

**UNIVERSITY OF MINNESOTA
BOARD OF REGENTS**

**Finance & Operations Committee
February 8, 2018**

A meeting of the Finance & Operations Committee of the Board of Regents was held on Thursday, February 8, 2018 at 7:45 a.m. in the Boardroom, 600 McNamara Alumni Center.

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

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

Student Representatives present: Lauren Anderson and Mina Kian.

ANNUAL REPORT ON EMPLOYEE COMPENSATION

Regent Anderson invited Vice President Brown and Ken Horstman, Senior Director of Total Compensation, to provide the annual report on employee compensation, as detailed in the docket.

Brown described total compensation, how the structure is defined by Board policy, the lenses used to appraise compensation, and the focus of moving decision making toward maximizing the impact of compensation. She compared higher education to the private sector and described the factors used to set base compensation throughout employment.

Brown noted that markets differ by employee group and position. She described how market determinations are made and gave examples. She summarized the job family work and how it impacts the determination of the relevant market.

Horstman walked through an example of a single job classification. He outlined the compa ratios that are used to measure how closely an individual's salary, or group of salaries, compares to the market median. He reported on compa ratios and provided job family examples to illustrate how the compa ratios are used.

Horstman described the ongoing work of the job family program to differentiate job classifications. He offered that additional differentiation within job families and positions will improve management of those positions. He added that differentiation will also help identify areas of University employment with high turnover or that are difficult to fill.

Brown gave an overview of the human resources management system. She reported that merit is being applied across the system to determine annual pay increases, along with other salary adjustment tools that are available to supervisors. She highlighted ongoing challenges to good compensation decision-making.

Regent Omari observed that the Athletics job family has some positions above the market, but the Student Services and Communications job families have none. Brown cautioned against making broad conclusions based on the job family compa ratio data. She explained that popular positions are easy to fill and thus the University does not need to pay a higher salary to attract high-quality candidates. Brown offered that the lower range within a position could be caused by less-experienced employees. She added that those employees might enter the University in a lower-paid position and after a few years move into a higher-paid position in a different job classification. Omari responded that, given the importance of student services, the University should seek to pay those employees higher within the market range.

In response to a question from Regent Hsu, Horstman stated that market data for higher education is adjusted based on market inflation, noting that higher education has been increasing at 2.89 percent per year. He offered examples of institutions that did not give compensation adjustments in one year having to provide a significant bump the following year based on market inflation. Horstman suggested that while inflation adjustments are important, how the University's compensation compares to peers is more important. Brown added the type and number of benefits the University provides is an important attractor for employees but that base salary is still the key component of any initial employment conversation.

Regent Beeson commented that the most important decision with any employee is at the time of hiring, and thus the quality of the hiring process is essential. He shared his view that the University is less different from private companies. He suggested the University consider establishing an advisory group like the Investment Advisory Committee (IAC), made up of both private and public experts to advise the administration in this area. Brown responded that both she and Horstman are involved in peer groups that provide them with meaningful information and best practices.

Regent Powell stressed the need for a clearly defined peer set for each job family. He emphasized that the Board be actively involved in examining the peer groups, the rationale for those groups, and what adjustments are needed. He agreed with Beeson about forming an advisory group like IAC.

Powell asked about challenges regarding compensation based on the decentralized nature of the institution, and whether more employees could be managed under the job family structure. Brown noted that the job family structure does not work well for faculty since compensation depends on the discipline of the faculty member. She noted that the job family structure does not work as well with labor-represented units given their focus on seniority. Brown added that the job family structure is still new and that leaders across the system require additional training to use it effectively. She explained that her office uses HR leads to create consistency across units and network around best practices.

Regent Sviggum stated that he had examined pay within state and county governmental units and suggested that those entities are, for many employment classifications, the University's peer. While he expressed a desire to pay employees well and be competitive, he argued that the University is currently paying many employees far higher than the state or a county does. He sought clarification on the Administrative job family compa ratio.

Brown responded that good compensation requires a broad range. In determining salary ranges, the University looks at where a job family is and where it needs to move. She suggested that most employees come from private industry and not the state. She added that the Office of Human Resources (OHR) considers all industries when defining the compensation ranges. She cautioned that it is a disservice to the University's ability to be competitive to look only at the state. She observed that OHR does use local and state governmental units as the markets when looking at police compensation.

Sviggum cited the examples of IT and HR employees as holding positions that are comparable to state positions. Brown acknowledged that HR positions are similar to the state and clarified that OHR does look at what those positions are paid. She reemphasized that far more employees come from private companies. Horstman added that OHR looks closely at state compensation data and partners with the state to share that information.

Powell highlighted the exchange between Sviggum and Brown as an example of the need for the Board to clearly define which peers should be compared to based on job family.

Regent Johnson raised the issue of the total number of employees. He suggested that dividing the number of employees by the number of students shows approximately 3.5 students per employee. He suggested that the University do better in examining how many employees are needed to complete the work efficiently. Brown responded that the focus of Operational Excellence and the need for reallocations within the budget mean many units have restructured and examined ways to be more efficient with less staff.

In response to questions from Student Representative Kian, Brown explained that both full time and part time positions appear in the Student Support Services job family. Horstman explained that many of the jobs included in the job family are direct student support positions like frontline workers, positions within student unions, and student finance counselors.

Hsu asked about the number of employees below \$15 an hour. Horstman responded that perhaps 100 or fewer employees are still under \$15 an hour, adding that most are included in the proposed contract with the Teamsters before the committee for action at this meeting. Horstman stated that all other employees are above \$15 an hour.

Omari noted the Duluth compa ratio of 0.87 and encouraged the committee and administration to pay close attention to that ratio going forward.

Beeson responded to Johnson by noting that last summer, the University reported a 30 percent increase in productivity by employees when compared to revenue. He suggested that perhaps productivity is a good measure to add to the University Progress Card.

FY 2019 BUDGET FRAMEWORK

Regent Anderson invited Associate Vice President Tonneson to discuss the FY 2019 budget framework, as detailed in the docket.

Tonneson summarized the primary components used to develop the budget. She reported that the two fundamental areas of emphasis for budget development are to maintain the core and invest to expand, enhance, and strengthen the University. She emphasized that the budget is constrained by available resources.

Tonneson summarized the state appropriation trend, noting that the appropriation will be reduced by \$10 million for FY 2019. She outlined tuition goals across the system and presented the process to repurpose existing resources. She identified funding estimates aimed at maintaining the core and to address strategic plan goals.

Regent Cohen sought clarification of whether the \$8.8 million in revenue generated by the Twin Cities undergraduate nonresident/non-reciprocity (NRNR) accounts for the cost of tuition waivers and the additional funding for recruitment. Tonneson responded that allocating \$1 million for waivers has been discussed and would need to come out of the incremental expenditures. She reported that this past fall, Undergraduate Education requested \$210,000 to hire two additional national recruiters to focus on NRNR students, an expense that will be included in the “maintain and strengthen the core” category.

Regent Sviggum commented that he anticipated needing to find \$44 million given a two percent salary increase for all employees, while seeking to provide a zero percent increase in resident undergraduate tuition. He stated his goal of passing a zero percent tuition increase and finding savings through attrition, additional Operational Excellence reallocations, and potential additional state support.

Senior Vice President Burnett responded that reallocations can be used to cover gaps in the budget by providing revenue to fund new investments. He emphasized that to close the budget gap, reallocations will be used to help pay for items like a compensation increase. He agreed that there could be an opportunity to request additional funding from the state and the potential opportunity to gain back the \$10 million gap in the second year of this biennium. Burnett explained that like the University's capital request to the state, this operating budget is seeking to maintain and take care of the University's current operations and will most likely not include large new initiatives.

Regent Powell expressed his appreciation for the regular updates and discussion regarding the operating budget. He offered that his priority is to remain competitive on salary and fringe and agreed that delaying salary increases only sets the University up for a significant increase later. He challenged the administration to define what it means to be competitive in this area and propose a plan to accomplish it. He stated that he could support a 1 percent tuition increase if needed, and suggested that the University must first solve core issues before looking at significant new investments.

Regent Lucas asked about the elasticity of the incremental resource numbers within the budget framework. Tonneson clarified that the \$8.8 million in NRNR revenue for the Twin Cities includes the minimum investments needed to provide waivers and additional recruiting resources. She explained that the tuition revenue estimates are based on current enrollment and adjusted based on discussions with academic units. She added that she is reasonably confident with the stated estimates. Tonneson explained that the reallocation targets are given to units based on what is needed by the unit to meet core costs. Based on those reallocation needs, some units will need to reallocate more, some less.

Lucas asked about the difficulty of additional reallocations for units, stressing the need for the University to remain excellent. Tonneson responded that she could not provide a definitive answer. She stated that the administration has heard from units that it is getting more difficult to find what she characterized as smart reallocations. She explained that there are not as many items to cut as there were at the start of the process, requiring units to make tough decisions on the size of their workforce. She gave the example of units not filling positions that they might want to in order to reallocate the needed resources.

President Kaler agreed with Tonneson and noted that the Board is applying pressure to reduce expenditures and cut costs. He stated that his administration will do that, but offered that it will affect people and programs. Kaler asserted that if the Board continues to insist, as he believes the Board should, on a reduction in expenditures, then the Board must continue to support and endorse the cuts even when it is painful.

Regent Beeson renewed his suggestion for expanding recruitment of students by investing more and creating additional resources like a call center. He observed that the most striking part of the budget is the defunding of the University by the state. He stressed that the University is more efficient and more productive than other state agencies.

Regent Omari agreed with Kaler that the Board needs to remember, when it hears from members of the University community who are affected by cuts, that it is asking the administration to make them. He noted the need for strong communications and public relations strategy in place when cuts result in the closing of University programs and centers.

He observed that the University might have more graduate and professional students than any other institution in the nation but that the Board has not had an in-depth discussion on those tuition rates. He encouraged a deeper look.

Regent McMillan observed that the University is informing its spending decisions through fundamental spending decisions made by prior administrations. He suggested that neither the Board nor administration has gone back and examined those funding decisions. He offered that he looks forward to basing future spending decisions on the systemwide strategic plan.

Kaler agreed with McMillan and stressed the importance of the systemwide strategic planning process. He shared that recent conversations around the plan have led to the realization that delivering the long-range financial plan the Board has requested is nearly impossible. He explained that the unpredictable nature of the state allocation makes it extremely difficult to create that type of plan. He conveyed his desire to have conversations that examine what the base allocations are being used for and how they should shift based on the systemwide strategic plan.

Cohen supported Powell's comments related to competitive compensation and Lucas's focus on maintaining the University's excellence. She challenged Kaler to guard the University's excellence by not cutting the budget too much. She added that she supports a small increase in resident undergraduate tuition.

Student Representative Anderson told the committee about a recent discussion of the Rochester Student Association. She shared two student comments that highlight for her the differing student views on tuition. One student expressed that if the full burden to fund the University is on the student, the Board and administration should reexamine how the University is funded. The second student selected the University for its excellence and is willing to pay to increase that excellence.

Anderson agreed with Beeson's comments that the Board must work with the state to address the need for additional state support and the value that the University and Minnesota State provide.

Regent Hsu asked where additional funding for the Law School is shown in the budget framework and whether additional funding will be needed. Burnett responded that the administration continues to work on funding issues with a number of units. He suggested that the funding for the Law School could be placed in the "maintaining and strengthen the core" category and that he would ensure the budget materials make that clear. He noted that he meets monthly with the Law School and that a committee is working to find a solution.

Hsu agreed with McMillan that the Board has been working toward basing budget decisions on the objectives of a systemwide strategic plan. He provided feedback on the budget framework, stating that he prefers a compensation increase closer to 1 percent and as large an internal reallocation as possible. He suggested that this allows for a freeze for undergraduate tuition and the ability to catch up on competitive salaries. Hsu noted that since he joined the Board, the budget had increased by more than 10 percent, arguing that continuing to increase the budget at that rate is unsustainable. While he expressed agreement with Beeson that the University should seek additional funding from the state, he offered that the University must also demonstrate that it is being efficient with the funds provided.

Kaler cautioned against discussing the total amount of the budget since there are components in the budget that cost more, noting the cost of research and the addition of MnDRIVE initiatives as examples. He agreed that the University has to be careful on how much of the burden is placed on undergraduates through tuition and emphasized that over the past six years, the University has been able to bend the cost curve on tuition increases. He cited the

industry average of employee cost per net asset dollar as one possible measure of employee productivity, cautioning that an employee-to-student measure is not a valid measure.

CAMPUS COMMUNITY RELATIONS UPDATE

Regent Anderson invited J.D. Burton, Chief Government Relations Officer, and Erick Garcia Luna, Director of Community and Local Government Relations, to provide an update on campus community relations, as detailed in the docket.

Burton gave an overview of the work being done to build community relations and the role that Garcia Luna plays in advancing that work. Garcia Luna reviewed activities in support of Board action in 2014 to strengthen external engagement with local communities. He expressed his appreciation for the work of his predecessor, Jan Morlock, in creating a solid foundation to carry out the Board's directives.

Garcia Luna outlined current work with community partners and the University's communication strategy with local governmental organizations across the system. He explained that communications to those groups will focus on the broader scope of work being done by the University and show how that work affects the University's neighbors. He added that the University's social media presence is a key component of that strategy.

Garcia Luna reviewed the role of the University District Alliance (Alliance) relative to the Twin Cities campus and presented goals for achieving the purpose of the Alliance. He provided examples of the systemwide potential for community relations work.

Regent Lucas offered her belief that the community relations staff has done a great deal of work with few resources, characterizing the University's support in this area as anemic. She emphasized the need to fund reasonable requests and the importance of the community relations work. She encouraged the University to learn from other institutions with urban campuses.

Regent Beeson observed that community relations has moved from being reactive to its neighbors to proactively filling a void in development and planning. He offered his view that the University's relationship with the City of Minneapolis is the University's second most important governmental relationship.

Regent Omari encouraged the University to view community relations as reciprocal engagement between the institution and its neighbors. He suggested that many of the University's close neighbors do not fully understand the work of the University. He highlighted the relationship between the University of Minnesota Police Department and the Minneapolis Police Department as a model to emulate. Omari expressed his excitement to see this work across the system.

Burton responded that listening is the most important role of community and government relations. He suggested that the more the University can engage with and understand the community, the more success the University will have in those relationships. He explained that Garcia Luna's top priority is to reinvest and reengage with local community organizations and governmental entities.

In response to a question from Regent Powell, Garcia Luna stated that the main concerns for local communities tend to be available and affordable housing, parking, and public safety.

BOARD OF REGENTS POLICY: *ENDOWMENT FUND*

Regent Anderson invited Associate Vice President Mason and Andrew Parks, Senior Director, Office of Office of Investments & Banking (OIB), to present for review proposed amendments to Board of Regents Policy: *Endowment Fund*, as detailed in the docket.

Mason outlined the proposed changes, explaining that the majority of the amendments seek to codify the new asset allocation guidelines recently approved by the Board, while also adjusting other aspects of the policy to accommodate those guidelines. Parks described the new liquidity and leverage language and the impact that it will have on the endowment. Mason defined co-investments and the situations when they will be used.

In response to a question from Anderson, Mason stated that the Investment Advisory Committee reviewed the proposed language and the underlying principles and supported the change.

Student Representative Kian asked how the required environmental, social, and governance responsibilities are evaluated. Mason responded that the evaluation of such responsibilities has become an industry standard. He detailed how companies with a strong record in those areas tend to perform better and generate a better return on investment. He asserted that environmental, social, and governance factors are an integral part of the University's consideration of possible investments.

Anderson asked about a listing of companies or an association that certifies that stocks or investments meet the environmental, social, and governance responsibilities. Mason noted that the United Nations supports the Principles of Responsible Investment, which establishes six principles for evaluating companies. He added that there is no specific list of companies that meet those principles.

Regent Beeson highlighted the importance of environmental, social, and governance factors by noting that Laurence Fink, CEO of BlackRock, sent letters to companies advocating that those companies do more to contribute to society. He offered that this shows the change in companies seriously considering how they operate in these areas. Mason agreed, adding that the policy requires reporting in this area and that OIB envisions expanding that section of the report given the language being proposed.

BOARD OF REGENTS POLICY: *HEALTH AND SAFETY*

Regent Anderson invited Vice President Berthelsen to present for review proposed changes to Board of Regents Policy: *Health and Safety*, as detailed in the docket.

Berthelsen explained that after a comprehensive review, the President recommends the addition of a new definition for member of the University community and removing "monetary" from the definition of health and safety.

Given the limited scope of the amendments, a motion was made and seconded, and the committee voted unanimously to recommend adoption of the proposed amendments to Board of Regents Policy: *Health and Safety*.

REAL ESTATE TRANSACTION: KEELER APARTMENT BUILDING

Regent Anderson invited Vice President Berthelsen and Associate Vice President Volna to present for review and action the purchase of the Keeler apartment building located at 317-331 17th Avenue SE, as detailed in the docket.

Volna summarized the building location and proposed use, and outlined the terms of the purchase. He noted that the University already master leases Keeler, along with additional leasing of the first floor for the University International Center. He added that over the next eight years, the building is projected to generate approximately \$830,000 of net positive income. Volna offered that the purchase price is significantly below the appraised value, and that the purchase includes the ground lease but does not include the lot.

In response to a question from Regent Lucas, Berthelsen reported that he is unsure why the Wedum Foundation is selling but that they appear to be interested in divesting from student housing around the Twin Cities campus. He noted that the building is not at the same construction quality as a residence hall, but that the University's condition review showed the building to be in better condition than other private buildings in the area. He added that the current master lease gave the University a better sense for how to operate the building.

Regent McMillan expressed his support for the purchase. He asked for clarification on how the purchase will affect the University's master lease program. Berthelsen responded that when the master lease program was created, there was no thought of being able to purchase the Keeler. He shared that the master lease of the Radius is going well and that Housing and Residential Life is learning from that experience. He noted that the Radius is a larger building and the master lease provides additional housing to align with student housing priorities. McMillan responded that he hopes the master lease program will continue, as it provides great access to housing for students.

Anderson offered his support for the purchase, noting that the purchase provides additional capacity for transfer students while offering affordability versus the private market.

In response to concerns raised by Student Representative Kian on the building's physical condition, Berthelsen responded that the University is aware of the plumbing and elevator issues and is working on solutions that can be implemented once the building is purchased. He noted he is unsure if there are already plans to connect Keeler with the University's WiFi network but speculated that like other residence halls, the Keeler will be brought up to University WiFi network standards.

A motion was made and seconded, and the committee voted unanimously to recommend approval of the purchase of the Keeler apartment building located at 317-331 17th Avenue SE.

**CAPITAL BUDGET AMENDMENT:
WRESTLING PRACTICE FACILITY RENOVATION (TWIN CITIES CAMPUS)**

Regent Anderson invited Bruce Gritters, Interim Assistant Vice President, and Mark Coyle, Director of Intercollegiate Athletics, Twin Cities campus, to present for review a capital budget amendment related to the renovation of the Wrestling Practice Facility (facility), as detailed in the docket.

Gritters described the facility's purpose and location. Coyle outlined the rationale for the renovation, explaining that the wrestling program is currently in the basement of Bierman Field Athletic Building (Bierman) and that renovation of the former basketball practice area will provide a better facility for student athletes. Gritters reviewed the scope and cost, explaining that the project will be paid for entirely by donations.

Regent Johnson expressed his appreciation to the donors funding the project. He suggested that the committee take action on the project today, noting that while it is listed for review, it is fully funded by donors and ready to move forward.

A motion was made and seconded to recommend approval of the renovation of the Wrestling Practice Facility.

In response to a question from Anderson, Coyle explained that the donation came as the result of developing strong relationships with those who are interested in Gopher Athletics. He added that given the availability of space and the kindness of the donors, Gopher Athletics was able to secure the full funding.

Regent Omari asked how Athletes Village is affecting projects of this type for the current space in Bierman. Coyle reported that the opening of Athletes Village allowed a chain reaction of existing space that could be repurposed. He noted the example of softball and baseball moving into the former football facilities.

Regent Lucas asked about the plan for other sports, including women's and men's gymnastics and volleyball. Coyle responded that Gopher Athletics is currently working on a long-term plan to address their facility needs.

Regent McMillan offered that while he is willing to move forward with action today, he stressed the importance of reviewing items in one meeting and taking action in a subsequent meeting. He asked about the value of acting on this project now. Coyle offered that athletics in general always has a sense of urgency to it and that action today allows the work to begin, shortening the time until the space is available.

The committee voted unanimously to recommend approval of the renovation of the Wrestling Practice Facility.

**COLLECTIVE BARGAINING AGREEMENT:
REGENTS OF THE UNIVERSITY OF MINNESOTA AND
AFSCME LOCALS 3800 AND 3801, CLERICAL AND OFFICE UNIT**

Regent Anderson invited Vice President Brown and Patti Dion, Senior Director for Employee and Labor Relations, to present for review and action a collective bargaining agreement with the AFSCME Council 5, Locals 3800 and 3801, Clerical and Office Unit (CBA), as detailed in the docket.

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

A motion was made and seconded, and the committee voted unanimously to recommend approval of the resolution related to the proposed labor agreement with AFSCME Council 5, Locals 3800 and 3801.

**COLLECTIVE BARGAINING AGREEMENT:
REGENTS OF THE UNIVERSITY OF MINNESOTA AND GRAPHIC COMMUNICATIONS
CONFERENCE OF THE INTERNATIONAL BROTHERHOOD OF TEAMSTERS LOCAL 1-M**

Regent Anderson invited Vice President Brown and Patti Dion, Senior Director for Employee and Labor Relations, to present for review and action a collective bargaining agreement with the Graphic Communications Conference of the International Brotherhood of Teamsters Local 1-M (CBA), as detailed in the docket.

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

A motion was made and seconded, and the committee voted unanimously to recommend approval of the resolution related to the proposed labor agreement with Graphic Communications Conference of the International Brotherhood of Teamsters Local 1-M.

**COLLECTIVE BARGAINING AGREEMENT:
REGENTS OF THE UNIVERSITY OF MINNESOTA AND
TEAMSTERS LOCAL 320 SERVICE, MAINTENANCE, AND LABOR UNIT**

Regent Anderson invited Vice President Brown and Patti Dion, Senior Director for Employee and Labor Relations, to present for review and action a collective bargaining agreement with Teamsters Local 320 Service, Maintenance, and Labor Unit (CBA), as detailed in the docket.

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

A motion was made and seconded, and the committee voted unanimously to recommend approval of the resolution related to the proposed labor agreement with Teamsters Local 320.

CONSENT REPORT

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

General Contingency:

- There were no items requiring approval this period.

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

- To Friends and Neighbors (Human, Inc.) for an estimated \$2,000,000 for services provided in the development and implementation of the University's integrated marketing campaign for University Relations for the period of February 15, 2018 through February 14, 2019, with possible contract extensions through February 14, 2023 for an additional \$8,000,000. Total value of the contract if all options are exercised would be \$10,000,000. The integrated marketing campaign will be funded through the President's Initiative Fund provided by the University of Minnesota Foundation and funding through O & M funds. Supplier was selected through a competitive process.
- To SAGE for an estimated \$1,460,000 for subscription to SAGE Premier as needed for the University Libraries for the period of January 1, 2018, through December 31, 2020. The \$1,460,000 allotted as payment to SAGE over the next three years is included in the University Libraries FY 2018, 2019 and 2020 budgets, as well as the FY 2018, 2019 and 2020 budgets for Duluth. Supplier was selected by University Libraries under the authority granted by Board of Regents Policy: *Libraries and Archives* and under the Purchasing of Goods and Services policy.
- To Schindler Elevator Corporation for an estimated \$5,667,000 for providing vertical transportation maintenance services as needed for the Facilities Management Department for a period of July 1, 2018 through June 30, 2021, with possible contract extensions through June 30, 2024 for an additional \$5,838,716. Total contract value if all additional options are exercised would be \$11,505,716. Maintenance and operations of elevators and escalators is included in the facilities cost budgets of a variety of organizations on the Twin Cities campus. Supplier was selected through a competitive process.

Schematic Designs:

- Biological Sciences Center 3rd/4th Floor Renovation (Twin Cities Campus)
- Golf Practice Facility (Twin Cities Campus)
- Public Safety Facility (Twin Cities Campus)

Appointment of Chancellor, University of Minnesota, Rochester:

- Lori Carrell as Chancellor, UMR

Employment Agreements

- Deferred compensation agreement for Karen Hanson, Executive Vice President and Provost
- Deferred compensation agreement for Lendley Black, Chancellor, UMD

In response to a question from Regent Hsu, Vice President Kramer clarified that the Friends and Neighbors contract included both the expense to produce the marketing campaign and the air time.

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

INFORMATION ITEMS

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

- Annual Capital Financing and Debt Management Report
- Annual Report on Central Reserves Fund
- Annual Risk Management and Insurance Report
- Debt Management Advisory Committee Update
- Emergency Approval: Kaufman Hall Contract
- Fair Labor Standards Act Update
- Quarterly Purchasing Report
- Results of the 2017 Employee Engagement Survey
- State Capital Appropriation Expenditure Report
- Visual Impact of North Church Street Corridor Reconstruction

The meeting adjourned at 10:56 a.m.



BRIAN R. STEEVES
Executive Director and
Corporate Secretary

**UNIVERSITY OF MINNESOTA
BOARD OF REGENTS**

**Audit & Compliance Committee
February 8, 2018**

A meeting of the Audit & Compliance Committee of the Board of Regents was held on Thursday, February 8, 2018, at 11:00 a.m. in the West Committee Room, 600 McNamara Alumni Center.

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

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

Student Representatives present: Marta Dean and Apoorva Malarvannan.

**INSTITUTIONAL RISK PROFILE, PART IV:
IDENTIFY MITIGATION PRIORITIES**

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

Burnett reminded the committee of the process for developing the risk profile and noted that it identifies risks as short-term or ongoing. Burnett and Hanson summarized the risk mitigation strategies employed to address the University's greatest risks. Burnett explained that the mitigation plan for revenue sources includes partnership with Government Relations to ensure a positive relationship with the legislature. Hanson summarized the risk mitigation strategies to address faculty retention and campus climate, safety, security, and free speech. She noted that both risks are ongoing and critical to the University's core mission.

Regent Omari commented that the risk profile identifies the Mission Fulfillment and Finance & Operations committees for further oversight of risk and asked whether oversight should be assigned to the Governance & Policy Committee. Cohen responded that the committee could consider that.

Regent Lucas asked about access to quality child care services and the recent announcement of the closure of the University's Child Development Center (CDC) as it relates to faculty retention. Hanson explained that the University is working to address the concerns that have been raised since the closure announcement.

Regent Powell asked that the presenters provide the committee with a mitigation plan for each of the risks identified on the risk profile. Regent McMillan echoed Powell's comments and explained that the committee should work to refine mitigation plans as a next step in the process. Cohen agreed and asked the presenters to provide additional mitigation plan examples at the committee's next meeting.

THE UNIVERSITY'S CYBER LANDSCAPE AND RISK MITIGATION STRATEGIES

Regent Cohen invited Bernard Gulachek, Vice President for Information Technology and Chief Information Officer, and Brian Dahlin, Chief Information Security Officer, to discuss the University's cyber landscape and risk mitigation strategies, as detailed in the docket.

Gulachek provided an overview of the University's security framework and risk mitigation strategies and shared examples of recent information security breaches. He explained that cyber threats are increasing across all industries, but that higher education is especially vulnerable given that it is highly regulated and collaborative.

Dahlin reviewed evolution of the security framework model since 2011 and explained that the University's model is well ahead of peer institutions. He reported that the University recently purchased cyber insurance for protection in case of a cyber-security breach.

In response to questions from Regent Hsu, Dahlin reported that the University is working to address the issue of email access for former employees. He noted progress in areas of highest priority, such as former employees who may have had patient care records sent to their email.

Hsu inquired about the University's cyber insurance. Cohen invited Senior Vice President Burnett and Associate Vice President Volna to respond. Burnett explained that cyber insurance is a relatively new product and that the University added it to the risk management portfolio in December 2017. Volna noted that \$10 million in coverage costs approximately \$215,000 annually.

In response to questions from Regent Powell, Gulachek reported that phishing attempts are the most frequent cyber threat. He explained that two-factor authentication is available to all students, faculty, and staff and that full implementation would greatly reduce risk of a security breach. Gulachek added that two-factor authentication is required for some systems and optional for others.

UPDATE ON INTERCOLLEGIATE ATHLETICS CONTROL ENVIRONMENT

Regent Cohen invited Mark Coyle, Director of Intercollegiate Athletics; Michael Volna, Associate Vice President and Assistant Chief Financial Officer; and Rhonda McFarland, Deputy Athletics Director and Chief Financial Officer, Intercollegiate Athletics, to present an update on the Intercollegiate Athletics control environment, as detailed in the docket.

Coyle reviewed the controls and oversight in place for Intercollegiate Athletics (ICA) and explained that he works to promote a culture of accountability across the department. McFarland reported that ICA staff receive ongoing financial training as well as monthly updates from the Athletics Business Office. She added that ICA recently acquired a new financial reporting software that interfaces with PeopleSoft and generates reports in the format required by the NCAA. Volna explained that central administration continues to work with ICA to better align policies and provide guidance when alignment is not possible.

Coyle noted that revenue from broadcast rights, ticket sales, and implications of the new tax code on scholarship seating are expected to affect ICA's financial future.

Regents McMillan and Lucas expressed their satisfaction with Coyle's tone at the top and transparency with the Board.

Regent Hsu asked if scandals can be avoided, citing a recent example at Michigan State University. Coyle explained the measures ICA has taken to increase the amount of required sexual misconduct training for student athletes and ICA staff.

INTERNAL AUDIT UPDATE

Regent Cohen invited Chief Auditor Klatt to present the Internal Audit Update, as detailed in the docket.

Klatt reported that since the last update in October 2017, University departments implemented 48 percent of the outstanding recommendations rated as “essential,” exceeding the expected implementation rate of 40 percent. Six units fully implemented all remaining “essential” recommendations. Eleven audit reports containing 37 recommendations rated as “essential” were issued in the last four months.

Klatt referred the committee to the other items included in the Internal Audit Update, including a summaries of FY 2018 audit activities, six-year trends, and information security audit coverage and risk assessment. Regent Omari remarked that it was helpful to review this additional information.

INFORMATION ITEMS

Chief Auditor Klatt referred the committee to information items contained in the docket materials.

The meeting adjourned at 12:50 p.m.



BRIAN R. STEEVES
Executive Director and
Corporate Secretary

**UNIVERSITY OF MINNESOTA
BOARD OF REGENTS**

**Litigation Review Committee
February 8, 2018**

A meeting of the Litigation Review Committee of the Board of Regents was held on Thursday, February 8, 2018 at 11:00 a.m. in the East Committee Room, 600 McNamara Alumni Center.

Regents present: Richard Beeson, presiding; Thomas Anderson, Dean Johnson, and Steven Sviggum.

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

Others present: Brent Benrud, Shelley Carthen Watson, Sarah Dirksen, Tim Pramas, Brian Slovut, Jon Steadland.

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

The meeting convened in public session at 11:06 a.m. A motion was made and seconded that the following resolution be adopted:

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

NOW, THEREFORE, BE IT RESOLVED, that in accordance with Minn. Stat. § 13D.01, Subd. 3 and 13D.05 Subd. 3(b), a non-public meeting of Litigation Review Committee be held on Thursday, February 8, 2018 at 11:00 a.m. in the East Committee Room, 600 McNamara Alumni Center, for the purpose of discussing attorney-client privileged matters including the following:

- I. *Regents of the University of Minnesota v. Gilead Sciences, Inc.*
- II. *Regents of the University of Minnesota v. AT&T, et al.*
- III. *Regents of the University of Minnesota v. LSI Corporation and Avago Technologies U.S. Inc.*
- IV. Potential litigation by former student
- V. Potential litigation by former employee
- VI. *Yolanda Majors v. Regents of the University of Minnesota*
- VII. *Steven Uhr v. Regents of the University of Minnesota*
- VIII. *Shannon Miller, Jen Ranford and Annette Wiles v. The Board of Regents of the University of Minnesota*

The committee voted unanimously to adopt the resolution and the public portion of the meeting ended at 11:10 a.m.

The meeting adjourned at 12:21 p.m.

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

BRIAN R. STEEVES
Executive Director and
Corporate Secretary

**UNIVERSITY OF MINNESOTA
BOARD OF REGENTS**

**Mission Fulfillment Committee
February 8, 2018**

A meeting of the Mission Fulfillment Committee of the Board of Regents was held on Thursday, February 8, 2018, at 1:30 p.m. in the Boardroom, 600 McNamara Alumni Center.

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

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

Student Representatives present: Sean Chen and Parker Smith.

UPDATE ON TWIN CITIES 5-YEAR ENROLLMENT PLAN

Regent Omari invited Provost Hanson and Robert McMaster, Vice Provost and Dean of Undergraduate Education, to provide an update on the Twin Cities 5-Year Enrollment Plan, as detailed in the docket.

Hanson introduced the item, reminding the committee that the Board endorsed the plan at the March 2016 meeting. McMaster provided an overview of plan's 10 points and the progress of each item. He referred the committee to additional detail and data in the docket.

McMaster reported on the status of admissions applications for fall 2018. He explained changes to application deadlines and noted that more students are utilizing the Common App to apply.

In response to a question from Regent Beeson, McMaster reported that President Kaler has charged a group to examine the University's reciprocity agreements.

In response to questions from Regent Anderson, McMaster confirmed that four-year graduation rates have been increasing due in part to freshman students entering the University with college credits from Advanced Placement courses and other programs. He added that the three-year graduation rate is also increasing quickly due to those factors.

Regent Sviggum asked why enrollment goals for the 2018 entering class were lower than for 2017. McMaster clarified that the fall 2017 incoming class exceeded the enrollment goal and that classes that size would be difficult to maintain.

In response to questions from Regent Hsu, McMaster acknowledged that lab space continues to be a bottleneck for students in introductory chemistry courses. He explained that some changes have been made to prioritize students who need to take chemistry for their major. McMaster noted that the College of Science and Engineering (CSE) has grown and has capacity in some majors but that the University needs to find a way to grow majors that do not have capacity in order to attract Minnesota students and compete with peer institutions. President Kaler added that CSE is constrained by space on campus. Hanson noted work across colleges

to address this concern, too, citing collaboration between CSE and the College of Biological Sciences.

In response to a question from Regent Powell, McMaster stated that graduation rates and ACT scores are critical metrics for the University to monitor in the coming years. He emphasized the need to monitor graduation rates among specific populations of students.

Regent Cohen observed that the University received fewer applications in 2017 than 2016, but the incoming class was larger. She inquired about the trend for 2018. McMaster reported that while the number of applications was not significantly higher, the yield rates were higher for students from non-resident, non-reciprocity states, likely as a result of the Common App.

In response to a question from Cohen, McMaster noted a downward trend in transfer applications, offering the decrease could be the result of the Minnesota State system encouraging students to transfer from their two-year colleges to their four-year colleges and universities.

RESOLUTION RELATED TO DIVERSITY IN TWIN CITIES UNDERGRADUATE ENROLLMENT

Regent Omari invited Robert McMaster, Vice Provost and Dean of Undergraduate Education, to discuss the resolution related to diversity in Twin Cities undergraduate enrollment, as detailed in the docket.

McMaster explained that the only change to the resolution since the December meeting is the specific inclusion of American Indian students. He noted that while the committee expressed some concern over whether the goals were too aspirational, they remain in the resolution because they are attainable. McMaster explained that the resolution is specific to the Twin Cities campus, but that all campuses are working to improve the recruitment and success of students of color and American Indian students.

A motion was made and seconded to recommend approval of the resolution related to diversity in Twin Cities undergraduate enrollment.

Regent Beeson commented that the focus of the conversation about diversity is important but that the resolution's goals are unattainable. He moved to amend the Resolution Related to Diversity in Twin Cities Undergraduate Enrollment as follows:

NOW, THEREFORE, BE IT RESOLVED that the Board of Regents (Board) directs the president to increase diversity in undergraduate education on the Twin Cities campus in the following ways:

1. Enhance and measure efforts with the Minneapolis and St. Paul public high schools to increase participation in University-sponsored recruitment events held throughout the Twin Cities.
2. Record and evaluate, on an annual basis, the number of direct contacts with students, and the specific places where the University is recruiting.
3. Reduce the four- and six-year graduation rate gaps for African-American, Latinx, and American Indian students by 35 percent by 2025 and establish a separate graduation rate goal for transfer students.
4. Collect, record, and monitor the rates for locally significant underrepresented populations not currently recorded, including but not limited to Hmong and East African populations in order to identify gaps in the four- and six-year graduation rates.

5. Improve the satisfaction of students of color and American Indian students with the Twin Cities campus climate by reducing the difference compared to all other domestic students by 50 percent by 2025, as measured by the Student Experience in the Research University (SERU) survey of undergraduates.

The motion was not seconded.

Regent McMillan expressed his support for the resolution, noting that he prefers a systemwide approach to the issue rather than one focused on one campus.

Regent Hsu remarked that diversity varies across the colleges on the Twin Cities campus and the issue must be resolved at the college level to achieve the goals outlined in the resolution. McMaster agreed that diversity varies across the colleges and assured the committee that the campus-wide goals outlined in the resolution are attainable.

The committee voted unanimously to recommend approval of the resolution related to diversity in Twin Cities undergraduate enrollment.

SYSTEMWIDE STRATEGIC PLAN: ACADEMIC INVESTMENT STRATEGY PRINCIPLES AND DIRECTION

Regent Omari invited President Kaler and Provost Hanson to discuss the Systemwide Strategic Plan academic investment strategy and direction, as detailed in the docket.

Kaler reported that a committee of University leaders recently met for a half-day retreat to discuss their work on the Systemwide Strategic Plan. He explained that the committee's conversation will inform the work of the Systemwide Strategic Plan and shape the future of each campus. Hanson provided an overview of the principles that guide academic planning across the University system and invited feedback from the committee on a number of discussion questions.

Regent Powell urged the presenters to be intentional with the balance of decision-making centrally versus at the local level. He noted that although outreach and engagement are difficult to measure, they are critical components of the University's mission.

Omari remarked on the challenge of investing money in areas without an immediate return on that investment but that give the University a competitive advantage in the marketplace.

UPDATE ON TWIN CITIES CAMPUS CLIMATE REPORT

Regent Omari invited Provost Hanson; Michael Goh, Interim Vice President for Equity and Diversity; and Maggie Towle, Interim Vice Provost for Student Affairs and Dean of Students, to provide an update on Twin Cities campus climate, as detailed in the docket.

Hanson reminded the committee that President Kaler launched a campus climate initiative in 2014 and charged a work group to identify challenges and develop solutions to improve climate on the Twin Cities campus. That group issued a Campus Climate Report in 2015 that outlined priority strategies to improve campus climate. Kaler provided a summary of efforts to improve campus climate on the system campuses.

Goh noted that campus climate is central to the mission of the University and to the success of students. He provided an overview of the Office for Equity and Diversity's efforts to improve campus climate and referred committee members to the examples of initiatives in the docket. Towle summarized the work of the Office for Student Affairs (OSA) to improve campus climate

since 2015. She explained that OSA is primarily responsible for the student experience outside of the classroom, so their efforts to improve campus climate are widespread and diverse.

Regent Hsu asked about measuring campus climate. Goh explained that the University utilizes student responses to the Student Experience at the Research University (SERU) survey and faculty and staff responses to the employee engagement survey. He added that the University is ahead of peer institutions in efforts to measure campus climate.

In response to a question from Regent Cohen, Goh explained that living-learning communities, similar to fraternities and sororities, help students by fulfilling a desire for affinity on campus. Omari added that students must feel safe and welcome before they can succeed, and that living-learning communities offer safe and welcoming spaces.

In response to questions from Regent Anderson, Towle explained that the Washington Avenue Bridge painting project and everyday activities on the second floor of Coffman Memorial Union allow opportunities for interaction with a diverse mix of student groups. She added that this interaction also happens within student government.

SYSTEM-WIDE ENROLMENT PLANNING: CROOKSTON CAMPUS

Regent Omari invited Mary Holz-Clause, Chancellor of the University of Minnesota Crookston (UMC), to discuss enrollment planning for the campus, as detailed in the docket.

Holz-Clause reported that increasing on-campus enrollment at UMC is her highest priority. She explained the unique role of UMC in the University system as an experiential learning campus focused on career readiness with niche programs in agriculture. Holz-Clause added that UMC is a technology-rich campus and leader in providing online undergraduate degrees. She provided an overview of enrollment data and trends, and summarized strategies to increase recruitment and retention. Holz-Clause described UMC's adoption of recommendations from the Systemwide Strategic Plan Framework and the Systemwide Enrollment Management Plan. She also shared goals for UMC's enrollment and desired student profile, enrollment challenges, and long-term strategies.

In response to a question from Regent Omari, Holz-Clause explained that UMC student-athlete GPAs increased in fall 2014 because of collaboration with coaches and academic leaders.

Regent McMillan applauded Holz-Clause for quickly identifying the enrollment challenges at UMC. Holz-Clause reported that UMC will be making strategic, data-based decisions about enrollment going forward.

Regent Johnson suggested UMC consider using current students to recruit new students to the campus, and encouraged her to employ creative recruiting strategies to increase enrollment. Holz-Clause reported that UMC offers a scholarship to current students who are successful at recruiting new students to UMC and that the campus will continue to develop recruitment strategies to meet enrollment goals.

In response to questions from Regent Lucas, Holz-Clause reported that UMC has collaborative programs with the University of North Dakota and explained that they are an important partner in addition to being a regional competitor.

In response to a comment from Regent Anderson, Holz-Clause agreed that UMC needs to increase awareness of the campus across the region and the state.

Regent Powell commented that students who do not ultimately enroll at UMC likely attend more-expensive colleges. He suggested including the value proposition in marketing materials and recruiting conversations with prospective students. Holz-Clause agreed that UMC has not articulated its value proposition well in the past.

Regent Hsu suggested UMC consider test-optional admissions as a recruitment strategy.

CONSENT REPORT

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

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

- Academic Health Center (Twin Cities campus)—Create Master of Medical Laboratory Sciences degree and deliver the degree partially online
- College of Design (Twin Cities campus)—Create post-baccalaureate certificate in Advanced Wearable Products
- College of Education and Human Development (Twin Cities campus)—Create graduate minor in Infant and Early Childhood Mental Health and deliver online
- College of Liberal Arts (Duluth campus)—Create Master of Tribal Resource and Environmental Stewardship degree and deliver online
- The Crookston Campus—Create a B.S. degree in Agricultural Communication College of Science and Engineering
- College of Biological Sciences (Twin Cities campus)—Create B.S. degree in Cellular and Organismal Physiology

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

- Carlson School of Management—Deliver the Master of Business Administration degree online
- The Crookston Campus—Deliver the B.S. and undergraduate minor in English online
- College of Liberal Arts (Duluth campus)—Create sub-plans in Business Administration and Organizational Leadership within the B.A. degree in Cultural Entrepreneurship
- College of Liberal Arts (Duluth campus)—Create sub-plans in American Indian Studies and Business Administration within the B.A. degree in Tribal Administration and Governance
- College of Liberal Arts (Twin Cities campus)—Change the name of sub-plans in Global Culture and Analysis to Cultural Production and Everyday Practice, Global Political Economy to Political Economy and Environmental Change, and Population, Migration, Identity to Global Health and Mobile Populations within the Global Studies B.A. degree
- College of Science and Engineering (Twin Cities campus)—Discontinue the Rochester campus sub-plans in the Computer Science M.S. and Master of Computer Science degrees.

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

- College of Science and Engineering (Twin Cities campus)—Discontinue the Ph.D., M.S., and graduate minor in Scientific Computation
- College of Liberal Arts (Duluth campus)—Discontinue B.A. degree and undergraduate minor in Environment and Sustainability
- College of Liberal Arts (Duluth campus)—Discontinue B.A. degree and undergraduate minor in Geography

- College of Liberal Arts (Duluth campus)—Discontinue B.A. degree in Urban and Regional Studies
- College of Liberal Arts (Duluth campus)—Discontinue undergraduate minor in Russian Area Studies
- Swenson College of Science and Engineering (Duluth campus)—Discontinue graduate minor in Engineering Management

INFORMATION ITEMS

Provost Hanson referred the committee to the information items in the docket, including a report of student and faculty awards and activities.

The meeting adjourned at 4:43 p.m.



BRIAN R. STEEVES
Executive Director and
Corporate Secretary

**UNIVERSITY OF MINNESOTA
BOARD OF REGENTS**

**Governance & Policy Committee
February 9, 2018**

A meeting of the Governance & Policy Committee of the Board of Regents was held on Friday, February 9, 2018 at 7:45 a.m. in the Boardroom, 600 McNamara Alumni Center.

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

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

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

Regent Beeson invited Executive Director Steeves to present for action proposed changes to the Board's approval thresholds as stated in Board of Regents Policy: *Reservation and Delegation of Authority*, as detailed in the docket.

Beeson explained that he and Regent Rosha had worked with Board staff and the administration to refine the proposed thresholds. He outlined the principles used to define the new thresholds, offering that while some will be lowered and some raised, on the whole the proposed language is a modest tightening of the thresholds. He noted that the new thresholds create simplicity while using the consent report to create an efficient flow of business when appropriate. He reminded the committee that any Regent has the ability to pull an item from a consent report.

Steeves outlined the changes made to the proposed language since the committee reviewed draft policy language in December. He noted the revised umbrella language, explained the new \$1 million standard across thresholds, and described the new employment agreement language. Steeves explained that the revised thresholds require the administration to bring to the Board only those items that exceed the thresholds, and offered an example to illustrate the concept.

Regent McMillan expressed his appreciation to committee leadership and Steeves for their work to create a comprehensive and thoughtful approach to an essential part of the Board's governance. He observed that the proposed language strikes the right balance between effective governance and efficient management, noting the long process to get to this point. He stated his belief that Regents and administrators find certain items imperfect, but suggested that is part of coming to a balance between governance and management.

Regent Hsu suggested that this draft is better than what might have been approved in the past. He noted that the original intent of threshold changes was to ensure that high-dollar contracts come to the Board for approval. He asked Steeves to highlight the specific section of policy that reserves authority to the Board to approve those types of contracts.

Steeves explained that in Section 4, the Board articulates specific positions that require appointment approval. In Section 11, Subdivision 4, the policy requires employment agreements with a total value of more than \$1 million to come for Board approval.

Hsu noted that the threshold for faculty members might not be triggered for quite some time. He added his support for the proposed language.

In response to a question from Beeson, President Kaler stated that his administration realizes it is the Board's desire to make the proposed changes. He offered his belief that while the changes will create more work and slow the approval process, the administration will do what the Board asks.

A motion was made and seconded, and the committee voted unanimously to recommend adoption of the proposed changes to the Board's approval thresholds as stated in Board of Regents Policy: *Reservation and Delegation of Authority*.

**BOARD OF REGENTS POLICY:
BOARD OPERATIONS AND AGENDA GUIDELINES**

Regent Beeson invited Executive Director Steeves to review proposed changes to Board of Regents Policy: *Board Operations and Agenda Guidelines* (BOAG), as detailed in the docket.

Steeves reminded the committee that the proposed changes were the result of a comprehensive review that took place over the last 18 months. He noted that review involved several conversations on various aspects of the policy with the committee. He reported that in addition to aligning the policy with current practice and clarifying language based on the committee's discussions, the draft also codifies the Board's new committee structure. Steeves outlined the major policy changes.

Regent Hsu sought clarification that under the proposed emergency approval language the Board chair, vice chair, and respective committee chair have the authority to approve an item that would otherwise be approved by the Board. He asked if this approval applies to the new approval thresholds just reviewed by the committee, suggesting that the language of when this approval process may be used seems too vague.

Steeves responded that BOAG currently allows the Board chair, vice chair, and respective committee chair to take action on behalf of the Board between regular meetings for specific situations stated in the policy. He reported that the current approval process is not used frequently and that he does not anticipate the revised language will increase its use. He observed that the emergency approval process, relabeled as the urgent approval process in the proposed language, is meant only for situations where waiting for a Board meeting will jeopardize a project or the ability of the University to move an initiative forward.

Hsu responded that the Board has the ability to call an emergency meeting and asked why that option would not be used instead. Steeves reported that calling an emergency meeting is at the discretion of the Board chair. He explained that regular, special, and emergency meetings all have different notice periods as defined by Minnesota Open Meeting Law. Hsu expressed concern that there could be both proper and improper uses of this delegation and noted his desire to ensure that the responsibility of the Board is not being usurped by a few members.

Regent Sviggum offered that the intent of the language is not different from current policy. He asked Hsu if that is his view as well. Hsu noted some question in the past regarding the interpretation of current policy. He restated his concern that decisions could be made that could not be undone and the Board would not be aware of them until afterward.

Sviggum asked whether significant changes were proposed for the approval process beyond the clarification in language. He offered his view that the Board should have a vehicle that gives a president an immediate decision when there is a serious health or safety risk without having to assemble the full Board.

Steeves noted that the emergency approval process is infrequently used, about eight times over the past two to three years. He explained that the proposed language does not seek to substantially change the way the approval works but adds increased transparency for the rest of the Board to be notified of an approval within five days.

Regent Omari noted that Hsu's concern is about the current language and that the proposed language is not a substantial change. He offered that he shares Hsu's concern and that the approval process could become problematic. He noted he tends to err on the side of the Board making a good judgment on who is elected to positions of leadership, both for the Board and administration.

Regent McMillan commented that the addition of the word "judicious" and the new timely reporting requirement are improvements. He offered that neither he nor Vice Chair Powell intends to use this process frequently. He explained that when it has been used, it is usually in a commercial context when there are short-term contracts that require approval before the next Board meeting, adding the last contract approved through emergency approval was fully cancelable after three months. McMillan stressed that the process will not be used to surprise the Board.

Sviggum offered his support for the proposed language and process. He suggested the notification of the full Board could happen within one day, not five.

Regent Johnson asked Hsu about his comments regarding obtaining information on this type of decision. He offered that while leadership has to take responsibility for decisions, good leadership will ensure that those decisions are vetted with those whom they are leading. He acknowledged that the vetting process is not always perfect in ensuring that all members are consulted.

Hsu shared a hypothetical example of a coach contract approval with a large buyout provision that the Board was unaware of. He stressed that he views the emergency approval process as possibly allowing a large contract to be approved by a subset of the Board, when the full Board should approve it. He stated that the process is not very transparent and does not allow the Board to exercise its fiduciary responsibilities.

Johnson responded that in his experience, Kaler and his administration would call Regents to consult and inform the Board on important issues. He noted that he has been impressed by that practice. He stated that he believes in transparency but that what is important is how that transparency is carried out in practice.

TRANSPARENCY OF THE BOARD AND PUBLIC ENGAGEMENT

Regent Beeson invited Executive Director Steeves and Maggie Flaten, Board Associate, Communications & Committees, to discuss transparency of the Board and how the Board engages with the public, as detailed in the docket.

Steeves explained the Board's commitment to accountability. He noted that the Board's operations, both in spirit and in practice, fall under the umbrella of Minnesota's Open Meeting Law. He offered that the Office of the Board of Regents (OBR) works to ensure an open process to establish or amend Board policies, while ensuring that the Board's 91 policies are clear and readily available online. He outlined ways the public has direct access to Regents, reminding

the committee that Regents each have an email that goes directly to them without any screening or access by OBR. He described examples of the wide variety of events across the system and around the state where the public can directly engage with the Board.

Flaten described the Board's use of public forums and the reestablishment in 2017 of holding a Board meeting on a system campus outside the Twin Cities. She noted that the Board has used public forums to receive input on a variety of topics, from the operating budget to human participant research. She described the online forum process used last year for the operating budget in place of an in-person forum.

Flaten explained that with the Board's new committee structure, more meetings are live streamed and archived on the Board's YouTube channel. She noted that the Board's approval process for substantial items, with a gap between review at one meeting and action at a subsequent meeting allowing time for the public to share input with the Board. She highlighted the Board's website as a key tool for public engagement and transparency.

Flaten reported on the Board's website usage statistics, the most visited pages, and the type of information users access. She highlighted the number of meeting material downloads and YouTube views in terms of live views and playback, noting that YouTube views have increased with the new committee structure. When compared to other Big Ten governing boards, the Board is one of only four using video streaming and archiving.

The committee engaged in a discussion regarding the use of public forums and broader public engagement for the operating budget process; the desire for the Board to be more actively engaged in public forums; linking public forums to other University events; holding public forums for other topics beyond the operating budget; and the possibility of holding forums across the system and around the state.

INFORMATION ITEMS

Executive Director Steeves referred the committee to the information items in the docket:

- Completed Comprehensive Review of Board Policy

The meeting adjourned at 9:15 a.m.



BRIAN R. STEEVES
Executive Director and
Corporate Secretary

**UNIVERSITY OF MINNESOTA
BOARD OF REGENTS**

**Board of Regents
February 9, 2018**

A meeting of the Board of Regents of the University of Minnesota was held on Friday, February 9, 2018 at 9:30 a.m. in the Boardroom, 600 McNamara Alumni Center.

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

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

INTRODUCTIONS

Dean, Medical School

President Kaler introduced Jakub Tolar, Dean, Medical School, who began his appointment on October 23, 2017. He briefly addressed the Board.

APPROVAL OF MINUTES

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

Mission Fulfillment Committee – December 14, 2017
Audit & Compliance Committee – December 14, 2017
Litigation Review Committee – December 14, 2017
Finance & Operations Committee – December 14, 2017
Governance & Policy Committee – December 15, 2017
Board of Regents – December 15, 2017

REPORT OF THE PRESIDENT

President Kaler reported on several items, including the employee engagement survey; updates from around the system and on the Driven campaign; new initiatives related to transfer students; and the closing of the Child Development Center on the Twin Cities campus.

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

REPORT OF THE CHAIR

Regent McMillan offered examples from the Board's February agenda that demonstrate how the Board is working to achieve its priorities, including the recommendation by the Mission Fulfillment Committee of the Resolution Related to Diversity in Undergraduate Education on the Twin Cities campus; action on three collective bargaining agreements, which highlight the essential work of the University's unionized employees; and through recent conversations and events with legislators regarding the University's capital request.

McMillan explained that the University community has shared many comments and concerns regarding the proposed student group amendment to Board of Regents Policy: *Student Conduct Code*. To provide more time for consultation with students, faculty, and staff, McMillan stated that action on the proposed amendment will be postponed pending further consultation.

McMillan noted that the March meeting will be held at the Rochester campus. A copy of the Report of the Chair is on file in the Board Office.

RECEIVE AND FILE REPORTS

Regent McMillan noted the receipt and filing of the Summary of Expenditures.

CONSENT REPORT

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

- Gifts
- Report of the Naming Committee

McMillan stated that Regent Lucas is recusing herself from action on the Consent Report due to a potential conflict of interest related to a gift she made that is included in the report.

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

2017 UNIVERSITY PLAN, PERFORMANCE, AND ACCOUNTABILITY REPORT

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

Hanson outlined the changes made to the report since the Board reviewed it in December. She highlighted a summary document, created in collaboration with Vice President Kramer, that will be sent to state legislators and available for download on the University's website. She expressed thanks to those who wrote the report, especially Marlo Welshons.

President Kaler thanked Hanson for the preparation of what he called an exceptional summary of the University's work. He noted that while the summary document reflects the Board's feedback, he is open to suggestions on how to make the report even more effective as a communication piece.

Regent Cohen expressed her thanks for the work on the report and noted the new summary document. She described the summary document as clear and effective, emphasizing the important information it contains. She suggested that while a legislator might not have time to read the full report, the summary document can be helpful in communicating the key information.

A motion was made and seconded, and the Board voted unanimously to accept the 2017 *University Plan, Performance, and Accountability Report* and approve the resolution, as follows:

WHEREAS, the Board of Regents (Board) and the president of the University are entrusted with the responsibility in their oversight of the University to be good stewards of the public interest, resources, and facilities; and

WHEREAS, it is the responsibility of the Board, in cooperation with the president, to articulate the directions and priorities of the institution; identify and analyze the critical issues and challenges confronting the University; assess its operations; and evaluate the performance and success of its colleges and campuses; and

WHEREAS, it was resolved that the *University Plan, Performance, and Accountability Report* (Report) shall include the priorities of the institution; statistical profiles of the University at the campus level; selected statistics related to system trends; University-wide strategies to achieve goals; summaries of accomplishments and investments; progress in institutional performance measures; and summaries of special institutional studies and reports; and

WHEREAS, on the recommendation of the executive vice president and provost, the president of the University requests the Board accept the 2017 Report.

NOW, THEREFORE, BE IT RESOLVED that the Board accepts the 2017 Report as submitted by the administration.

PROGRESS REPORT AND IMPLEMENTATION PLANS FOR PRESIDENT'S INITIATIVE TO PREVENT SEXUAL MISCONDUCT

Regent McMillan invited Dean John Finnegan, School of Public Health, and Associate Professor Karen Miksch, Department of Organizational Leadership, Policy, and Development, Twin Cities campus, to provide a progress report on the President's initiative to prevent sexual misconduct (initiative), as detailed in the docket.

President Kaler reviewed the work being done to implement the initiative. He connected the initiative to the University's mission, stating its objective as the creation of a culture of respect and safety in which all members of the University community are provided with opportunities to fulfill their goals.

Finnegan described the initiative's goal of creating a climate of respect at the University to prevent sexual misconduct. He explained that the creation of such a climate requires the University to choose to change, and then to seek to lead and thrive. He placed the initiative within the context of public health and explained the key aspects of such an approach. He noted the categories of prevention and the essential shifts needed.

Finnegan defined the initiative's assumptions and what is required to change University culture. He noted that a successful initiative may initially result in increased reporting of sexual misconduct. He indicated that as the culture shifts, communication and reporting will improve, which often increases the total number of reports.

Miksch presented the structure of the initiative's working group and coordinating committee, noting that the initiative was shaped by a 30-day comment period. She described the two phases envisioned for faculty and staff training. She summarized the public health awareness campaign and progress around its design and implementation. Miksch also provided an update on student education and engagement; identified progress being made in the research and evaluation section of the initiative; and summarized the initiative's goal for creating institutional responsibility and accountability.

Miksch reported that the University will again host content expert Alan Berkowitz. The visit will include a systemwide conference with chancellors and campus leaders, bystander training, and social norms training. She explained that the initiative will seek to ensure that every person in the University community has a way to meaningfully engage.

Regent Johnson commented that sexual harassment is a prevalent cultural idea. He offered his view that each individual has a responsibility to confront inappropriate behavior whenever they see it happening. He referenced his work as a pastor, and stressed the need for an environment where individuals can report sexual misconduct without fear of reprisal. Johnson stated his belief that the ease of digital communications used to harass individuals must be a part of any conversation addressing sexual misconduct. Johnson stressed that the University must move toward a culture where all people at all levels are treated with respect.

Regent Powell offered his agreement for the need to shift culture within the University, noting that it requires a firm and visible commitment by leadership. He complimented President Kaler on his visible leadership and encouraged all of the University's leaders to be equally visible, including the Board. Powell shared that his goal is to reduce incidents of sexual misconduct to zero. He encouraged the administration to think of how the University can share what it is learning with other organizations across the state, including the Minnesota State system and high schools.

Finnegan agreed that academic institutions across all levels of education are dealing with the same issues. He noted that the University's strength is the number of researchers who work in this or related fields who can help implement and evaluate the initiative. He added that this area of research needs improvement and that the University is uniquely positioned to do so. Finnegan concluded by stating that the initiative will seek to broadly disseminate the information it collects.

Regent Omari expressed his support for the public health approach and noted it is also an iterative process. He commented that the initiative requires individuals to examine what they are doing. He offered that Regents and administrators should question whether they are referring to female presenters by their first names when they refer to men by their titles. He stated that individuals need to think about microaggressions and how those maintain the current culture.

Omari explained his initial apprehension that employee training is only one 45-minute session. After reviewing the docket and noting the multiple phases of training outlined in the presentation, he supports the training process. Omari underscored the ways individuals identify along the spectrum of sexuality and how that relates to sexual misconduct. He noted that sexual misconduct existed before cell phones, adding that in his view, technology has also enabled increased reporting.

Miksch responded that Omari's comments make her question how the University's training can ensure that individuals are being introspective in the way he describes. She proposed that for too long, graduate and professional students, as well as post-doctoral students, have been told not to report sexual misconduct for fear it could negatively affect their careers. She emphasized the need to ensure that narrative is no longer tolerated. Miksch

agreed that the required training must be ongoing and ensure that employees develop the skills to report sexual misconduct.

Regent Beeson agreed with the other Regents and noted the University's unique ability to use its expertise to address this issue broadly. He noted work already being done by the Aurora Center and other University resources that could be used to further the initiative.

In response to related questions about resources for research from McMillan and Beeson, Finnegan explained that the Centers for Disease Control has an active request for proposals to fund the type of research the University would pursue. He added that the National Science Foundation has a rule in place that creates the possibility that an institution could lose funding if issues like this go unaddressed.

Regent Lucas referred to the secondary prevention category, noting that it includes risk reduction. She suggested that alcohol often plays a role and wondered what steps can be taken to help new students to reduce that risk.

Finnegan commented that the initiative distinguishes alcohol as a possible contributing factor, but not a cause, of sexual violence. He acknowledged that many students have far easier access to alcohol at the University than what they experienced in high school, noting that the University has done a significant amount of work in this area, including training for incoming students. He reported a statistic that shows young women as being far more vulnerable to physical sexual assault and rape in the first few months of their first year of college, stressing that while he does not view alcohol as a cause, it as an amplifying factor as students move into young adulthood. He proposed integrating current trainings more as the initiative moves forward.

Miksch added that all students are encouraged to take a training on alcohol use and that the University has a high rate of completion. She emphasized the need for students to see campus as a place for assistance, even before they enter the University. She stressed the need to send a strong signal that the University is moving beyond compliance toward a model of prevention.

Regent Hsu expressed his appreciation for implementation, and recounted the Office of Civil Rights agreement leading to revised policies recently adopted by the Board. He referenced concerns shared with him by some employees regarding the new mandatory reporting provisions, noting his desire for the administration to be aware of those concerns as implementation proceeds. Hsu stressed the need for the University to fully investigate all reports that come in, noting issues experienced by other Big Ten institutions like Michigan State and Penn State. He reminded the Board of his concerns regarding some of the information and conclusions in the report related to Gopher Football, and reiterated that he would like to discuss that report.

McMillan stated that the Board and administration have worked to comprehensively overhaul and restructure the University's policies and procedures. He offered that he looks forward to implementation of this public health approach and to further dialogue around services and support.

REPORT OF THE FINANCE & OPERATIONS COMMITTEE

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

- 1) Adoption of proposed amendments to Board of Regents Policy: *Health and Safety*. A motion was made and seconded, and the Board voted unanimously to adopt the proposed amendments to the policy, as follows:

SECTION I. SCOPE.

This policy provides for the health and safety of the University of Minnesota (University) community.

SECTION II. DEFINITIONS.

Subd. 1. Health and Safety. *Health and safety* encompasses personal security; public safety; emergency preparedness; public health; workplace safety; protection of environmental and physical resources; and safe and healthful facilities.

Subd. 2. Member of the University Community. *Member of the University community* shall mean any:

- (a) University student;
- (b) University employee; or
- (c) third party who is engaged in any University activity or program, or who is otherwise interacting with the University, including, but not limited to, volunteers, contractors, vendors, visitors, and guests.

SECTION III. GUIDING PRINCIPLES.

The following principles shall guide the health and safety of the University community:

- (a) The University seeks to provide a safe, secure, and healthy environment in which members of the University community can achieve their educational, research, outreach, service, and employment goals.
- (b) The University is committed to providing a safe environment for members of the University community who participate in events or use resources, facilities, and services.
- (c) The University is committed to monitoring and addressing emerging health and safety issues.

SECTION IV. IMPLEMENTATION.

Subd. 1. Mutual Responsibility. Members of the University community shall comply with applicable health and safety policies, procedures, and laws in order to fulfill their mutual responsibilities for achieving excellence in health and safety. Supervisors have responsibility for the activities of those people who report to them.

Subd. 2. Delegation of Authority. The president or delegate shall maintain administrative policies and procedures and implement programs to promote and advance safe, secure, and healthy property and programs.

Subd. 3. Compliance. The University shall comply with all applicable health, safety, and environmental laws, regulations, and requirements.

Supersedes: Emergency Management dated March 12, 1976 and Environmental Health and Safety dated October 8, 1976.

- 2) Approval of the real estate transaction related to the purchase of the Keeler Apartment Building. A motion was made and seconded, and the Board voted unanimously to approve the real estate transaction.
- 3) Approval of an amendment to the FY 2018 Annual Capital Improvement Budget related to the Wrestling Practice Facility Renovation on the Twin Cities campus. A motion was made and seconded, and the Board voted unanimously to approve the amendment.

- 4) Approval of the resolution related to the proposed labor agreement with AFSCME Council 5, Locals 3800 and 3801. A motion was made and seconded, and the Board voted unanimously to approve the resolution, as follows:

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

WHEREAS, the AFSCME Council 5, Locals 3800 and 3801, have ratified acceptance of this agreement; and

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

NOW, THEREFORE, BE IT RESOLVED that on the recommendation of the President, the Board of Regents approves this labor agreement as outlined in the docket for February 8, 2018.

- 5) Approval of the resolution related to the proposed labor agreement with Graphic Communications Conference of the International Brotherhood of Teamsters Local 1-M. A motion was made and seconded, and the Board voted unanimously to approve the resolution, as follows:

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

WHEREAS, Local 1-M has ratified acceptance of this agreement; and

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

NOW, THEREFORE, BE IT RESOLVED that on the recommendation of the President, the Board of Regents approves this labor agreement as outlined in the docket for February 8, 2018.

- 6) Approval of the resolution related to the proposed labor agreement with Teamsters Local 320. A motion was made and seconded, and the Board voted unanimously to approve the resolution, as follows:

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

WHEREAS, the Teamsters Local 320, have ratified acceptance of this agreement; and

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

NOW, THEREFORE, BE IT RESOLVED that on the recommendation of the President, the Board of Regents approves this labor agreement as outlined in the docket for February 8, 2018.

- 7) Approval of the revised Consent Report for the Finance & Operations Committee as presented to the committee and described in the February 8, 2018 committee minutes.

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

REPORT OF THE AUDIT & COMPLIANCE COMMITTEE

Regent Cohen, chair of the committee, reported that the committee discussed mitigation priorities for the Institutional Risk Profile; received an overview of the University's cyber risk mitigation strategies; heard a report on the Twin Cities Intercollegiate Athletics control environment; and was updated on recent audit work performed by the Office of Internal Audits.

REPORT OF THE LITIGATION REVIEW COMMITTEE

Regent Beeson, chair of the committee, reported that pursuant to notice sent by the University, the Litigation Review Committee met on February 8, 2018. At this meeting, a resolution was considered and adopted that authorized the closing of the meeting. In the closed meeting, discussion was held on matters subject to the attorney-client privilege.

REPORT OF THE MISSION FULFILLMENT COMMITTEE

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

- 1) Approval of the resolution related to diversity in undergraduate education on the Twin Cities campus. A motion was made and seconded, and the Board voted unanimously to approve the resolution, as follows:

WHEREAS, Board of Regents Policy: *Equity, Diversity, Equal Opportunity, and Affirmative Action* states that "a diverse student body enhances the academic and social environment for all students and prepares students to thrive in an increasingly diverse workforce and society"; and

WHEREAS, the Twin Cities campus strategic plan identifies diversity as a strategic necessity for advancing the University mission and enhancing academic excellence; and

WHEREAS, the University serves Minnesota by addressing the state's most pressing problems including those related to ethnic, racial, and socio-economic disparities; and

WHEREAS, at its March 2016 meeting, the Board of Regents (Board) endorsed a five-year enrollment plan for the Twin Cities campus; and

WHEREAS, the African-American and Latinx populations in Minnesota are predicted to grow significantly over the next 30 years, with particularly high population concentrations in St. Paul and Minneapolis; and

WHEREAS, retention and graduation rates for African-American, Latinx, and American Indian students are below the average rates for undergraduate students on the Twin Cities campus; and

WHEREAS, African-American, Latinx, and American Indian students report lower satisfaction than the average of undergraduate students on the Twin Cities campus; and

WHEREAS, in March 2017, the Student Representatives to the Board of Regents recommended that the University collect and analyze disaggregated racial information from students in order to monitor and address the achievement gap; and

WHEREAS, in June 2017, the Board discussed increasing diversity in undergraduate enrollment at the Twin Cities campus.

NOW, THEREFORE, BE IT RESOLVED that the Board of Regents (Board) directs the president to increase diversity in undergraduate education on the Twin Cities campus in the following ways:

1. Enhance and measure efforts with the Minneapolis and St. Paul public high schools to increase participation in University-sponsored recruitment events held throughout the Twin Cities.
2. Record and evaluate, on an annual basis, the number of direct contacts with students, and the specific places where the University is recruiting.
3. Reduce the four- and six-year graduation rate gaps for African-American, Latinx, and American Indian students by 50 percent by 2025 and establish a separate graduation rate goal for transfer students.
4. Collect, record, and monitor the rates for locally significant underrepresented populations not currently recorded, including but not limited to Hmong and East African populations in order to identify gaps in the four- and six-year graduation rates.
5. Improve the satisfaction of students of color and American Indian students with the Twin Cities campus climate by reducing the difference compared to all other domestic students by 50 percent by 2025, as measured by the Student Experience in the Research University (SERU) survey of undergraduates.

BE IT FURTHER RESOLVED that the president will report to the Board annually on these efforts, with the first report to the Mission Fulfillment Committee in December 2018.

- 2) Approval of the Consent Report for the Mission Fulfillment Committee as presented to the committee and described in the February 8, 2018 committee minutes. A motion was made and seconded, and the Board voted unanimously to approve the Consent Report.

REPORT OF THE GOVERNANCE & POLICY COMMITTEE

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

- 1) Adoption of proposed amendments to Board of Regents Policy: *Reservation and Delegation of Authority*. A motion was made and seconded, and the Board voted unanimously to adopt the proposed amendments to the policy, as follows:

ARTICLE I

RESERVATION OF AUTHORITY

SECTION I. GENERAL RESERVATIONS OF AUTHORITY.

Subd. 1. The Board of Regents reserves to itself all authority necessary to carry out its legal and fiduciary responsibilities under the University Charter, the Constitution of the State of Minnesota, and the Board of Regents (Board) Bylaws. This reservation

specifically includes all authority to enact laws and policies for the governance of the University of Minnesota (University) and to issue Board directives to executive officers and employees. The Board's reserved authority shall be exercised consistent with the University Charter, the Constitution of the State of Minnesota, Board Bylaws, and relevant Board policies.

Subd. 2. The Board reserves to itself authority to ensure constitutional and institutional autonomy, to approve the University's mission and vision, to set the overall direction of the institution, including the adoption of fundamental plans for the educational, financial, and physical development of the University, and to declare a fiscal emergency.

Subd. 3. No authority that the Board reserves to itself in this policy shall be exercised by any other person or body unless expressly authorized by Board policy or directive.

Subd. 4. The authority of the Board resides only with the Board as a whole and not in its individual members, except as the Board itself may have delegated specific authority to one of its members or one of its committees.

Subd. 5. The Board reserves to itself authority to approve the use, and revocation of the use, of its corporate name or any abbreviated name, including University of Minnesota, by any non-University person or entity, consistent with Board policies. The Board also reserves authority over the removal of the corporate name or any abbreviated name from the name of any University campus, college, school, division, or unit, consistent with Board policies.

Subd. 6. The Board reserves to itself authority to approve any matter delegated to the president in Article II, Section I of this policy if it raises unusual questions of public interest or public policy, has significant impact on the University's mission, or poses a significant financial risk to the University.

Subd. 7. The Board reserves to itself authority to approve and submit any report to the State of Minnesota that impacts the University's autonomy or addresses the performance of the University and/or its major initiatives. All other reports to the State of Minnesota that fall outside these criteria shall be provided to the Board upon submission to the state.

SECTION II. CONDUCT OF BOARD BUSINESS.

The Board reserves to itself authority to establish procedures for the conduct of its business, create committees, set its agenda, require reports from executive officers and employees, hear appeals, and enforce its code of ethics.

SECTION III. ELECTION OF BOARD OFFICERS.

The Board reserves to itself authority to elect and remove Board officers, including the president, chair, vice chair, secretary, and treasurer.

SECTION IV. APPOINTMENT AUTHORITY.

Subd. 1. The Board reserves to itself authority to appoint all individuals and approve any individually negotiated terms of employment, and significant amendments thereto, for those who serve in each of the following positions:

- (a) Chancellor
- (b) Chief Auditor
- (c) Dean
- (d) Division I Director of Intercollegiate Athletics
- (e) Executive Vice President and Provost
- (f) General Counsel
- (g) Senior Vice President for Finance and Operations
- (h) University Librarian and Dean of Libraries
- (i) Vice Chancellor for Academic Affairs

- (j) Vice President
- (k) Such other administrative positions as the Board may specify from time to time.

The president shall recommend individuals for appointment to these positions, consistent with Board policies and directives.

Subd. 2. The Board reserves to itself authority to remove University officers as provided in the University Charter. The president (a) may remove the general counsel with Board approval and (b) may remove any other individuals appointed under subd. 1 of this section, except the chief auditor.

Subd. 3. The Board reserves to itself authority to appoint members of the boards of University-associated foundations, institutes, committees, and other bodies, consistent with Board policies.

SECTION V. ACADEMIC MATTERS.

Subd. 1. The Board reserves to itself authority to grant academic degrees, grant faculty indefinite tenure, grant continuous appointments to academic professionals, and award the title faculty emeritus, consistent with Board policies.

Subd. 2. The Board reserves to itself authority to establish, name, and abolish colleges, academic institutes, programs, and courses of study, consistent with Board policies.

Subd. 3. The Board reserves to itself authority to establish tuition and student fees and approve policies and reciprocity agreements related to such matters, consistent with Board policies.

Subd. 4. The Board reserves to itself authority to: (a) establish and review policies relating to the conduct of research and the receipt and accounting of sponsored research funds; (b) require timely reporting to the Board of sponsored research activity; and (c) establish limits for financial support to non-University entities for the commercialization of technology, as defined by Board of Regents Policy: *Commercialization of Intellectual Property Rights*.

Subd. 5. The Board reserves to itself authority to approve educational policies and procedures, in consultation with the president and the faculty governance process, consistent with Board policies. This policy is not intended to alter the relationship between the Board, the University Senate, and the faculties regarding educational policies.

SECTION VI. AWARDS, HONORS, AND NAMINGS.

Subd. 1. The Board reserves to itself authority to establish and bestow awards, honors, and recognition, consistent with Board policies.

Subd. 2. The Board reserves to itself authority to name and revoke names of University buildings and other assets, consistent with Board policies.

SECTION VII. BUDGETARY, FINANCIAL, AND INVESTMENT MATTERS.

Subd. 1. The Board reserves to itself authority to approve the following: annual operating budgets; the central reserves budget and minimum reserve level; and adjustments and amendments, consistent with Board policies. The Board also reserves to itself authority to approve any modifications to the central reserves budget and any expenditures from the central reserves general contingency account, consistent with Board policies.

Subd. 2. The Board reserves to itself authority to approve all requests for operating and capital budget appropriations from the State of Minnesota and positive or negative adjustments to the budget caused by a 1% or more change in total appropriations within a fiscal year.

Subd. 3. The Board reserves to itself authority to establish investment objectives, approve asset allocation guidelines, and approve the payout rate for endowment distributions.

Subd. 4. The Board reserves to itself authority to authorize issuance and retirement of debt and to engage debt advisers and/or underwriters, consistent with Board policies.

Subd. 5. The Board reserves to itself authority to accept gifts for the benefit of the University, consistent with Board policies.

Subd. 6. The Board reserves to itself authority to approve individual purchases of goods and services with a value greater than \$1,000,000, consistent with Board policies.

SECTION VIII. PROPERTY, FACILITIES, AND CAPITAL BUDGETS.

Subd. 1. The Board reserves to itself authority to approve the purchase or sale of real property (a) with a value greater than \$1,000,000; (b) located on or within 2 miles of a University campus; or (c) larger than 10 acres.

Subd. 2. The Board reserves to itself authority to approve leases of real property, easements, and other interests in real property if the initial term amount to be paid by or to the University exceeds \$1,000,000.

Subd. 3. The Board reserves to itself authority to exercise the power of eminent domain to acquire land for University purposes.

Subd. 4. The Board reserves to itself authority to (a) exercise property owner rights regarding the designation, decommissioning, or demolition of historic resources; and (b) take final action on all environmental reviews of historic resources initiated by the administration for which the University is the responsible governmental unit, consistent with Board policies and applicable state and federal laws.

Subd. 5. The Board reserves to itself authority to approve campus master plans and amendments thereto.

Subd. 6. The Board reserves to itself authority to approve multi-year capital plans consisting of projects with a value greater than \$1,000,000 or a value anticipated to be greater than \$1,000,000 if a cost estimate has not yet been established.

Subd. 7. The Board reserves to itself authority to approve annual capital budgets consisting of projects with a value greater than \$1,000,000.

Subd. 8. The Board reserves to itself authority to approve capital budget amendments to approved projects and new projects when the amendment has a value greater than \$1,000,000.

Subd. 9. The Board reserves to itself authority to approve project schematic plans, or significant amendments thereto, for any project or amendment with a value greater than \$1,000,000.

SECTION IX. LEGAL MATTERS.

The Board reserves to itself, or to one of its committees, authority to direct the president or the general counsel to settle any legal claim or initiate or appeal a lawsuit or administrative proceeding, consistent with Board policies.

SECTION X. AUDIT FUNCTION.

The Board reserves to itself authority to adopt policies regulating the audit function; approve selection of external auditors and the chief auditor; and evaluate the performance of the independent auditor, and, jointly with the president, the performance of the internal audit function.

SECTION XI. EMPLOYMENT AND LABOR RELATIONS.

Subd. 1. The Board reserves to itself authority to approve all contracts and other agreements with the exclusive collective bargaining representatives of its employees.

Subd. 2. The Board reserves to itself authority to approve civil service rules and annual pay and benefit plans for University employees.

Subd. 3. The Board reserves to itself authority to establish or discontinue retirement plans for University faculty and staff. For those plans sponsored by the University and governed by formal plan documents, the Board reserves to itself authority to approve amendments to those plans.

Subd. 4. The Board reserves to itself authority to approve individually negotiated employment agreements, and significant amendments thereto, when such agreements have a total value of more than \$1,000,000. For purposes of this subdivision, total value shall mean the potential amount due to the employee if the University terminated the employment agreement without cause. For faculty positions as defined by Board of Regents Policy: *Faculty Tenure*, this subdivision only applies when the faculty member's first year compensation is set at more than \$1,000,000, or when individually negotiated terms of employment create a potential amount due to the faculty member of more than \$1,000,000 if the faculty member's appointment were terminated.

Subd. 5. The Board reserves to itself authority to review individually negotiated employee severance agreements of unusual importance or significance.

SECTION XII. ASSOCIATED ORGANIZATIONS.

The Board reserves to itself authority to approve the legal structure and scope of any relationship between the University and any associated organization, non-profit corporation, foundation, institute, or similar entity that substantially relies upon University resources or personnel to carry out its mission.

ARTICLE II

DELEGATION OF AUTHORITY

SECTION I. DELEGATION OF AUTHORITY TO THE PRESIDENT.

The Board delegates to the president authority to act as chief executive officer of the University, with such general executive management and administrative authority over the University as is reasonable and necessary to carry out the policies and directives of the Board, subject to the limitations noted in Article II, Section II below.

SECTION II. LIMITATIONS UPON PRESIDENTIAL AUTHORITY.

The authority delegated to the president is limited by the following:

- (a) the provisions of the University Charter and the Constitution of the State of Minnesota;
- (b) the provisions of Board Bylaws;
- (c) the provisions of Board policies and directives, including specifically Article I of this policy; and
- (d) the directive that the president shall notify the Board of any matter not otherwise addressed in this section that significantly involves the authority and role of the Board, including its fiduciary, oversight, and public accountability responsibilities.

SECTION III. DELEGATION OF AUTHORITY BY THE PRESIDENT.

Subd. 1. Unless otherwise restricted by specific Board policies or directives, the president shall be responsible for delegating general executive management and administrative authority to other executive officers and employees as necessary and prudent, including authority to execute contracts and other legal documents. The president may condition, limit, or revoke any presidential authority so delegated.

Subd. 2. All delegations and revocations under this section shall be in writing, name the position to whom such authority is delegated, describe the scope and limitations of such authority, and prescribe the extent to which such authority may be further sub-delegated.

Subd. 3. All delegations and revocations under this section shall be reviewed as to form, legality, and consistency by the general counsel.

Subd. 4. Annually, the president shall report to the Board significant changes to the delegations.

SECTION IV. DELEGATION OF AUTHORITY TO THE CHAIR AND VICE CHAIR.

The chair and vice chair of the Board shall have such authority as is authorized by Board Bylaws and policies and is customarily exercised by such officers of a corporation. The chair shall have authority to execute any and all instruments and documents on behalf of the Board.

SECTION V. DELEGATION OF AUTHORITY TO THE BOARD SECRETARY, TREASURER, GENERAL COUNSEL, AND CHIEF AUDITOR.

The secretary, treasurer, general counsel, and chief auditor shall have authority to perform such duties for the Board as provided by Board Bylaws, policies, and directives.

The secretary shall have authority to execute such instruments and documents that would customarily devolve upon a corporate officer and are usual to that office.

The secretary and the general counsel shall have authority to accept legal service on behalf of the University.

SECTION VI. CONFORMANCE WITH THIS POLICY.

Subd. 1. Any request or demand by a Board member for action must be consistent with the written policies, rules, and regulations of the Board and the University.

Subd. 2. No executive officer or employee of the University shall have any authority to take any action or make any representation on behalf of the University beyond the scope of, or materially inconsistent with, the authority delegated to such executive officer or employee as provided in this policy.

Subd. 3. The secretary and the general counsel each shall have the duty to inform the Board of any existing or proposed Board policy or directive that is inconsistent with or alters the delegations of authority as provided in this policy.

Supersedes: General Delegations Adopted October 17, 1980, Last Amended October 10, 1997.

SYSTEMWIDE STRATEGIC PLAN: OUTREACH & PUBLIC SERVICE

Regent McMillan invited Vice President Kramer to review outreach and public service within the context of a systemwide strategic plan (plan), as detailed in the docket.

Kramer commented that his goal for reports like the *University Plan, Performance, and Accountability Report* is to create summary documents that take dense, valuable information and distill it into crisp, accessible summaries. He noted that he envisions having the summary documents be the main communication pieces with the full report living online, which will save printing costs to the University.

Kramer described the systemwide vision for examining outreach and public service, and summarized the charge from President Kaler. He explained that his approach for this area of the plan is to be stakeholder-centric, focusing on what stakeholders expect from the University, not what the University thinks that stakeholders should want. He defined the elements of a stakeholder-centric approach, offering the example of the University's work in transportation studies to illustrate the concept.

Kramer detailed the process used to determine stakeholder groups, reporting that 67 groups were identified. He explained that University Relations does not have the resources to fully examine all 67 groups, so the focus is on four groups: alumni/parents/elected officials/interested third-parties; media; youth organizations; and affinity groups. Kramer defined each group and provided recommendations to create more efficient engagement, reduce overlap across the University, and save resources. He shared the next steps for advancing each stakeholder group's recommendations.

Kramer summarized work being done to improve systemwide communication. He recounted the collaborative approach used with system communicators to define how best to improve communication. He reported that shared values and principles have been identified, and that a common language for communicating about the University system has been codified. Kramer explained that the creation of a systemwide marketing and communication strategy is underway, as is a refined branding system.

McMillan praised Kramer's emphasis on a systemwide focus.

Regent Beeson expressed his support and appreciation for Kramer's work to support the system. He offered that the components presented offer a strategic approach to this area of the University's mission that is practical and cost effective.

In response to a question from Regent Omari, Kramer noted that he has found multiple definitions used for engagement at the University. He identified engagement as being defined by intimacy, describing a stakeholder as almost like a customer. He contrasted that type of relationship against the example of organizations thinking engagement is mailing a publication to an individual without that person requesting it. Kramer argued that without a direct request, the information will not connect with that person. Instead, he proposed that engagement requires the stakeholder to express their interest in a topic and for the University to listen and provide that information.

Omari responded that the way the University defines and uses the term engagement is important for those charged with carrying out the work of engagement. He expressed his agreement that a common understanding of terms and a clear understanding of objectives are crucial to success.

Regent Hsu expressed appreciation for the presentation and highlighted the University's network of experts as an example of excellent outreach already being done. He described the connection of University experts to media outlets as showcasing the University's expertise while connecting that expertise directly to the public. He added that he views this type of engagement as elevating the University's brand.

Regent Powell noted that Kramer's approach involves a significant amount of change for the University, asking how Kramer envisions managing that change. Powell asked about the type of national messages or messaging platforms the University will utilize to increase the University's national standing.

Kramer responded that the University will use best practices to manage the change but acknowledged that it will be difficult. He pointed to the University's network of experts as one way to increase national attention. He suggested that focusing on building relationships with national media outlets, as well as outlets that are content specific, will help highlight the University's work. Kramer offered as an example the University's development of wheat varieties, commenting that what might be a small story to a national media outlet could be a significant story to a national publication focused on agriculture.

UNIVERSITY OF MINNESOTA ECONOMIC IMPACT

Regent McMillan invited Vice President Kramer and Assistant Vice President Lincoln Kallsen to give an overview of the University's economic impact, as detailed in the docket.

Kramer explained that the University worked with Tripp Umbach to study its total economic impact on the State of Minnesota. He summarized the study's methodology and results, noting that the University's total economic impact using 2017 data is \$8.6 billion. He reported that the University supports 77,644 jobs, and that one in every 47 jobs in the state is attributable to the University. Kramer shared that for every dollar invested in the University, the University returns \$13.83 to Minnesota's economy.

In response to a question from Regent Sviggum, Kramer stated that the University paid Tripp Umbach \$49,000 to complete the study.

Sviggum cited a quick survey he had done of other Big Ten institutions and Tripp Umbach studies. He observed that none of the studies he found shows a negative economic impact by a university. He noted that Tripp Umbach appears to be using the same press release across multiple institutions. Kramer assured Sviggum that the University would draft its own press release and use other methods crafted by University Relations to report this information to the public. He commented that while he is unsure whether the University has the capacity to complete this type of study internally, he stressed the importance of having this information to share with the people of Minnesota and demonstrate the University's dollar and employment impact. Sviggum agreed, but noted it is hard for him to accept that every university in every state has a positive economic impact.

Regent Beeson suggested that flagship universities are the economic development leaders in their respective states and added that he will not be surprised if results look similar across the nation. He expressed his belief that reports of this type are necessary given criticism leveled at the University that it is not measuring its economic impact.

Sviggum responded that while he agrees the study is important, the results showing no institution failing to generate an economic return cast doubt on those results.

NEW BUSINESS

Regent McMillan acknowledged the presence of a large group that had joined the audience. He stated that the Board, in response to the administration's request, had withheld action on proposed changes to Board of Regents Policy: *Student Conduct Code* and removed it from the agenda. McMillan emphasized that the Board would not consider action until significant

consultation with faculty and students occurred. He added that following the meeting, he was willing to visit with members of the audience to discuss their concerns.

McMillan also acknowledged that some in the audience had a strong interest in the proposed closure of the University's Child Development Center. He committed to engaging with other Regents, along with President Kaler and Provost Hanson, to find a solution. He expressed that the Board is listening to the University community, noting the significant amount of feedback already received.

The meeting adjourned at 12:01 p.m.

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

BRIAN R. STEEVES
Executive Director
and Corporate Secretary