1 is more likely. She explained that Fairview could bring in a new CEO before the entity is finalized. She encouraged selection of a leader with a background in academic medicine, noting that the strongest academic health centers in the country are led by such individuals.

Hsu asked for clarification on timing. Jackson responded that the committee would like to suggest a finalist by April. He emphasized that the candidates will want to know to whom they will report, even if it is only a minority of the full M Health board. He agreed that the interviews could wait, but that the candidates are going to want to at least meet the nucleus board.

Regent Cohen agreed that a candidate with a background in academic medicine is important.

Regent Johnson commented that formation of the nucleus board moves the Board of Regents closer to one of its key priorities: for the University to be a nationally recognized institution within the medical field. He agreed that the new CEO should have a background in academic health. He expressed trust in the members of the nucleus board, and offered his support for the resolution.

Regent Lucas voiced her support for the resolution.

Regent McMillan commented that though the situation is not ideal, it is what can be done at this time. He stressed the importance of moving forward. He agreed that an academically focused leader is key.

Regent Devine addressed the delay in timing of the final agreement, noting that finding the right candidate and making the right decisions is more important than meeting an arbitrary deadline.

Regent Hsu moved to amend the final paragraph of the resolution to remove the words “and hiring” from the responsibilities of the nucleus board. The motion was seconded.

Dunder commented that the proposed amendment would diminish the authority of the nucleus board, could place the committee out of sync with what Fairview is planning, and might discourage candidates since they will be meeting with individuals who do not have authority in the hiring process. He clarified that it would remove authority from the nucleus board in making a recommendation. Hsu disagreed, stating that it would inspire more confidence since they would be considered by the full M Health board, not just a minority.

Regent Omari voiced concern that the amendment could potentially create friction in the relationship with Fairview.

Regent Rosha observed that the words “and hiring” are inconsistent with what had previously been explained: that the CEO would not be officially hired until the entity is legally formed. He noted that the nucleus board should not have the ability to hire until the entity is official.

Hsu suggested there is plenty of time to appoint the full M Health board by April, given the timing of the final agreement, and that the full M Health board could appoint a candidate.

Simmons cautioned that recruiting additional members of the full M Health board might be a challenge without a fully formed entity. She stated how fortunate it is to have six people who believe in the process and are committed to the ultimate outcome; others may not be as inclined to participate without clear organizational parameters. She expressed her disappointment if the Board determines that its appointees to the nucleus board are unable to fully participate in the selection process. Simmons emphasized that the proposed language modification would give Fairview a stronger hand in the negotiations, when it is supposed to be an equal partnership.

Regent McMillan commented that Fairview is creating an opportunity for the University to be directly involved at a formative stage in the negotiations. He cautioned that Fairview could still appoint a CEO without University input if it wanted to do so. He stated his discomfort with the amendment since it takes away authority from the nucleus board. McMillan added that he is willing to rely on the expertise of the six nucleus board members.

In response to a question from Regent Hsu about the Fairview appointees, Regent Simmons responded that the Board and Fairview have discussed moving in a parallel way, and that the Board resolution is contingent upon equal representation from both entities. Jackson emphasized that for the faculty, it is critical to have a CEO in place at the start of the new entity. He noted concern that without new leadership in place at Fairview, the negotiations will be greatly complicated.

Hsu commented that he does not believe his amendment removes the ability to hire the finalist as a consultant, or in an interim position.

Regent Anderson suggested that physicians are eager for new leadership and noted the difference between a CEO with an academic background and one with a business background. He felt that the nucleus board would be limited by the ability to select but not hire a new CEO. He reminded the Board that it asked Fairview to slow their CEO search so that the Board could participate in the process.

Hsu clarified that his amendment limits authority of the nucleus board short term, but that there is time to change the authority and the composition of the full M Health board.

Executive Director Steeves explained that the amendment proposes to remove the words “and hiring” from the second to the last line of the resolution.

Simmons expressed her opposition to the amendment, noting the common practice for a minority group of a board to lead a search process and clarifying that the final appointment and hiring would be approved by the full M Health board. Simmons agreed there are many undecided factors, but that maintaining momentum is important.

Hsu stated there is no need for the nucleus board to have hiring authority at this time, since that authority can be granted later.

The Board of Regents voted 2-9 against the motion. Hsu and Rosha voted yes. The motion failed.

Regent Rosha stated that he would not support the resolution as drafted. He voiced several concerns with the language, summarizing that there are too many unknowns to feel comfortable supporting it.

Regent Simmons recused herself and left the room.

After questions and comments from several Regents about the formation of the new M Health board, Dunder clarified that the appointees to the nucleus board are not official appointments to the new M Health board. The Board of Regents will vote to formally approve those appointments at a later date.

Regent Rosha indicated that the resolution implies that the appointees to the nucleus board will be members of the full M Health board, and noted that it is binding. He suggested changing the language in the first line of the sixth paragraph from “will” to “may.”

Chair Brod asked if changing the language of the resolution would compromise the trust of the partnership with Fairview. Jackson responded that he does not believe the Fairview board would object. Brod clarified that the discussion is about aligning the language with the action, not changing the plan.

Regent Rosha moved to change the language of the sixth paragraph of the resolution to read “may” rather than “will.” The motion was seconded.

The Board of Regents voted unanimously to approve the motion to amend the resolution.

Regent Johnson voiced his confidence that Regent Simmons is the best person to guide negotiations, adding that he does not have any concern about her appointment.

Regent McMillan agreed, emphasizing her commitment and dedication to the process.

Regent Rosha clarified that he does not question Regent Simmons’ expertise and experience. He stated his belief that the discussion needs to be clear and deliberate, given the seriousness of the decisions being made.

The Board of Regents voted 9-1 to approve the Resolution Related to Naming Board Members with Authority to Select UMH CEO as follows. Regent Hsu voted no.

WHEREAS, the University of Minnesota (“University”), the University of Minnesota Physicians (“UMP”), and Fairview Health Services (“Fairview”) have a mutual goal to form an integrated academic health system, to be identified pursuant to a license/branding agreement as University of Minnesota Health (“UMH”), dedicated to high quality patient care, leading edge research and training of tomorrow’s workforce; and

WHEREAS, this system will require a new Chief Executive Officer and a new Board of Directors; and

WHEREAS, it is important to the success of the integrated academic health system that the new CEO, with the required qualifications, be in place by July 1, 2016, and that that CEO be chosen by a board with equal representation appointed by the Board of Regents of the University of Minnesota and Fairview; and

WHEREAS, in order to achieve the selection of the new CEO, the University and Fairview agree to now each appoint three members of the new UMH board, the remaining eight members to be appointed four each by the Board of Regents and Fairview prior to the Closing Date of the Transaction; and

WHEREAS, the combination of the initial six appointees and the remaining eight appointees will collectively serve as the initial Board of Directors of UMH as of the Closing Date; and

NOW, THEREFORE, BE IT RESOLVED that the Board of Regents hereby appoints the following individuals who may serve as the first three (of seven) of the Board of Regent's appointees to the Board of Directors of UMH:

- Brooks Jackson, M.D., MBA
- Kenneth Roering, Ph.D.
- Patricia Simmons, M.D.

The Board of Regents delegates to its appointees the authority, subject to the creation of a parallel appointment and delegation of authority from the Board of Directors of Fairview, and subject to a written agreement between the University and Fairview described below, to select a final candidate for the CEO position of UMH from the recommended candidate(s), provided that such candidate is determined to satisfy the requirements set forth in the UMH CEO Job Description, and to negotiate and finalize the terms of his or her employment agreement, which shall be at fair market value and commercially reasonable terms, and which shall be effective only after definitive transaction agreements have been entered into; and

BE IT FURTHER RESOLVED, that the Board of Regents authorizes the President of the University, on behalf of the Board of Regents, to execute a binding agreement with Fairview acknowledging the delegated authority of the initial three appointees from each organization and setting forth the arrangements and processes by which the initial six appointees shall carry out the selection and hiring of the UMH CEO, subject to the terms stated above.

The meeting adjourned at 9:56 a.m.



**BRIAN R. STEEVES**  
**Executive Director**  
**and Corporate Secretary**