

**UNIVERSITY OF MINNESOTA
BOARD OF REGENTS**

**Presidential Performance Review Committee
June 27, 2016**

A meeting of the Presidential Performance Review Committee of the Board of Regents reconvened in public session on Monday, June 27, 2016 at 3:45 p.m., in 600 McNamara Alumni Center.

Regents present: Dean Johnson, presiding; Laura Brod and David McMillan. All by phone.

Staff present: Deputy Director Sarah Dirksen.

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

A motion was made and seconded that the following resolution be adopted:

RESOLVED, that as provided by Minnesota Statute 13D.05, Subd. 3(a), a non-public meeting of the Presidential Performance Review Committee of the Board of Regents will reconvene on Monday, June 27, 2016 at 3:45 p.m., in the Office of the Board of Regents, 600 McNamara Alumni Center, 200 Oak Street, SE, Minneapolis, Minnesota, for the purpose of evaluating the performance of the President of the University of Minnesota.

The committee voted unanimously to adopt the resolution. The public portion of the meeting ended at 3:48 p.m.

The committee discussed feedback on the president's performance. The meeting recessed at 4:32 p.m.



BRIAN R. STEEVES
Executive Director
and Corporate Secretary

**UNIVERSITY OF MINNESOTA
BOARD OF REGENTS**

**Presidential Performance Review Committee
July 5, 2016**

A meeting of the Presidential Performance Review Committee of the Board of Regents reconvened in public session on Tuesday, July 5, 2016 at 6:22 p.m., in the Heritage Room at the Minneapolis Club, 729 2nd Avenue South.

Regents present: Dean Johnson, presiding; David McMillan and Laura Brod.

Staff present: President Erik W. Kaler and Executive Director Brian Steeves.

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

A motion was made and seconded that the following resolution be adopted:

RESOLVED, that as provided by Minnesota Statute 13D.05, Subd. 3(a), a non-public meeting of the Presidential Performance Review Committee of the Board of Regents will reconvene on Tuesday, July 5, 2016 at 6:00 p.m., in the Heritage Room at the Minneapolis Club, 729 2nd Avenue S, Minneapolis, Minnesota, for the purpose of evaluating the performance of the President of the University of Minnesota.

The committee voted unanimously to adopt the resolution. The public portion of the meeting ended at 6:25 p.m.

The committee discussed feedback on the president's performance. The meeting adjourned at 8:21 p.m.



BRIAN R. STEEVES
Executive Director
and Corporate Secretary

**UNIVERSITY OF MINNESOTA
BOARD OF REGENTS**

**Facilities, Planning & Operations Committee
July 6, 2016**

A meeting of the Facilities, Planning & Operations Committee of the Board of Regents was held on Wednesday, July 6, 2016 at 10:00 a.m. in the West Committee Room, 600 McNamara Alumni Center.

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

Staff present: President Eric Kaler; Chancellor Stephen Lehmkuhle; Executive Vice President & Provost Karen Hanson; Vice Presidents Katrice Albert and Pamela Wheelock; Interim Vice Presidents Bernard Gulachek and Michael Volna; General Counsel William Donohue; Executive Director Brian Steeves; and Associate Vice President Gail Klatt.

APPLICATION OF BOARD OF REGENTS POLICY: *HISTORIC PRESERVATION*

Regent McMillan invited Monique MacKenzie, Director of Planning, to discuss the application of Board of Regents Policy: *Historic Preservation*, as detailed in the docket.

MacKenzie summarized the policy's guiding principles, noting that the University is a place-based experience for parents, students, and alumni. She described the impact of preservation planning and design and outlined the criteria for eligibility for the federal National Register of Historic Places (NRHP). She explained the interplay between federal, state, and local entities in determining and enforcing preservation.

MacKenzie stated that the State Historic Preservation Office (SHPO), a part of the Minnesota Historical Society, makes the initial determination for properties to be listed on the NRHP. She also outlined the federal process used by the National Park Service to make a final determination for inclusion on the NRHP.

MacKenzie identified the state requirements, indicating that Minnesota Statutes require the University to cooperate with SHPO. She explained that the Board acts as the responsible governmental unit. MacKenzie cited the University's best practices, reporting that the administration treats a property that has been deemed eligible for addition to the NRHP as if it already had that designation. She described the process that University Services uses in working with SHPO during the design and review process for changes to historic buildings.

MacKenzie walked through the example of the renovation of Tate Laboratory on the Twin Cities campus. The external features of the building, in the context of the rest of Northrop Mall, were identified as the key historic features that should be maintained. She noted that SHPO also felt that the Church Street side of the building should maintain the same historic look. MacKenzie added that the University disagreed with this opinion and instead opted to expand and change the exterior look. She stated that the University remained cooperative with SHPO, but chose to move forward with the changes to the Church Street side over SHPO's objections.

In response to a question from Vice President Wheelock, MacKenzie explained that Pioneer Hall on the Twin Cities campus was identified for possible inclusion on the NRHP due to the light rail project. She reported that federal funding required the Metropolitan Council to identify and

evaluate potential historic buildings near the light rail line. The Education Sciences Building and the Washington Avenue pedestrian bridge were identified for possible inclusion as well. McMillan asked how this process impacts the University's autonomy. MacKenzie responded that state statute calls on the University to cooperate with SHPO, but the type of cooperation is not clearly defined. As with the Tate example, MacKenzie asserted that the administration attempts to work with SHPO if the goals are aligned. Wheelock added that federal and state funding are also inducements for the University to cooperate.

Regent Lucas commented that the provisions sound onerous, but offered that she had worked through the process on a number of projects and that it is worth it. She observed that each building saved had become a positive example of historic preservation.

Regent Devine offered that he had extensive experience with this process given the many fraternity houses on the Twin Cities campus that had been identified by the City of Minneapolis as historic. He wondered about the best way to determine which historic buildings are repurposed and which should be torn down, citing the Mayo Building on the Twin Cities campus as an example. Wheelock responded that the historic nature of a building is only one component of the analysis used to determine targeted buildings for renovation. MacKenzie added that the building's potential adaptation to a current or future program need is critical. The federal criteria are also considered, along with a building's location within a historic place.

Regent Rosha asked about treatment of the University's historic landscapes, most prominently Northrop Mall. He noted he was glad to hear that historic preservation is not the overriding factor in determining if a building should be renovated. He expressed his view that historic designation can be used as a strategic negotiating chip depending on the goal. He asked if policy guides the treatment of a historic building that is eligible for the NRHP; if not, he indicated that his analysis of these types of projects would be made more difficult.

MacKenzie responded that the historic use of a building is one of the determining criteria for preservation. She cited the challenge for the University is to find a similar program that aligns with the former use of the building to preserve the building's historic use. She noted that it is often difficult to make that ideal connection. While the exterior can be preserved, it is often easier to renovate and change the interior to make the building more suitable for future uses.

CAPITAL BUDGET AMENDMENT: PIONEER HALL RENOVATION AND CONSOLIDATED SUPERBLOCK DINING FACILITY

Regent McMillan invited Vice President Wheelock, Assistant Vice President Suzanne Smith, and Monique MacKenzie, Director of Planning, to present for review a proposed capital budget amendment for renovation of Pioneer Hall and a consolidated Superblock dining facility for the Twin Cities campus, as detailed in the docket.

Wheelock identified the location of Pioneer, noting that the Superblock houses 2,800 students. She outlined the goals of the capital budget amendment, highlighting alignment with the Twin Cities enrollment plan and the resolution for key areas of the Twin Cities campus. She summarized the project rationale, benefits of a renovation, and deficiencies of Pioneer and the Superblock dining facilities. She emphasized the unique opportunity that Pioneer brings through its historic context and beauty.

Wheelock presented options for the Board's consideration. They included:

- Mothball Pioneer in 2018-19.
- Extend its useful life.
- Renovate the existing structure as built.
- Maintain character and capacity.
- Add capacity while maintaining character.

- Demolish and build new.

Wheelock stated that it is the administration's recommendation to move forward with the option that maintains character and capacity. Smith reviewed the project components of that option, highlighting the key aspects of the renovation and presenting concept drawings and designs. She reviewed cost estimates for both the housing and dining portions of the project, with the housing cost at \$76.2 million and the dining cost at \$22.7 million, for a total of \$99 million.

President Kaler expressed his strong endorsement of the proposed amendment and his belief that the Board should move the project forward.

In response to a question from Regent Johnson, Laurie McLaughlin, Director of Housing and Residential Life, explained that students living in Pioneer and the Superblock have been surveyed about their experience, with some participating in focus groups. She reported that the overwhelming response was support for the Superblock as a housing location, noting that students indicated support for the location given its proximity to the academic core of the East Bank, Stadium Village amenities, Gopher Athletics and Recreation Sports facilities, and access to transportation. She added that students also expressed support for being close to the Mississippi River and its walking paths. McLaughlin noted that many students pointed to the sense of community that living within the Superblock created, and the historic nature of Pioneer.

Rosha commented on the location of the dining hall and how students from the other residence halls would flow in and out of Pioneer. He offered his appreciation for the analysis being presented, but observed that the maintain character criteria are subjective and not the same as historic preservation, since the building could be torn down and built with identical character. He suggested that if \$34 million is needed to update the facility, additional funds could be used to expand capacity elsewhere. Rosha added that a small new facility could be built that would add new beds, exceeding the current capacity that would be lost with a simple upgrade of the current structure.

He noted that the facility renewal option of \$34 million is over half the price of the maintain character and capacity option, and questioned the credibility of the options given the significant difference in price and scope. Smith responded that the proposed numbers also bothered her. She explained that if the total construction costs are compared, the current building contains roughly 150,000 square feet. To maintain that space requires demolishing and rebuilding about 100,000 square feet, increasing the cost per square foot by 20 to 25 percent. Smith noted that the percent increase is within anticipated renovation parameters. Wheelock added that the predesign includes a cost estimator and that University Services would provide a better rationale for the cost differences between each option when the item returns for action.

Rosha wondered if a different style of housing with a greater impact on housing capacity would be better. Wheelock responded that Pioneer is the outlier compared to the rest of the University's housing stock since it is not ADA accessible and has many unreliable systems. She noted a high risk of system failure, and offered that the only major deferred maintenance project completed in the last 15 years was an update of the fire alarm and sprinkler systems. She emphasized the need to maintain residence style housing for first-year students, offering quad, suite, or apartment style housing for second-year students and above.

Regent Anderson commented that he prefers double rooms to quads as he has started to look at colleges with his children. He offered that he has seen three main types of residence halls – state of the art, traditional, and the Ivy League experience -- noting that the University has examples of each. He noted that both he and his father had lived in Pioneer and the pictures of the interior looked the same as when he lived there. He expressed his concern that the high price tag does not result in additional capacity.

REAL ESTATE TRANSACTIONS

A. Five-year Lease of Radius at 15th, 701 15th Avenue SE, Minneapolis, for Student Housing Purposes (Twin Cities Campus)

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

The President recommends that the appropriate administrative officers receive the authorization to execute a five-year lease for all apartment units in the student housing development known as Radius at 15th located at 701 15th Avenue SE, Minneapolis.

Susan Carlson Weinberg, Director of Real Estate, explained the real estate transaction as follows:

- Radius at 15th, located at 701 15th Avenue SE, Minneapolis, will provide 772 student housing beds in 200 furnished apartment units. The leased premises will consist of the following:
 - a) First Floor: Office for on-site residential life managers, security/reception desk, mail boxes, community/recreation space and outdoor courtyard;
 - b) Floors 1 through 6: 200 furnished apartment units (ninety-two 4-bedroom, fifty-eight 3-bedroom, thirty-eight 2-bedroom and twelve 1-bedroom), with maximum occupancy of 772 student beds; and
 - c) Use of all building common areas including a Lower Level bicycle storage area.
- Basis for the Request: Utilizing a master lease for apartments has been an effective approach to meet increased student housing demand at the University and remains a desirable strategy for the University to utilize in order to support the University's enrollment targets. Leasing has the additional advantages of not impacting University credit, providing great flexibility for managing the variability of student demand over time, and allowing the University to respond to new options in the student-focused apartment marketplace. Additionally, master leasing these 772 beds in a desirable area near campus provides the University with the best opportunity to achieve its goal of retaining 25% of second-year students who lived in University-managed housing during their first year. This approach also ensures that there is sufficient capacity in residence halls to accommodate 90% of the incoming first-year class and as well as a limited number of second-year students and transfer students who desire a residence hall experience. In support of the above described premises, the University will be responsible for managing building occupancy, collecting rent from students, and providing live-in residential life staff, night security monitors and student engagement opportunities. From a student perspective, this facility will operate in the same manner as University owned apartment facilities such as Yudof and Wilkins Halls.
- Details of Transaction: The lease of the subject property will commence on August 25, 2017 and continue through July 31, 2022. The University is also granted two (2) successive options to extend the Term of the lease for three (3) years each, which would potentially extend the lease through July 31, 2028. The University will have early access to the leased premises in mid-August 2017 for the move-in of approximately 13 Housing and Residential Life staff. Effective August 25, 2017, annual rent for the 200 apartments will be \$6,460,000. Rent will increase by 2% in year 2 and 2.5% Years 3-5 of the lease.

B. Five-year Lease of Keeler Apartments, 317 17th Avenue SE, Minneapolis, for Student Housing Purposes (Twin Cities Campus)

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

The President recommends that the appropriate administrative officers receive the authorization to execute a five-year lease for the University's use of all apartment units in the student housing development known as Keeler Apartments located at 317 17th Avenue SE, Minneapolis.

Weinberg explained the real estate transaction as follows:

- Keeler Apartments, located at 317 17th Avenue SE, Minneapolis, will provide 164 student housing beds in 44 furnished apartment units. The leased premises will consist of the following:
 - a) First Floor: Office for the on-site residential life manager, security/reception desk, mail boxes, community/recreation space;
 - b) Floors 2 through 5: 44 furnished apartment units (forty 4-bedroom and four 1-bedroom), with maximum occupancy of 164 student beds; and
 - c) Use of all building common areas including a Lower Level bicycle storage area.
- The lease will not include the portion of the building (10,000 square feet of office space) that is leased long-term by the landlord to the University Episcopal Center, and subleased to the University for occupancy by Global Programs and Strategy Alliance (formerly known as the Office of International Programs) through April 30, 2018, with renewal options to potentially continue the sublease through April 30, 2043.
- Basis for the Request: Weinberg noted that the basis was the same as the Radius at 15th Avenue master lease.
- Details of Transaction: The lease of the subject property will commence on August 30, 2017 and continue through August 27, 2022. The University is also granted two (2) successive options to extend the Term of the lease for three (3) years each, which would potentially extend the lease through August 27, 2028. The University will have early access to the leased premises in mid- August 2017 for the move-in of approximately 4 Housing and Residential Life staff. The bedrooms are currently furnished and the Landlord will provide additional furnishings consisting of a couch, chair, coffee table, and end table in the common areas of all units at Landlord's cost. Landlord will also construct an informational/security desk within the front lobby at Landlord's cost. Effective August 30, 2017, annual rent for the 44 apartments will be \$1,314,140. Rent will increase by 2% in year 4 of the lease.

Regent McMillan commented that real estate transactions often come to the committee as review and action items. He expressed his desire for a new process to allow the committee more time to consider these items, with the understanding that commercial transactions may often need faster action than the Board's meeting schedule provides.

Regent Devine suggested that the committee should consider laying both items over until a full evaluation of a potential purchase option could be reviewed. McMillan responded that regardless of future acquisitions, the University would require the additional capacity these master leases create. Wheelock added that the master leases being considered do not preclude later acquisitions. She offered that location, quality of building, and adjacency to other housing options would need to be examined before considering a purchase. She noted that the University has also sought an extension on the renewal of the master lease of University Village to allow more time to consider extending it.

In response to a question from Regent Lucas, Wheelock explained that the University's tax-exempt status does not extend to the landowners through the master lease. The landowners will continue to pay property taxes. Wheelock added that the tax-exempt status is a consideration for acquisition of land.

Regent Anderson suggested action to renovate Pioneer Hall would displace students, emphasizing that the additional beds would be needed and that the master leases do not preclude a later purchase. He wondered about downsides given that costs and demands are there, and asked if there is an option to purchase in the future. Wheelock stated that the current owners had not expressed interest to do so.

In response to a question from Regent Roshia, Weinberg explained that the University rate for these apartments would be roughly 14 percent below what individuals are currently paying. Roshia asked if the master leases would give the administration an opportunity to analyze demand and impact acquisition decisions later. Wheelock offered that the master leases presented today are independent decisions, but would give the University the ability to understand the demand and economics for potential future acquisitions.

The committee voted 5-0, with Regent Devine abstaining, to recommend approval of the real estate transaction for the five-year lease of Radius at 15th, 701 15th Avenue SE, Minneapolis.

The committee voted unanimously to recommend approval of the real estate transaction for the five-year lease of Keeler Apartments, 317 17th Avenue SE, Minneapolis.

**RESOLUTION RELATED TO LONG-TERM DEVELOPMENT
IN KEY AREAS OF THE TWIN CITIES CAMPUS**

Regent McMillan invited Vice President Wheelock and Assistant Vice President Suzanne Smith to present for action the resolution related to long-term development in key areas of the Twin Cities campus, as detailed in the docket.

Wheelock summarized the proposed resolution, reminding the committee that it endorses a vision for the southeast gateway district of the Twin Cities campus. The 30-year vision for the area, planning principles and assumptions, and the riverfront housing plan had not changed since the committee reviewed the resolution in June.

McMillan noted that the committee and administration had spent a great deal of time considering the vision. While M Health and enrollment will impact the plan, he suggested that the resolution provides vision and direction for the administration to move forward.

A motion was made and seconded, and the committee voted 5-0, with Regent Devine abstaining, to recommend adoption of the resolution related to long-term development in key areas of the Twin Cities campus.

Regent McMillan recognized Vice President Wheelock for her significant service to the University and noted that this is Wheelock's final committee meeting. The committee expressed appreciation to Wheelock for her service.

The meeting adjourned at 11:58 a.m.



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

**UNIVERSITY OF MINNESOTA
BOARD OF REGENTS**

**Board of Regents
July 6, 2016**

A meeting of the Board of Regents of the University of Minnesota was held on Wednesday, July 6, 2016 at 12:30 p.m. in the Boardroom, 600 McNamara Alumni Center.

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

Staff present: President Eric Kaler; Chancellor Stephen Lehmkuhle; Executive Vice President and Provost Karen Hanson; Vice Presidents Katrice Albert and Kathy Brown; Interim Vice Presidents Bernard Gulachek and Michael Volna; General Counsel William Donohue; Executive Director Brian Steeves; and Associate Vice Presidents Gail Klatt and Julie Tonneson.

**INTRODUCTION OF ACADEMIC PROFESSIONALS & ADMINISTRATORS
CONSULTATIVE COMMITTEE CHAIR**

President Kaler introduced Etty DeVeaux, incoming chair of the Academic Professionals & Administrators Consultative Committee. DeVeaux serves as the Cluster Director and Human Resources Lead for the St. Paul administrative support cluster, which serves three departments within the College of Biological Sciences.

APPROVAL OF MINUTES

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

Presidential Performance Review Committee – June 3, 2016
Presidential Performance Review Committee – June 8, 2016
Litigation Review Committee – June 9, 2016
Board of Regents Work Session – June 9, 2016
Academic & Student Affairs Committee – June 9, 2016
Finance Committee – June 9, 2016
Presidential Performance Review Committee – June 9, 2016
Facilities, Planning & Operations Committee – June 9, 2016
Faculty & Staff Affairs Committee – June 9, 2016
Audit & Compliance Committee – June 9, 2016
Governance & Policy Committee – June 9, 2016
Board of Regents Closed Meeting – June 10, 2016
Board of Regents Meeting – June 10, 2016

REPORT OF THE PRESIDENT

President Kaler reported on his vision for the coming year: A University that is accessible and affordable. He discussed several ways the University contributes to the state, including addressing education inequity, conducting groundbreaking research, and promoting global collaboration. He remarked on the start of another academic year.

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

REPORT OF THE CHAIR

Chair Johnson reported on the work of the Presidential Performance Review Committee and commended President Kaler for his strong leadership this year and over the past five years. He acknowledged some challenges but commented that the committee is confident in the president's ability to guide the institution forward.

Regent McMillan noted that the committee worked to create a robust review process for all involved, including internal and external stakeholders.

Regent Brod remarked that the process was open and transparent. She noted that the review recognized positive progress as well as the challenges faced by the University and its administration.

Regent Simmons commended Karen Kaler for her contributions and efforts to the University.

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

RECEIVE AND FILE REPORTS

Chair Johnson noted the receipt and filing of the Board of Regents Policy Report.

CONSENT REPORT

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

- Gifts
- Finance Committee Consent Report
- Faculty & Staff Affairs Consent Report

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

SYSTEM-WIDE STRATEGIC PLANNING: UMR

Chair Johnson invited Chancellor Lehmkuhle to report on the UMR strategic plan. Lehmkuhle explained that the planning process for UMR is different from that of other campuses, since the campus has only existed for 10 years. He discussed the unique relationship with the Mayo Clinic, highlighting its benefit to the health sciences curriculum. He reported that following its initial start-up period, the campus went through a stabilization process as processes were established and initial students graduated. Lehmkuhle reported that UMR is now in a growth phase, which will consider the size and influence of the institution as well as its value proposition.

Regent Devine remarked on the collaboration across the University system and asked what could be done to encourage more inter-campus activities. Lehmkuhle responded that the centralized administration of the University system allowed the campus to focus on its curriculum in its early years. He commented that the next steps are to leverage the academic benefits of the larger system. He suggested opportunities for students to utilize other campuses for deepening their student experience.

In response to a question from Regent Hsu, Lehmkuhle noted that an enrollment plan is in place and that enrollment is expected to increase over the next five years. He emphasized the importance of balancing the number of students with the value proposition of the institution. He added that more data and analysis are needed before estimating a cap for enrollment.

Regent Simmons asked about the specific challenges and opportunities that could result from the development of the Mayo Destination Medical Center. Lehmkuhle replied that the workforce needs of the center will create a strong job market for UMR graduates and that its presence will attract and retain students, staff, and faculty. He noted that the growth of Mayo could result in greater financial support for underrepresented student populations.

Regent Beeson suggested investigating opportunities to broaden the campus experience for UMR students, especially given the proximity to UMTC. Lehmkuhle replied that each campus has its own unique experience, but agreed that there are opportunities to leverage the broader University system.

The meeting recessed at 1:16 p.m. to address technical difficulties.

The meeting reconvened at 1:24 p.m.

UNIVERSITY OF MINNESOTA ALUMNI ASSOCIATION ANNUAL REPORT

Chair Johnson invited UMAA President and CEO Lisa Lewis and 2017 Board Chair Dan McDonald to provide an update on the status of alumni relations at UMTC, as detailed in the docket. Lewis discussed the profiles of alumni – geographically, academically, and by level of engagement. She reported on legislative advocacy efforts in the past year, noting the increase in contact with specific legislators, and the success of MN SPARKS outreach events, which provided engagement opportunities for alumni in Greater Minnesota. Lewis also reported on financial gifts, alumni service and mentorship, and global alumni participation.

McDonald shared UMAA's goals for the upcoming year: student and recent alumni engagement; legislative advocacy; corporate networking; and greater MN and national outreach.

In response to a question from Regent Simmons, Lewis remarked that there is some collaboration among system campuses, but emphasized that the UMAA is primarily focused on alumni relations for the Twin Cities campus. She explained that campus alumni experiences are unique to each location. She remarked that the area for most opportunity and growth is in legislative advocacy among system alumni associations.

In response to a question from Regent Lucas, Lewis replied that the association accomplishes a lot of work with limited resources. She noted a slight increase in funding from the University and added that UMAA is considering ways to generate additional revenue. She explained that there is a gap between UMAA's aspirational budget and actual budget.

Regent Cohen noted the increase in legislative advocacy efforts from years past and expressed hope that UMAA continues to capitalize on relationships with alumni in the legislature.

Regent Rosha asked about predicting the likelihood of an alumnus to donate and stay involved post-graduation. Lewis agreed that those are the types of metrics UMAA would like to investigate. She remarked on the importance of combining several databases into one, which will allow for more precise measures of involvement.

In response to a question from Regent Omari about the increased cost of a lifetime membership, Lewis remarked that the UMAA board carefully considered the change. She explained that lifetime fees had not been increased in 19 years and that a thorough review of

other alumni associations revealed UMAA was far behind its peers. Lewis added that the services offered to alumni has also increased, which was an additional justification for the increase in the membership fee.

UNIVERSITY PROGRESS CARD UPDATE

Chair Johnson invited President Kaler and Lincoln Kallsen, Director of Institutional Analysis, to present an update on the University Progress Card. Kaler reviewed the purpose of the progress card in measuring specific metrics and goals, and noted that many of the card metrics are improving. Kallsen reported on progress toward goals in the areas of access and affordability; student success; graduate, professional and health sciences students; research and academic excellence and operational excellence. He summarized the measures and discussed next steps.

In response to several questions from Regent Hsu, Kallsen clarified that the graduation rate is measured by cohort, so the current numbers are from the incoming class of 2011. He noted that data from the 2012 cohort would be collected through the summer, with final results available later this year. Kaler explained that the graduate success rate (GSR) is an NCAA measure of six-year graduation rates for student-athletes, and that it differs from the rate measured by the Department of Education. The current data is older because the method for calculating the GSR is more complex. Kaler added that the debt measure is any University-affiliated debt held by a student, but does not include parental debt, credit card debt, or other personal debt, as those data are unknown to the institution.

Regent Simmons remarked on the improvement in six-year graduation rates, highlighting UMD and UMM. She suggested that for some goals, such as OpEx, a time may come when decreased spending should not be the primary goal. She noted that some areas such as oversight of human subjects research may require more spending. Kaler clarified that the six-year graduation rate refers to a student who graduates between four and six years – some may graduate in 4.5 years. He noted that the OpEx number is a percentage of spending and is proportional to overall institutional spending.

Regent Rosha remarked on the importance of balancing the debt measure with the overall cost of attendance. He also suggested that using UMTC-specific data would be a better measure of resident student enrollment, since that is the only campus turning away students. He noted that such a measure would provide a more accurate representation than measuring resident enrollment system-wide. He added that he would like to see a more robust measure for graduate students, rather than only measuring degrees granted.

M HEALTH LETTER OF INTENT

Chair Johnson invited Brooks Jackson, Vice President for Health Sciences and Dean of the Medical School (participating by phone), and Bobbi Daniels, CEO, UMP and Vice Dean, Clinical Affairs, Medical School, to provide an update on the status of the M Health letter of intent. He asked President Kaler to introduce the topic.

Kaler reviewed the negotiation process and reported that the University provided Fairview with a final offer last month, one that his team considered fair and that included compromise on both sides. At the end of last month, Fairview's board did not approve the agreement and the UMP board voted to terminate the letter of intent. He noted that the University feels it has come as far as it can in the current negotiations, while maintaining the best interests of the institution and the community.

Daniels added that the final proposal protects the academic mission of the medical school and allows the faculty to carry out the institution's three-part mission of education, research, and outreach. She emphasized that neither the UMP vote, nor the resolution presented today,

means that the University is walking away from its relationship with Fairview. She emphasized that existing agreements will be honored and that patient care will not suffer.

Regent Simmons reported on the activity of the Board's informal work group. She emphasized that the negotiation process is important to the University and the state in providing access to quality health care. She noted that the work group supports the motion for termination of the letter of intent.

Regent Brod remarked that evaluating a relationship with Fairview beyond the current agreement is prudent. She expressed hope for an evaluation of other options as well. She noted the continued commitment to the medical school and to health care services. Brod moved to approve the resolution. The motion was seconded.

In response to a question from Regent Hsu, Daniels noted that termination of the letter of intent does not mean negotiations with Fairview are permanently tabled. She clarified that the UMP termination was due predominantly to terms of exclusivity that would prohibit the University from working with other partners.

In response to a question from Regent Omari, Kaler responded that the M Health agreement executed several years ago remains intact. He added that M Health branding currently in use will remain.

Regent Beeson remarked that he is upset at the current situation. He expressed frustration at the amount of time and resources that have gone into the negotiation and feels Fairview is not being a good partner to the University.

Regent Johnson asked about the role of the state's attorney general in the negotiations, and her authority over Fairview. Kaler responded that the attorney general oversees all nonprofit healthcare systems in the state. Keith Dunder, Academic Health Center Counsel, added that although she has authority over Fairview, the attorney general would likely exercise that authority carefully; he emphasized that he could not speak to her actions.

Regent Devine commented on the importance of ensuring the agreement is executed correctly and that any merger must consider the best interest of the University and the state. He voiced his support for the resolution.

Regent Anderson voiced support for the negotiating team and the Board work group, adding his belief that they are operating with the best interests of the University in mind. He suggested that the end of current negotiations should be viewed as an opportunity, and could lead to a better outcome.

Regent Cohen remarked that she is also disappointed, given how much time and effort has been put into the negotiations. She respects the view of the faculty and the UMP board, and offered strong support for the resolution.

Regent Simmons stressed that interest remains in some agreement with Fairview. She emphasized that a merger would be beneficial to the medical school and to health care services for the state.

The Board of Regents voted unanimously to approve the Resolution Related to Termination of University of Minnesota Health Letter of Intent, as follows:

WHEREAS, the University of Minnesota ("University"), University of Minnesota Physicians ("UMPhysicians"), and Fairview Health Services ("Fairview") have been engaged in negotiations for more than a year to create a single, integrated academic health system dedicated to high-quality patient care, leading-edge research, and training of tomorrow's health workforce; and

WHEREAS, the Board of Regents approved in October 2015 the execution of a Letter of Intent and key integration principles to guide the negotiations; and

WHEREAS, the University remains fully committed to creating a new, successful integrated academic health system but recognizes that current negotiations with Fairview are not achieving that goal; and

WHEREAS, UMPhysicians Board of Directors voted unanimously to terminate the Letter of Intent effective July 1, 2016; and

WHEREAS, that the University and UMPhysicians have made numerous, consistent, good faith efforts to achieve terms acceptable to all parties in pursuit of a shared vision to improve health, discover new cures and treatments, and educate the health workforce while delivering market-leading clinical quality, service, efficiency and growth.

NOW THEREFORE BE IT RESOLVED that the Board of Regents hereby endorses termination of the Letter of Intent and authorizes University administration to provide Fairview and UMPhysicians with notice of that termination.

RESOLUTION RELATED TO LONG-TERM DEVELOPMENT IN KEY AREAS OF THE TWIN CITIES CAMPUS

Chair Johnson invited Vice President Pamela Wheelock and Associate Vice President Suzanne Smith to present on long-term development on the Twin Cities campus. Wheelock explained that the plan is an estimate of development over the next 30 years, emphasizing that adjustments can and will be made as priorities shift. She reviewed the planning principles and assumptions for the resolution, noting a balance between academic and student spaces. Wheelock detailed different options for student housing, based on possible location of a hospital on the East Bank. She emphasized that the creation of more student housing, especially for first-year students, would help achieve the University's enrollment goals.

Wheelock stressed the need to maintain affordability while enhancing the student experience. She noted that maintaining affordability would require both new construction and facility refurbishment. She discussed potential plans for Pioneer Hall, explaining that the options are under review by the Facilities, Planning & Operations Committee for action in September. Wheelock detailed a master leasing plan that would help provide access to nearby apartments while maintaining flexibility for the University.

Regent McMillan, Chair of the Facilities, Planning & Operations Committee, reported that the committee recommends approval of the Resolution Related to Long-Term Development in Key Areas of the Twin Cities Campus. He moved its approval. The motion was seconded

Regent Hsu asked if approval of the resolution would automatically result in the demolition of the Mayo building, if Pioneer Hall renovations are not approved. Wheelock replied that the next best site for a new residence hall would be the current site of the Boynton Clinic or the children's rehabilitation building, which is next to Boynton. She explained that the resolution recommends Mayo as the most reasonable building to demolish, but clarified that many layers of approval are needed before the actual demolition.

Regent Rosha remarked that the plan has been carefully considered and comes with appropriate caveats in case of change. He commented that he would like to see more green space included in the plan.

Regent Beeson noted that this is the first attempt to make progress on development of housing and health sciences facilities, clarifying that it is more of a framework than a plan. He

expressed shock at the condition of Pioneer Hall and support for funding going to that project. He noted that the master lease plan is reasonable, especially given the moderate financial risk.

Regent Devine remarked on the time sensitivity of the resolution. He voiced his preference that the process be delayed until the fall.

The Board of Regents voted 10-2 to approve the Resolution Related to Long-Term Development in Key Areas of the Twin Cities Campus, as follows. Regent Hsu voted no. Regent Devine abstained.

WHEREAS, the Board of Regents (Board) set as one of the 2015-2016 Board priorities to “create a vision to guide long-term development and change in key areas of campus and bring Twin Cities Campus Master Plan (adopted in 2009) into alignment;” and

WHEREAS, in February 2016 the Board reviewed the results of planning efforts to create such a vision which allows for the continued operationalization of the Campus Master Plan, provides additional direction for reuse and redevelopment within the campus core, and envisions strategic land acquisition and joint planning at the campus edges; and

WHEREAS, this vision provides alternatives on both the East and West Bank for the potential long term replacement of M Health/Fairview hospital facilities and envisions additional new clinic facilities as the business model permits, and allows for siting these facilities in a way which prioritize patient convenience, wayfinding, and ease of access to the regional transportation system; and

WHEREAS, these alternatives will impact additional decisions related to student housing along the Mississippi Riverfront, but also provides opportunities to strengthen student housing, particularly first year student housing, along the river corridor on the East Bank and envisions new residential development should the existing Unit J hospital be demolished; and

WHEREAS, the Board recently adopted a Twin Cities campus undergraduate enrollment plan for 2016-2021 that seeks to increase total undergraduate enrollment from 30,500 to approximately 32,000 to 33,000 students and to accommodate 90 percent of first-year students, 20-25 percent of returning second-year students who lived on campus their first year, and a minimum of 10 percent of fall transfer students in University housing; and

WHEREAS, the University assumes that all student housing costs (construction/debt, operations, maintenance, renovation) will continue to be paid through room and board rates charged to the students living in its facilities; and

WHEREAS, the University will continue to manage room and board rates so that University’s rates remain in the lower one-half of the Big 10, stewarding its assets through managed costs, planned investment schedules, and adequate resource allocation; and

WHEREAS, first-year students will be housed in residence halls with community living arrangements with other first-year students in facilities designed to support academic success, prevent self-isolation and encourage student interaction, and foster the development of lifelong relationships; and

WHEREAS, first-year students benefit from living in community-based residential neighborhoods with the following characteristics: a density of other first-year students; proximity to classrooms, academic support facilities, and student-related services; access to green space and transit; and separation from activities that impede academic success; and

WHEREAS, the University's existing residence halls are consistent with peer institutions' housing stock and will remain relevant and support affordable room and board rates if properly maintained and refreshed; and

WHEREAS, historic Pioneer Hall has significant systems and design deficiencies, has reached the end of its useful life, and requires reinvestment for continued use. In addition to its facilities condition deficiencies, it is not ADA accessible, it lacks sufficient community gathering spaces, student lounges, and study areas, and a satisfactory dining facility and therefore no longer meets University goals relative to providing a quality residential student experience, with the exception of the highly attractive location, without reinvestment sufficient to achieve the character, amenities, and dining opportunities expected in modern residential facilities; and

WHEREAS, the Administration is preparing a recommendation on the future of Pioneer Hall, consistent with enrollment targets and housing capacity goals, for Board review and action; and

WHEREAS, the University will continue to focus on building, operating, and maintaining this type of residence hall style housing for primarily first-year students, which is not provided by the private sector; and

WHEREAS, master leasing existing apartments in desirable locations near campus is a key component in retaining 25% of second-year students in University Housing, as master leasing does not impact University credit, provides great flexibility for managing the variability of student demand over time, and allows the University to respond to new options in the apartment marketplace.

NOW, THEREFORE, BE IT RESOLVED that the Board of Regents, exercising their reserved authority for the adoption of fundamental plans for the physical development of the University, affirms its support for this vision to guide long-term development and change in key areas of campus (see attached) and reaffirms its delegation to the President or designees the authority to advance the long-term plan for health sciences and student housing, the goals of which are not mutually exclusive.

This long-term plan will include a phased approach to decommissioning of obsolete facilities, redevelopment of currently owned land, acquisition of real estate, and renovation, maintenance, and repair of existing facilities. Execution of such plans will occur over decades as resources are available and will focus on redevelopment of existing facilities and land in the core academic areas of campus, with strategic acquisition of land on the edges for patient and visitor focused uses. Key components of these efforts include the following related to health sciences and student housing, but will also include advancing the other components of the Long Range Development Framework:

- 1) A long range facilities plan for the health sciences including the identification of facilities to be decommissioned, renovated, and built along with their preferred site/location that knits together the academic, research, and clinical cores of campus including:
 - a. A preferred site/ location, project scope, and cost to support interprofessional health sciences learning, in both pre-clinical and clinical environments, across all schools of the academic health sciences.

- b. A preferred site/ location, project scope, and cost to support clinical research activities that represent both current day and desired future state for all the schools of the academic health sciences.
 - c. The removal of the Mayo Building and a proposed re-use for that site.
 - d. Two site options, one on the East Bank and one on the West Bank, for replacement and future expansion of clinical and hospital facilities.
 - e. Beyond the thirty-year horizon, facilities planning will be prioritized based upon patient experience, access, financial feasibility, and adjacencies. Growth in this model is focused on the eastern edge, a land acquisition, outward facing functions such as patient-care, and opportunities for collaboration in development are identified in this area.
- 2) A long range plan for student housing including the identification of facilities to be decommissioned, renovated, and built along with their preferred site/location, focusing first year student housing in a residential neighborhood along the Mississippi River corridor. The plan will include:
- a. Prioritizing student housing facilities planning based upon high quality residential student experiences, density of residential neighborhoods, proximity to classrooms, academic support facilities, and student-related services, access to green space and transit, safety, financial feasibility, and affordability.
 - b. Committing to the current residential Superblock site to continue to support student housing needs for the next several decades. Therefore, the University will engage in ongoing and planful maintenance, repair, and reinvestment of the existing housing as necessary in order to provide a quality student experience with targeted financial parameters within this lifecycle.
 - c. Exploring and proposing options for housing a larger percentage of undergraduate students given the anticipated increase in enrollment and the Board's desire to expand housing availability beyond the first year to a greater percentage of second-year and transfer students in support of increased student retention and stronger academic achievement.
 - d. Advancing the use of master lease agreements to expand University housing capacity in the short-term and build additional capacity in the long-term for non-first-year students.
 - e. Engage the support of the University of Minnesota Foundation to help identify and evaluate opportunities to collaborate or coordinate housing strategies with private parties.

BE IT FURTHER RESOLVED that the administration will report progress on these goals regularly and recommend to the Board of Regents the capital resources necessary to advance this vision as well as room and board rates necessary to sustain University housing facilities and programs.

Chari Johnson and several Regents thanked Wheelock for her service to the University and the Board.

REPORT OF THE FACILITIES, PLANNING & OPERATIONS COMMITTEE

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

1. Approval of following real estate transactions as presented to the committee and described in the July 6, 2016 minutes:
 - A. Five-year Lease of Radius at 15th, 701 15th Avenue SE, Minneapolis, for Student Housing Purposes (Twin Cities Campus).
 - B. Five-year Lease of Keeler Apartments, 317 17th Avenue SE, Minneapolis, for Student Housing Purposes (Twin Cities Campus).

In response to several questions from Regent Hsu, Wheelock replied that both Keeler and Radius are anticipated to be cash-flow positive. She explained that any student may purchase a full-meal plan for use at any dining facility. Laurie McLaughlin, Director of Housing and Residential Life, added that two partial meal plans are available to students not living in a residence hall. Hsu asked if students would have access to the dining facilities in the Bierman Athletics Building or the Athletes Village, since both locations are so close to the Radius apartments. Wheelock responded that a definitive plan has not been determined. Kaler added that the athletics director feels strongly that non student-athletes should be allowed to use those dining facilities.

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

McMillan reported that the committee also discussed the application of Board of Regents Policy: *Historic Preservation*, and reviewed a capital budget amendment related to Pioneer Hall renovations and the Superblock dining facility. Kaler thanked Wheelock for her service.

The meeting adjourned at 3:28 p.m.



BRIAN R. STEEVES
Executive Director
and Corporate Secretary

**UNIVERSITY OF MINNESOTA
BOARD OF REGENTS**

**Litigation Review Committee
August 8, 2016**

A meeting of the Litigation Review Committee of the Board of Regents was held on Monday, August 8, 2016 at 3:00 p.m. in the East Committee Room, 600 McNamara Alumni Center.

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

Staff present: Vice President Brian Herman; General Counsel William Donohue; and Deputy Director Sarah Dirksen.

Others present: Amy Phenix and Brian Slovut.

The meeting convened in public session at 3:00 p.m.

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

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 Monday, August 8, 2016 at 3:00 p.m. in the East Committee Room, 600 McNamara Alumni Center, for the purpose of discussing attorney-client privileged matters including the following:

- I. Patent infringement claim
- II. Environmental contamination claims: Gopher Ordnance Works

The committee voted unanimously to adopt the resolution. The public portion of the meeting ended at 3:02 p.m.

The meeting adjourned at 3:55 p.m.



BRIAN R. STEEVES
Executive Director and
Corporate Secretary